
Corporate
Responsibility
Report
2009
RED ELÉCTRICA CORPORACIÓN

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Letter from the **Chairman**

Dear Reader:

Energy companies, such as ours, face a great challenge and have an enormous responsibility in addressing the challenges of a sustainable power model that guarantees us a secure supply, contributes to the reduction in the effects of climate change, strengthens our competitiveness and helps us to emerge from the economic crisis.

Electrical energy is called upon to be a key power vector in the evolution of our energy system towards a more sustainable model over the forthcoming decades. On one hand as societies with advanced information and knowledge are ever more intensive regarding electricity as an energy input, and because electricity is key in the development of technologies that are called upon to play an increasingly relevant role in the improvement of energy efficiency: co-generation and thermal pumps, and on the other hand, as electricity constitutes the conduit through which renewable energies are incorporated into our energy mix, which is fundamental to improve our security of supply and to combat climate change. In addition, technological development in batteries is opening up a one-way street for the increasing penetration of electricity in road transportation by means of electric vehicles and hybrids rechargeable via the grid.

In Red Eléctrica we are fully conscious of this, and for this reason we continually work with a bold and prudent attitude so as to advance towards a more sustainable energy model, with a much higher efficiency in the use of energy and which is more reliable in terms of security of supply.

In this respect, I would like to indicate the important investment effort we have been carrying out over recent years regarding the expansion and improvement of the transmission grid. An investment which has increased 75% since 2005, increasing from 420 million euros per year to 735 million in 2009 and which has represented the commissioning of 1,658 km of new electricity line during that period.

This investment effort, focused mainly on the reinforcement of grid meshing and of international interconnections, as well as on increasing load capacity and improving the security of supply, also helps in the integration of renewable energies, the reduction in energy losses, lowering system costs and, in short, in facilitating competitiveness and operation efficiency in the electricity market.

At the same time, we are also carrying out an outstanding effort regarding the integration of renewable energies, which positions us as the leading company world-wide in this matter. In 2009, thanks to the daily work carried out by our control centre for renewable energies, it has been possible to integrate into the grid almost 70,000 GWh of energy from renewable sources, whose contribution has meant that these clean en-

ergies already play an important role in demand coverage, contributing 26% of the annual generation in 2009.

Also, I would like to proudly emphasize the capacity demonstrated by this control centre for renewable energies in managing the enormous variability of these energies, as shown on 8 November when wind power energy at one instance covered almost 54% of the demand whilst on 27 August, it barely covered 1%.

The growth in clean energies, together with the reduction of electricity consumption during this fiscal year, has allowed CO_2 emissions derived from electricity production to be been reduced 17% this year.

Our commitment to sustainability also extends to the sustained creation of value and efficiency over time. Thus, we have closed 2009 with a net profit of 330 million euros, a 15.5% increase on 2008, and our proposal for a dividend payment per share has been increased by this same percentage. All this, confirms the constant growth of the company and the attractiveness of our remuneration proposal to the shareholders.

Additionally, we have continued to create stable and quality employment, fostering the hiring of women and promoting their presence in director positions. Also, in order to advance in this area, we have approved, in conjunction with the social representation, an equality plan which will result in important improvements over forthcoming years. In addition, I would like to emphasize our backing for progress regarding the work-life balance and ongoing effort for achieving the highest levels of training, development and health of the employees.

Regarding environmental action, respect for the natural environment is a key corporate value for Red Eléctrica. For this reason, we carried out a noteworthy effort in avoiding or minimizing the impacts of our installations within the natural and social surroundings. This environmental concern is also aimed at biodiversity conservation and the implementation of measures to obtain an efficient and sustainable use of energy.

All these activities, together with our trajectory regarding transparency and the application of best corporate governance practices, position us, year after year, as the leading listed company with regard to corporate responsibility matters.

With this perspective in mind, our future strategy concentrates on continuing to work on the execution of the 2008-2016 Electricity Infrastructure Plan. To this effect, over the next five years, we have forecasted an investment of 4 billion euros for the reinforcement and meshing of the transmission grid. In addition, we shall work on strengthening the Spain-France and Spain-Portugal international interconnections, on the Spanish Peninsula-Balearics electricity connection and making the objectives regarding renewable energy viable, as well as those of energy efficiency, by driving demand management initiatives and promoting technological innovation.

In addition, our strategic commitment shall have a clear orientation towards quality of service and security of supply, and it will be developed with a focus on financial and operational efficiency. Furthermore, we shall maintain an increase in dividend remuneration in line with the growth of the company results.

In brief, we shall remain focused on creating value for our shareholders and we shall work to continue maintaining a leading role as a responsible, committed and sustainable company.

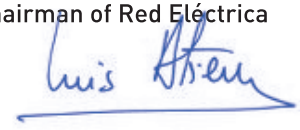
Again this year, I would like to emphasize, the commitment of Red Eléctrica to the ten principles of the United Nations Global Compact, a high value initiative to create a more just and united world.

As in previous fiscal years, this report has been prepared following the recommendations of the Global Reporting Initiative (GRI) guide for the drafting of sustainability reports, including this year the specific indicators defined in the GRI Electric Utility Sector Supplement.

I hope this report proves interesting reading.

Luis Atienza Serna

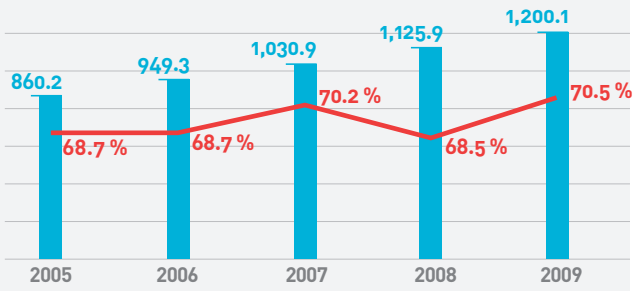
Chairman of Red Eléctrica



Key **figures**

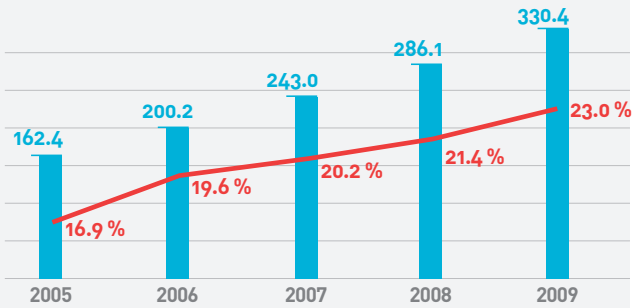
Consolidated net turnover
(€ million)

- Consolidated net turnover
- EBIDTA/Turnover



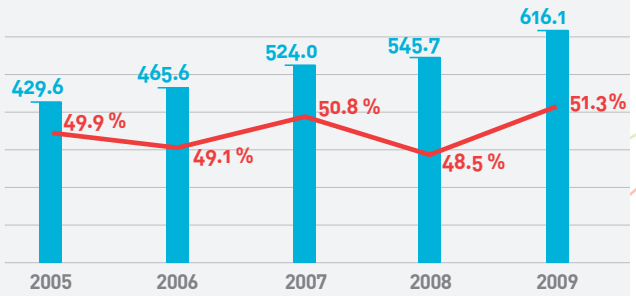
After tax results
(€ million)

- After tax results (net profit)
- ROE (Net Income / Equity)



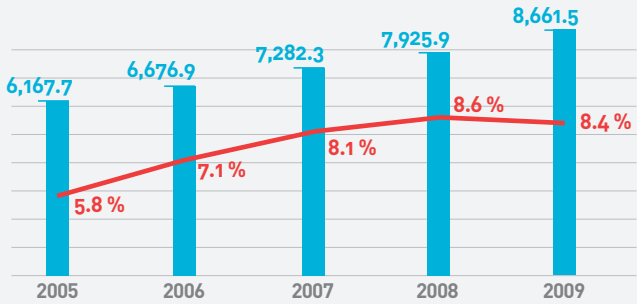
Cash-flow after tax
(€ million)

- Cash-flow after tax
- Cash-flow/turnover



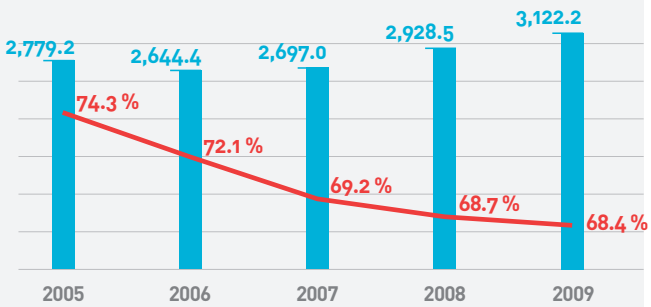
Gross Fixed Assets
(€ million)

- Gross Fixed Assets
- Return on Assets after tax (EBIT / Net assets)



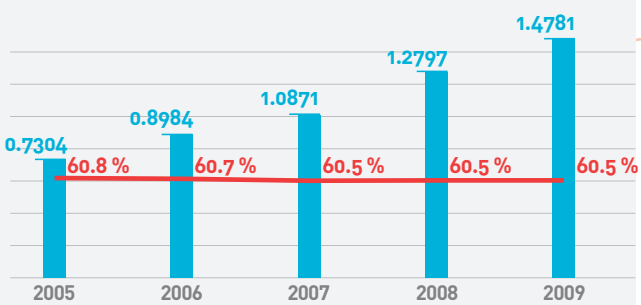
Net Financial Debt
(€ million)

- Net Financial Debt
- Net Financial Debt / (Net Financial Debt + Equity)

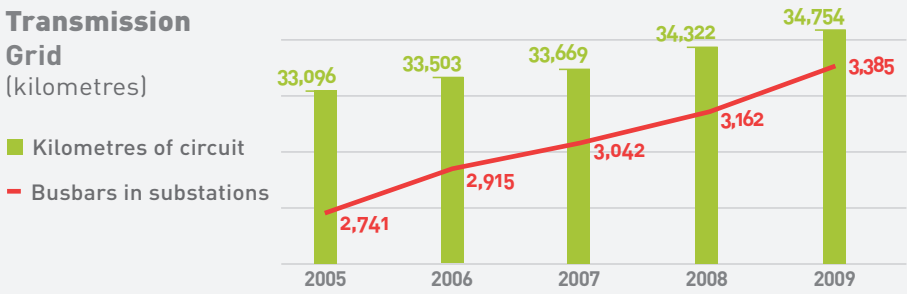


Dividend per share
(euros)

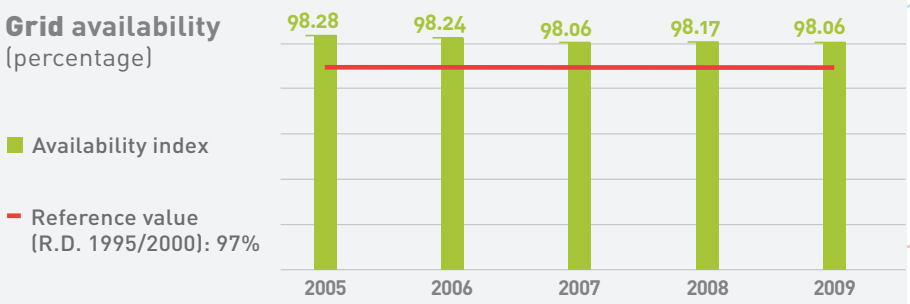
- Dividend per share
- Consolidated Pay-out



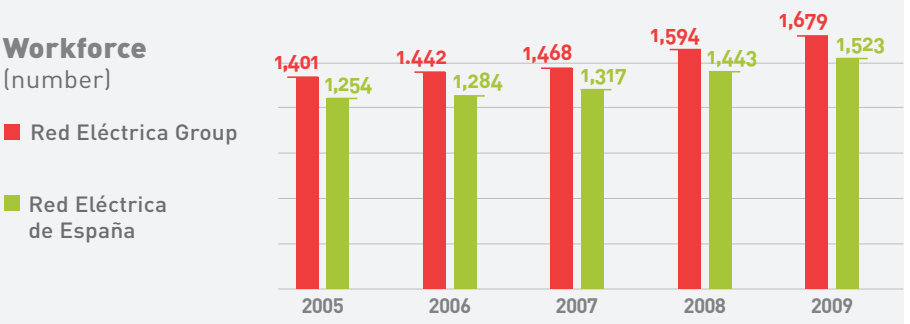
Transmission Grid
(kilometres)



Grid availability
(percentage)



Workforce
(number)



00 Strategic Plan 2010-2014

The Strategic Plan shall be developed with a focus on efficiency and profitability, maintaining the guarantee of supply and working towards the sustainability of our energy model

4,000

million euros investment in the transmission grid

Strategic objectives

1. **The consolidation of our role as Spanish TSO: sole transmission agent and operator of the system. This consolidation shall imply:**
   - **The execution of an important investment effort for the development of the whole of the Infrastructure Plan as set out in the 2008-2016 Energy Planning.**
   - **The acquisition of transmission assets from the electricity companies, in compliance with that established by Law 17/2007.**

2. **Leadership regarding the integration of renewable energies into the electricity system and driving forward demand management strategies.**

3. **A clear orientation regarding the quality of service and the security of the electricity supply.**

4. **Maintaining the highest levels of financial and operational efficiency in the management of the company.**

Maintaining the rate of growth in **Earnings Per Share (EPS)** in the short term and growth superior to 12% per year in the long term

Increase in the **dividend** per share in line with the growth in EPS

01
Company **profile**

34,750
Kilometres
of electricity lines

The mission of Red Eléctrica is to ensure the global functioning of the Spanish electricity system. To this end, it operates the system in real time, maintaining the country's generation and electricity consumption in constant balance; and facilitates the transmission of high voltage electricity from the production power stations to the centres for distribution to consumers.

1,679
Employees in the Group

Key Factors of our business management

- Independence from the other electricity system agents.
- Transparency as system operator.
- Neutrality in decision making.
- Commitment to sustainable development.
- Business management excellence.
- Organisation focused on people.

Red Eléctrica, cornerstone of the electricity system

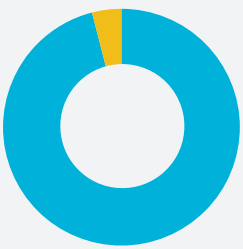
Red Eléctrica de España, S.A. established in 1985 under the provision of Law 49/1984 of 26 December was the first company in the world exclusively dedicated to the transmission of electricity and the operation of electricity systems. -2.1, 2.6-

Law 17/2007 coming into force on 4 July, modifying the Electrical Sector Law 54/1997 to adapt it to comply with European regulations, confirms Red Eléctrica's functions as operator and manager of the transmission grid and it also grants it, in its capacity as grid manager, the function of sole transmission agent, an activity that it carries out under a regime of exclusivity. This supposes the definitive consolidation of its position as sole transmission and electricity system operator: Spanish TSO (Transmission System Operator).

This law, on the other hand, has introduced a series of corporate changes in the company that have required an organisational restructuring, in particular to reinforce the separation and transparency of the activities regulated in Spain – transmission and system operation - from the rest of the activities. The organisational structure of the company has transformed into a holding structure -2.9-

The holding company of the Group is Red Eléctrica Corporación, which has two dependant subsidiaries: Red Eléctrica de España, responsible for the elec-

Distribution of the consolidated business results 2009



- Red Eléctrica de España
  Electricity activities in Spain
  96 %
- Red Eléctrica Internacional
  Other activities
  4 %

tricity activities in Spanish territory, and Red Eléctrica Internacional, responsible for the Group's activities internationally.

Moreover, Red Eléctrica Corporación has a shareholder stake of 5% in the company REN. This company is the operator and transmission agent of the Portuguese electricity system with which it maintains a strategic alliance by means of crossed holding stake. Additionally, the company owns 50% of the capital of INELFE, the company formed in conjunction with its French counterpart, RTE, in order to develop the interconnection between Spain and France via the Eastern Pyrenees.

Red Eléctrica Corporación, as head of the Group, is quoted on the Spanish Stock Exchange and forms part of the select Ibex 35 index

We guarantee the continuity and security of the electricity supply

Electricity activities in Spain -2.2, 2.5, 2.7-

Electricity system operator

REE operates the Spanish peninsular electricity system as well as the insular and extrapeninsular systems, assuring at all times the continuity and security of the electricity supply.

As operator of the system, it is responsible for managing the country's constant balance between consumption and generation produced.

To this effect, it produces electricity demand forecasts and manages, in real time, the generation facilities and electricity transmission, achieving that programmed production in the power stations matches, at each instance, the consumer demand.

Sole transmission operator and grid manager

REE, in its role as manager of the high voltage grid, is the sole transmission operator and is responsible for the transmission of electricity from the generation units to the areas of consumption, carrying out this function under a regime of exclusivity.

In addition, it has the responsibility of developing, extending and maintaining the transmission grid under homogenous and coherent criteria.

Furthermore, it is responsible for managing the transmission of energy between external systems and guaranteeing the access of third parties to the grid under equal conditions.

REE is currently owner of 99% of the high voltage transmission grid (400 and 220 kV), with almost 35,000 kilometres of lines distributed throughout the Peninsula, forming a robust and reliable meshed grid.

Products y services provided by REE -PR3, 2.2-

- Planning and development of the transmission grid.
- Management of transmission grid access.
- Management of disconnections and works in facilities.
- Information for the electricity market.
- Technical feasibility of the resulting market schedules.
- Guaranteeing the security of the system during states of emergency, alert or replacements.
- Real-time operation of the electricity system.
- Electricity metering.
- Technical operating information.
- Economic operating information.
- Local operation and maintenance of transmission facilities.
- Inspection and verification service of electricity metering.
- Management of settlements assigned to the system operator.

We manage a meshed, robust and reliable transmission grid which offers a high quality service to the electricity system and to society as a whole

The remaining 1% of the transmission facilities is presently owned by electricity companies and, as established by the new Law 17/2007, has to be acquired by Red Eléctrica within three years from its date of approval.

The behaviour of this grid shows excellent indicators regarding availability and security of supply and offers the maximum guarantee and quality of service to the consumer.

International activity -2.2, 2.5, 2.7-

The investment in transmission grids in other countries is channelled through the subsidiaries integrated into Red Eléctrica Internacional: the Bolivian company Transportadora de Electricidad (TDE) of which it owns 99.94% of the capital and the Peruvian company Red Eléctrica del Sur (REDESUR), of which it controls 33.75% of the capital.

TDE is the operating company of the electricity transmission grid of the National Interconnected System (SIN). Its transmission grid extends across six Bolivian departments: La Paz, Cochabamba, Santa Cruz, Sucre, Oruro and Potosí.

REDESUR is the company awarded the concession for the design, construction and operation of the reinforcement of the electricity transmission systems in the south of Peru. By virtue of this concessionary contract, granted in 1999 for a term of thirty years, the company is responsible for the transmission of electricity between the cities of Arequipa, Moquegua, Tacna and Puno.

During 2009, Red Eléctrica Internacional has ceased its consultancy and technical activity that it had been supplying at an international level.

Management structure

Red Eléctrica Corporación, S.A.

Chairman and CEO	**Luis Atienza Serna**

Red Eléctrica de España, S.A.U.

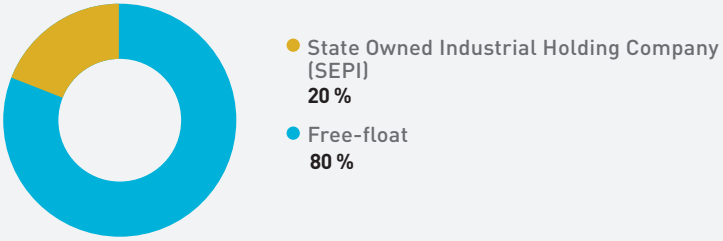
Staff management

Director of Regulation	**Luis Villafruela Arranz**
Director of Legal Services	**Rafael García de Diego Barber**
Director of Human Resources	**José García Moreno**
Director of Corporate Responsibility and Institutional Relations	**Antonio Calvo Roy**

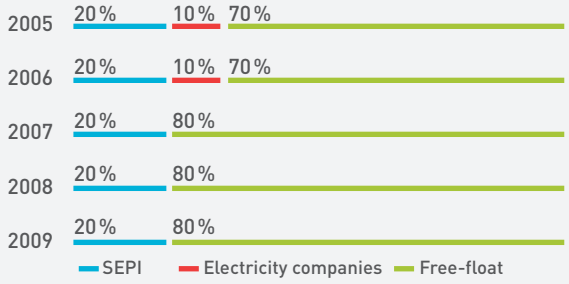
Business management

General Manager of Finance and Administration	**Esther Rituerto Martínez**
General Manager of System Operation	**Alberto Carbajo Josa**
General Manager of Transmission	**Carlos Collantes Pérez-Ardá**

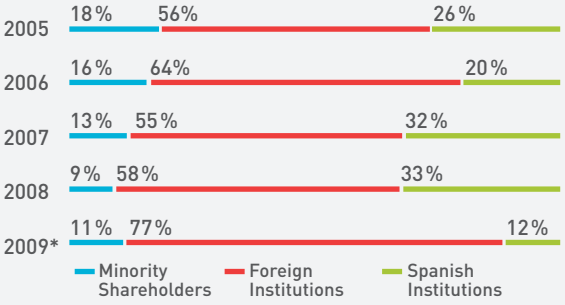
Shareholder Distribution 31.12.2009



Evolution of the shareholder structure



Evolution of the free-float structure



** Reported at the last General Shareholders Meeting.*

Key Figures -2.8-

Main data of the Red Eléctrica Group

Key consolidated figures (€ million)	2005	2006	2007	2008	2009
Turnover	860.2	949.3	1,030.9	1,125.9	1,200.1
Gross operating profit (EBITDA)	591.1	651.7	722.5	771.6	845.6
Net profit	162.4	200.2	243.1	286.1	330.4
Cash-flow after tax	429.6	465.6	524.0	545.7	616.1
Net financial debt	2,791.1	2,612.2	2,697.0	2,928.5	3,122.2
Equity	962.9	1,022.0	1,202.8	1,336.5	1,439.2
Total assets	4,657.3	4,818.4	5,315.0	5,813.3	6,201.6
Total Investments	755.5	529.6	727.8	635.1	758.7
Number of employees*	1,401	1,442	1,468	1,594	1,679

Long term financial ratings	2005	2006	2007	2008	2009
Moody´s	A2	A2	A2	A2	A2
Standard & Poors	AA-	AA-	AA-	AA-	AA-

Sustainability indexes (global rating)	2005	2006	2007	2008	2009
Dow Jones STOXX Sustainability Index	72	72	76	71	74
FTSE4Good y FTSE4GoodIBEX	Incorporated in 2008.				

Certificaciones	
Quality: ISO 9001	First group within the electricity sector to hold the joint certification for all the Group activities: From 2004
Environmental Management : ISO 14001	
Occupational Health and Safety.: OHSAS 18001	

** Includes all the companies which form part of the scope of consolidation: REE SAU, REC, REI, CYBERCIA and REA.*
(1) In 2005 data from Inalta was included. 2006 saw the merger due to the absorption of Inalata by Red Eléctrica de España
(2) In 2007, the acquisition of 5% of REN for 98.8 million euros was included the investments of the year.
(3) Red Eléctrica de España, S.A.U. includes data of Red Eléctrica Corporación
(4) The business of supplying telecommunications services to third parties has been transferred to Red Eléctrica Internacional, S.A.U.

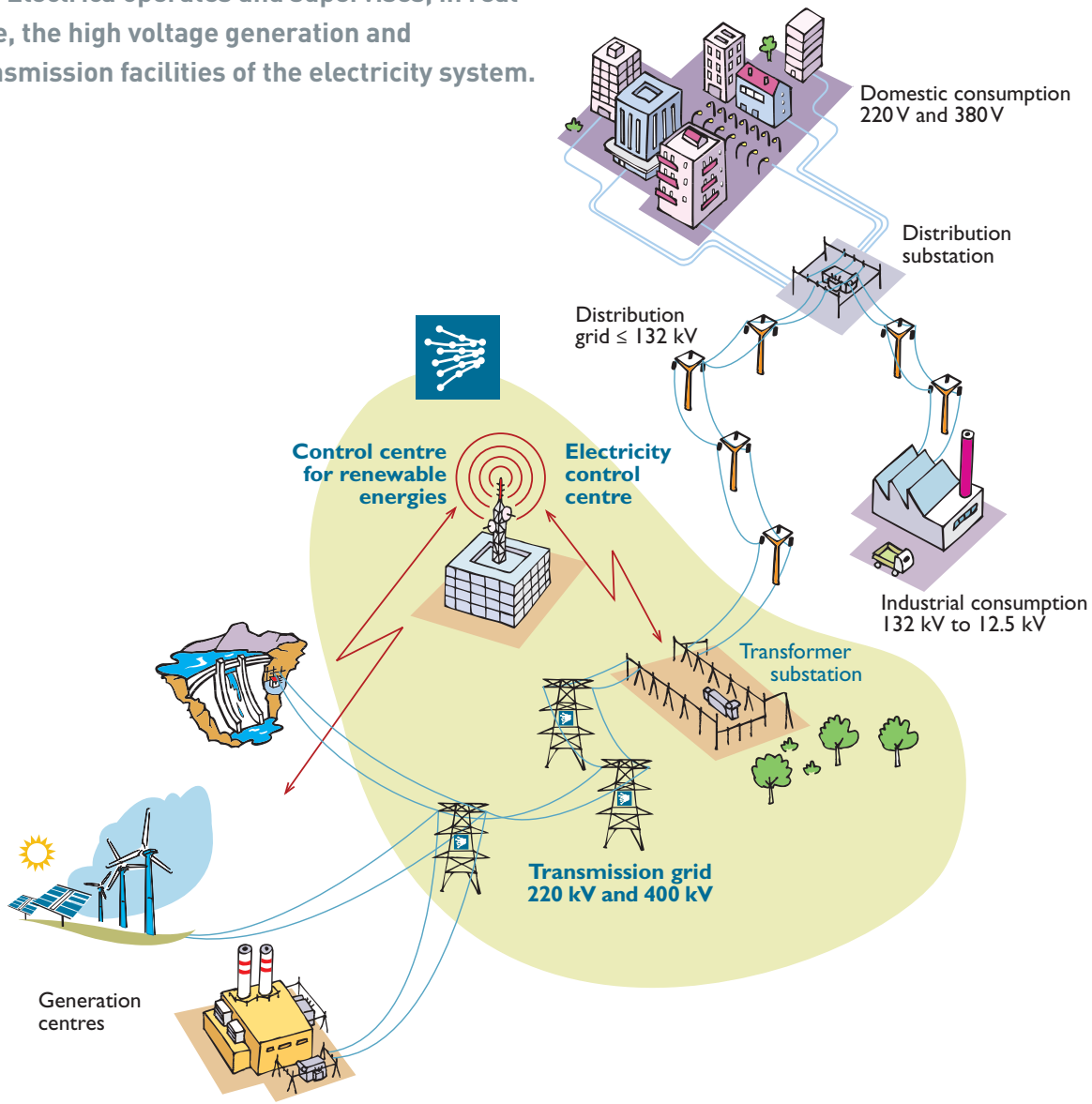
Information on the electricity activity in Spain

Red Eléctrica de España, S.A.U. [1]	2005	2006	2007 [2]	2008 [3]	2009
Adjusted turnover (€ million)	743.4	928.7	1,010.3	1,095.8	1,157.2
Investments (€ million)	748.3	518.3	720.3	632.2	753.3
Electricity cables (kilometres of circuit)	33,096	33,503	33,669	34,322	34,754
Substations (busbars)	2,741	2,915	3,042	3,162	3,385
Transformation capacity (MVA)	54,209	56,009	58,459	62,859	66,259
Optical fibre grid (km of cable)	13,400	15,260	21,300	23,146	24,286
Number of employees	1,255	1,284	1,317	1,443	1,523
Corporate Responsibility Certifications					
SA 8000 Certificate	Certified in 2005 The first Spanish energy company to obtain this certification.				

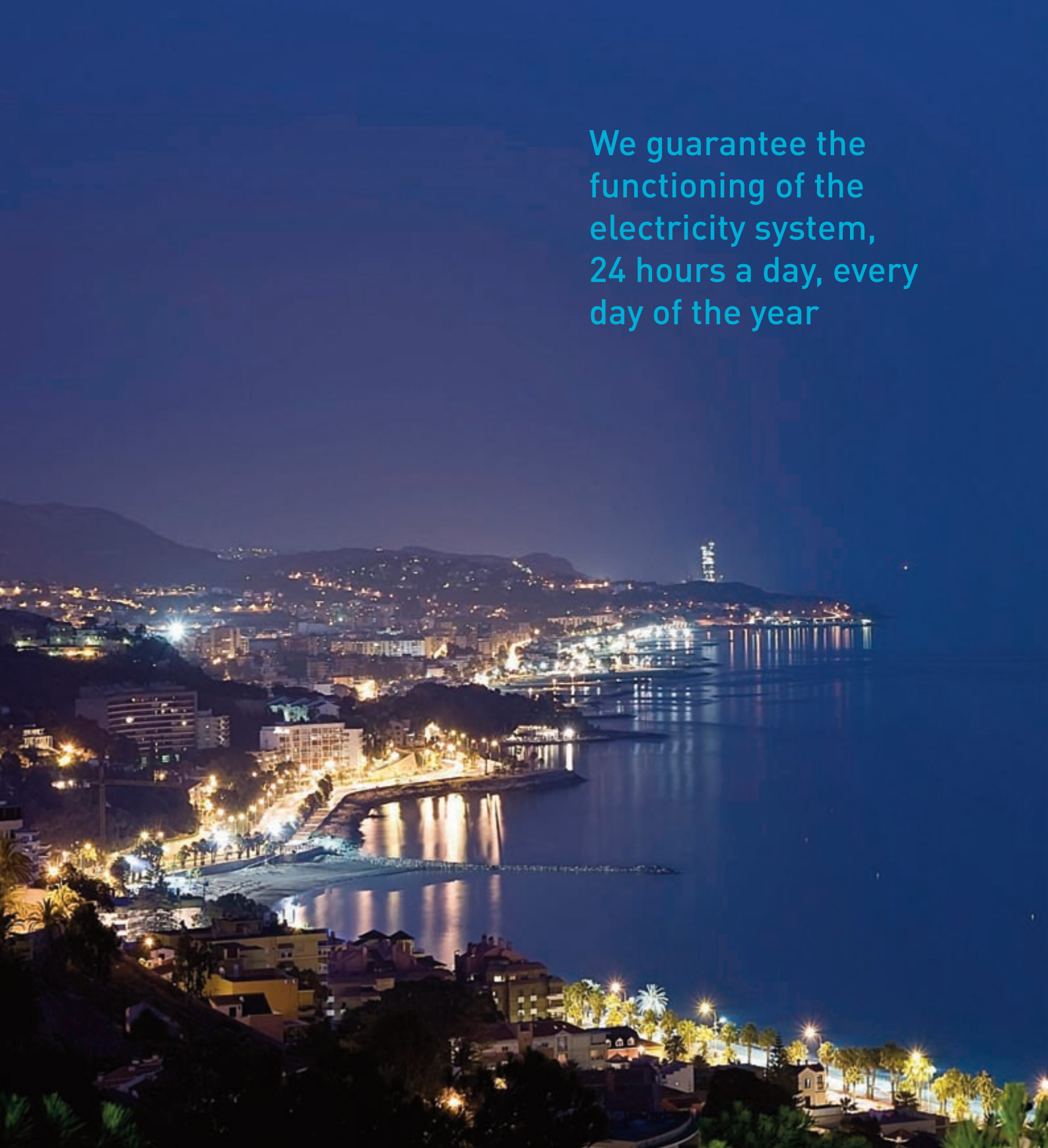
Information on the International Electricity Activity (subsidiaries)

Red Eléctrica Internacional [4]	2005	2006	2007	2008	2009
Number of employees	20	18	10	11	4
TDE (Bolivia)					
Turnover (€ million)	19.6	20.0	20.9	23.9	26.6
Investments (€ million)	7.2	13.5	7.4	2.9	5.4
Electricity cables (kilometres of circuit)	1,962	1,965	2,189	2,190	2,190
Substations (busbars)	20	22	22	22	23
Number of employees	126	118	119	120	121
Corporate Responsibility Certifications					
SA 8000 Certificate	Certified in April 2007.				
REDESUR (Perú) company with a 33.75 % stake					
Turnover (€ million)		9	9	8	10
Investments (€ million)		0	0	0	0.5
Electricity cables (kilometres of circuit)		532	532	532	533
Substations (busbars)		11	11	11	11
Number of employees		17	17	17	19

Red Eléctrica operates and supervises, in real time, the high voltage generation and transmission facilities of the electricity system.



We guarantee the functioning of the electricity system, 24 hours a day, every day of the year



02

Corporate Governance

Majority

of independent board members

In Red Eléctrica, corporate governance is connected to the company vision and its principles and practices form part of our business culture. For this reason, the implementation of the best recommendations regarding good governance signifies a strategic target of the highest level.

Three
Women
on the Board of Directors

The Company's rules of governance

- Articles of Association
- Regulation governing the General Shareholders' Meeting
- Regulation governing the Board of Directors.
- Internal Regulations governing Conduct in the Securities market.
- Procedure for proxies, voting and information by remote means at the General Meeting
- Code of Ethics.

Rules of governance applied by the Company -4.6, 4.7, 4.8-

Constant adaptation of the rules of governance of the Company to the best practices of good governance

The rules of corporate governance of the Company are the object of continuous modification in order to improve the shareholders' right to information and to offer a greater informative transparency to the markets.

Throughout the 2009 fiscal year, the Internal conduct regulations in the Securities Market were amended and a review of the Board Regulations was carried out that, as a consequence, led to the approval of a new set of Regulations at the Board meeting held on 28 January 2010.

The rules of governance may be consulted, at any time, on the corporate website (www.ree.es).

The Code of Ethics

Approved by the Board of Directors in 2007, the Code reflects corporate identity and the social commitments assumed within the business environment and with the different stakeholders affected by the activities of the Red Eléctrica Group.

The code reflects the key principles which should serve to guide the members of the board, the management and the employees of the company and, in addition, may be invoked by the stakeholders.

In its implementation, noteworthy is the management procedure regarding consultations and claims, which is available on the corporate website (www.ree.es). In order to ensure it is totally complied with, an Ethics Manager was appointed, tasked with the responsibility for administering the system and dealing with non-compliances and reported claims

In June 2009, the Ethics Manager presented to the Board the first annual management report regarding the Code of Ethics. The report highlights the absence of complaints to date and outlines some of the enquiries made to the Ethics Manager. In general, the inquiries related to the scope of the commitments contained in the Code and guidelines on how to act in specific situations. Subsequent to this report, the Ethics Manager received and processed two complaints for non-fulfilment of the Code of Ethics. At the close of 2009, the first one had been resolved and the second was pending resolution.

Governance structure of the organisation

General Shareholders' Meeting -4.4, 4.10-

The General Meeting represents all the shareholders. The rules of the organisation and operation are set forth in the Articles of Association and in the General Shareholders' Meeting Regulations.

Shareholders' rights have been extended, beyond the legal requirement, regarding information and increasing the attendance at the General Meeting, facilitating the request and receipt of information and promoting the participation of all shareholders in the Meeting via electronic means.

Noteworthy, is the advancement in the contents of the website as an instrument of communication with shareholders and investors. Article 2 of the General Shareholders' Regulation establishes that, amongst other aspects, the Company's website shall include communication channels with the shareholders and relevant information about the fiscal year which must be made available to them. -3.11-

In 2005, Red Eléctrica implemented an electronic voting system, being one of the pioneers in the use of this system which, via the corporate website

(www.ree.es), enables shareholders to exercise their voting rights using electronic means. Over recent years, new improvements have been introduced to facilitate the participation of all shareholders in the Meeting.

In the Shareholders' Meeting held in 2009, the electronic voting system was again satisfactory, given that 379 shareholders, holders of 133,711 shares voted and/or delegated electronically, more than double of those received in the 2008 Meeting, which grew to 64,670 shares, cast by 315 shareholders.

Corporate Governance best practices in relation to General Shareholder's Meeting

All the relative information regarding the Meeting, made available to the shareholders via the corporate website.
No minimum number of shares required to be able to attend the Meeting.
Separate voting on each one of the matters submitted for approval in the Meeting.
To promote the participation of shareholders in the Meeting via the implementation of an electronic voting system.
Live broadcast of Meeting via Internet, with simultaneous translation in English.

The agreement proposals were presented to the General Meeting as separate items, so that shareholders could vote on each one separately.

Due to the special nature of the activities carried out by the Company, considered as an essential service, and with the purpose of guaranteeing its independence from the other activities and agents of the electricity sector, the coming into force of Law 17/2007, 4 July, new maximum limits of shareholder participation in the Company were established, as summarised below:

- Any individual or legal person may participate in the shareholding of the Company, as long as the total of their direct or indirect holding in the Company capital does not exceed five percent (5%) of the Company capital, nor exercise voting rights in excess of three percent (3%). Under no circumstances may these shares be pooled for any purpose whatsoever.

- In the case of individuals who carry out activities in the electricity sector and those individual or legal entities who, directly or indirectly, hold more than five percent (5%) of capital, may not exercise more than one percent (1%) voting rights at the Company.
- The special regime is maintained for the State Owned Industrial Holding Company (SEPI) who shall have to hold, in all cases, at least ten percent (10%) of capital.

Board of Directors -4.1-

During 2009, the Company has maintained a majority number of independent members on the Board of Directors.

Best corporate governance practices within the Board of Directors -LA13-

Reduced Board, composed of ten members (three women), with a majority of independent board members.
Annual self-evaluation of all Board members.
Individualised information regarding the remuneration of Board members.
A maximum statutory limit exists for the remuneration of Board members.
The remuneration policy is proposed for approval by the General Meeting.
The final remuneration of the Board remains unaltered from that of the previous fiscal year.
Board member profiles: recognised professionals of distinction with extensive professional background.
Existence of a committee for matters related to corporate governance.
The Board committees are presided over by independent Board members.
Strict regulation regarding the responsibility of the Board members, as well as of the duties of diligence and loyalty.

On 17 December 2009, the Board accepted the resignation of one of the Independent Directors, Jose Rodrigues Pereira Dos Penedos, who tendered his resignation as a result of a court proceeding which affected the discharge of his duties as Chairman of REN-Redes Energéticas Nacionais. The consequent vacancy has yet to be filled, meaning that the Board of Directors

is currently composed of 10 members: 1 Executive Director, 3 Nominee Directors and 6 Independent Directors. -4.3-

In the eleven (11) Board of Directors' meetings held in 2009, no incident of non-attendance was reported; only one person was represented by proxy.

Appointment and termination of Board Directors

The Board Regulations establishes that the Board Directors shall be appointed by the General Meeting or by the Board of Directors by cooption.

The Regulation of the Board of Directors sets forth a detailed procedure to determine the experience and training required to be on the Board of Directors.

In practice, the choice of candidate is seen to rest with those who have accredited solvency, competency and experience taking into account such things as social, economic and environmental aspects.

The Articles of Association establish the appointment period as four years, with the possibility of re-election. In accordance with that established in the Board Regulations, independent directors may not remain as such during a continuous period of more than twelve years.

The Board Regulations has established that external proprietary or independent directors must not be proposed for termination prior to completing their statutory period for which they were appointed, except in the case where there is sufficient cause and the existence of a previous report from the Appointment, Remuneration and Corporate Governance Committee. The directors must hand their resignation to the Board of Directors and formalise, should they consider it convenient, the corresponding resignation when reaching the age of seventy. -3.2-

Audit Committee -4.1-

This Committee is composed of three external board members, two of which are independent members, of which; one is the chairwoman of the committee.

During this fiscal year 11 meetings of the Audit Committee were held, in which no incident of non-attendance was registered and no proxies were granted.

Appointment, Remuneration and Corporate Governance Committee -4.5-

The Appointment, Remuneration and Corporate Governance Committee is composed of four board members, three of whom are outside directors and one an executive; two of the outside directors are independent and one of them is the chairwoman of the Committee.

During 2009, this Committee carried out a revision of the Board Regulations which, as a consequence, led to the approval of a new Regulation on 28 January 2010. Amongst the approved modifications, noteworthy is the change of name of said committee, now called the Corporate Responsibility and Governance Committee, and the express attribution to this Committee of wide-ranging competencies regarding corporate responsibility.

During 2009, 11 meetings of the Appointment, Remuneration and Corporate Governance Committee were held, in which no incident of non-attendance registered and no proxies were granted.

Board of Directors Self-evaluation -4.10-

As every year, the process of self-evaluation of the Board of Directors, its Committees and its Chairman were carried out at the end of 2008. The chairwoman of the Appointment, Remuneration and Corporate Governance Committee coordinated said process in which all the members of the Board actively collaborated.

A self-evaluation of the members of the Board of Directors takes place annually

The Board of Directors, in the meeting held in July 2009, approved the Self-evaluation Report of the performance of the Board regarding the 2008 fiscal year.

Remuneration policy -4.5-

During 2009, the total remuneration accrued by the members of the Board of Directors of the parent company, was 2.493 million euros, included in these figures are not only the estimation of the remuneration linked to earnings but also the salaries of those members of the Board who also have employee status.

The total remuneration (€ thousand) accrued by the members of the Board of Directors of the Company in the 2009 fiscal year, listed individually by member, are the following:

Board of Directors -4.2, 4.3-

	Position on the Board	Type of Director	Audit and Control Committee	Appointment, Remunerations and Corporate Governance Committee	Remunerations in 2009 (€ thousand)
Luis Atienza Serna	Chairman	Executive	-	Member	789
Antonio Garamendi Lecanda	Member	Independent	-	Member	183
Manuel Alves Torres [1]	Member	External Nominee (SEPI)		Member	182
José Rafael Suñol Trepat	Member	External Nominee (SEPI)	-	-	154
María de los Ángeles Amador Millán	Member	Independent	-	Chairwoman	182
Francisco Javier Salas Collantes	Member	Independent	Member	-	182
Martín Gallego Málaga	Member	Independent	-	-	154
José Folgado Blanco	Member	Independent	-	-	154
Arantza Mendizábal Gorostiaga	Member	Independent	Chairwoman	-	182
José Rodrigues Pereira Dos Penedos[2]	Member	Independent	-	-	149
María Jesús Álvarez González[1]	Member	External Nominee (SEPI)	Member	-	182
Total remunerations accrued			-	-	2,493

(1) Amounts received by State Owned Industrial Holding Company (SEPI).
(2) Have left office as directors during the 2009 fiscal year.

The retribution of the Board with respect to the profits allocated to the parent company is the following:

Total board members remuneration / profits allocated to parent company	**0,754 %**

There are safeguard or golden parachute clauses in favour of the Executive Director to cover dismissal or changes in control. Said clauses are in line with standard market practices and contemplate suppositions to cover the termination of the employment relationship, providing for indemnification of one year's remuneration, unless the applicable legislation provides for a higher amount.

Board Members' Portal

During the 2009 fiscal year, an innovate project known as «El Portal del Consejero» (Board Member Portal) was carried out with the purpose of applying new technologies in the day-to-day work of the members of the Board and the Committee.

External auditors -3.6-

The Board Regulations, based on the applicable best practice, foresees that relations with external auditors of the Company must be channelled through the audit committee. The Board of Directors must refrain from contracting those auditing companies where fees foreseen for all concepts, are to be more than 10% of its total income during the fiscal year.

Remunerations satisfied during the 2009 fiscal year to external auditors by the Company and the companies of the Group do not represent a significant percentage on the total of the auditing company's income. Similarly, the fees corresponding to professional services other than audits, paid to companies directly or indirectly related with the auditing company, are not relevant and do not affect the strategy or the general planning of the Company.

Risk Management -1.1, 1.2, 4.9, 4.11-

Management focus

The Red Eléctrica Group has a Risk Policy aimed at establishing the principles and guidelines for ensuring that material risks, which could affect the objectives and activities of the Group, are systematically identified, analysed and controlled with uniform criteria and within the established risk limits

The risk control system covers not only the risks with internal processes but also risks from the environment in which it operates, encompassing all the activities carried out by the Group. The impact of each risk is evaluated on four aspects: strategy, the income statement, the electricity system and reputation.

Risk management and control bodies

Board of Directors.
Audit Committee.
Management committee.
Department of Regulation (responsible for comprehensive management).
All the organisational units.

Both the risk policy and the general procedure for integral risk management and control are based within the integrated framework of business management included in the reportCOSO II (Committee of sponsoring organisations).

Material risks to the Group are considered those related to:

- The creation of sustainable value over time.
- The continuity and quality of the energy supply of the electricity systems.
- The construction of the electricity transmission grid infrastructure necessary to deal with future needs.
- The compatibility of the aforementioned objectives with the social and environmental concerns.

Main risks of the Red Eléctrica Group

Regulatory, as the main business activities of the Group are subject to regulation.

Operational, derived fundamentally from the activities assigned within the electricity system, the care for and protection of the natural environment and the coverage of financial needs within a progressively complicated financial scope.

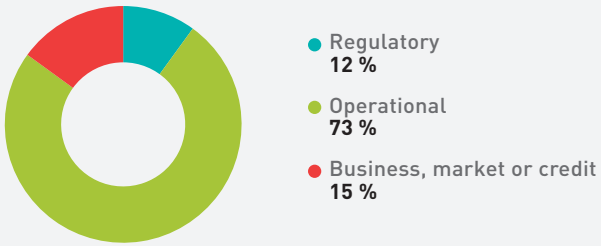
Market as the majority of revenues, as well as determined expenditures, are influenced by the evolution of variables such as inflation or interest rates.

Business and credit (or counterpart), although to a lesser extent due to the lesser weighting of the subsidiaries within the Group and the existing regulation on the invoicing and collection for transmission and operation activities.

Comprehensive Risk Management System Diagram

Risk analysis takes into account the possibility of a risk occurring (based on critical factors to whether the risk will occur or not, the weighting thereof, the situation in the Company with respect to each critical factor, and the assignation of a global assessment for all the factors) and the impact should it materialise (depending on the effect on the electricity system, basic strategy, reputation and the income statement).

Structure of the Red Eléctrica Group's risks



Once the final evaluation has been made, a comparison is made with the admissible risk level. If it does not surpass this level, those responsible for processes or projects decide whether to implement the actions. Should they exceed said level, an action plan is formulated for its minimisation or reduction.

The Regulation Department and the units responsible for managing the processes periodically follow up on the evolution of the action plans and indicators. The frequency of this follow-up is six monthly for high-level risks and annually for medium and low risk.

Actions carried out in 2009

During 2009, actions have continued to improve operational risks, primarily related to adapting the acquired facilities to the traditional standards of the Company and commissioning new facilities which strengthen grid meshing. In this way, the permanent exposure of the grid to events which may affect to the continuity and security of the electricity supply is reduced.

The strain in the financial system has remained throughout the fiscal year. In reply to this situation, long term financing operations with financial institu-

tions have been formalised, which assure liquidity and the investment plan for the following year.

Improvements in the integral risk management system during 2009

Update of the integral management risk procedure, to support the compliance of the Risk Policy approved by the Board of Directors.

Extension of the temporary horizon of risk evaluation with an impact in the company strategy.

Update of the evaluation measurement system regarding risk impact.

In the following table the principal operational risks are detailed, the principal impacts analysed and the management carried out by Red Eléctrica to reduce them or to mitigate them.

Risks related to climate change -EC2-

Principal impacts	Principal actions
Reduction in rainfall	**Integration of renewable energies**
Lower capacity of regulation of hydroelectric production.	Consolidate the role of the control centre for renewable energies (CECRE).
Greater competition for hydrological resources among those activities related to electricity generation, agricultural and drinking water supply.	Construction of new lines for the evacuation of renewable energies.
Increase in temperatures	Strengthening of international interconnections..
Increase in the summer peak demand and decrease in the winter peak.	**Demand management Initiatives**
Increase in the production of solar energy	Putting in place measures that allow a more efficient and balanced consumption profile to be achieved.
Reduction of the transmission capacity of high voltage lines.	Participation in the GAD (Active Demand Side Management) project.
Changes in wind currents	Drive the implementation of the electric vehicle.
Changes in the production profiles of the wind power generators.	Management of the interruptibility service.
Greater frequency of extreme wind conditions that can cause interruptions in the supply.	**Research and Innovation**
	Participation in European projects for the development of renewable energies (IS-POWER, WIND ON THE GRID, EWIS, TWENTIES).
	Design and development of equipment and systems for addressing emergency situations.

Risks related to the energy supply

Principal impacts

- Equipment failure in facilities.
- Saturation of existing facilities in dealing with growing demands.
- Need to construct facilities to cover the system needs (wind farms, meshed grid, high speed trains, etc.)

Principal actions

- Carry out periodic inspections of equipment and systems.
- Renovation programme and improvement of the facilities..
- Repowering of the lines and increase in the capacity of the transformers.
- Feasibility study of a superconductor cable prototype.
- Increase in the construction of facilities to attend the planning of electricity infrastructures approved by the government.
- Works started on the new interconnection with France.

Employee related risks

Principal impacts

- Motivation of staff to reach company's objectives.
- Ageing of personnel.
- Adapting of occupational risks prevention.

Principal actions

- Application of the staff appraisal system.
- Development programmes for technicians and directors.
- Approval of the work-life balance policy and implementation of a management system.
- Contracting young employees with potential.
- Development of a succession policy.
- Maintain and improve the structured prevention system in accordance with the OHSAS 18001 standard.

Other risks related to environmental and social surroundings

Principal impacts

- Deterioration of the environment.
- Delays in the construction of authorised facilities due to social rejection.
- Integration into the community.

Principales actuaciones

- Environmental evaluation of all projects.
- Programme of preventive and corrective actions in the construction of installations.
- Continuity of the construction programme for tanks to avoid spillage of oil from transformers.
- Agreements with Autonomous Communities for the prevention of fires.
- Creation of the sustainability laboratory as a tool for the development of permanent dialogue with shareholders.
- Implementation of sustainability projects.
- Cooperation and sponsorship actions.

Risk of corruption and fraud -SO2, SO4-

The Code of Ethics, approved by the Board of Directors in 2007 and the corresponding management system for enquiries and formal complaints constitutes an effective mechanism for the detection and treatment of the possible cases of corruption and fraud. During this fiscal year, no formal complaints of any type were reported through this channel.

In addition, the processes of Red Eléctrica are integrated in structured systems in compliance with the international reference standards (ISO9001, ISO14001 and OHSAS18001) and their design has included controls to mitigate or reduce the main risks associated thereto, amongst which are included the risk of corruption and fraud. In addition to these processes two specific systems are present: internal control and financial reporting (based on the North American ruling Sarbanes- Oxley) and internal control for Operation (based on ruling SAS 70). These processes are constantly subjected to systematic internal and external audits.

Processes considered as being exposed to the risk of corruption and fraud are audited yearly via the internal auditing system and incorporate specific tests on this risk. Several of these processes involve the participation of every area of the company. In this fiscal year, tests and analyses on 7 of the 18 company management departments were carried out, no cases of corruption or fraud were identified.

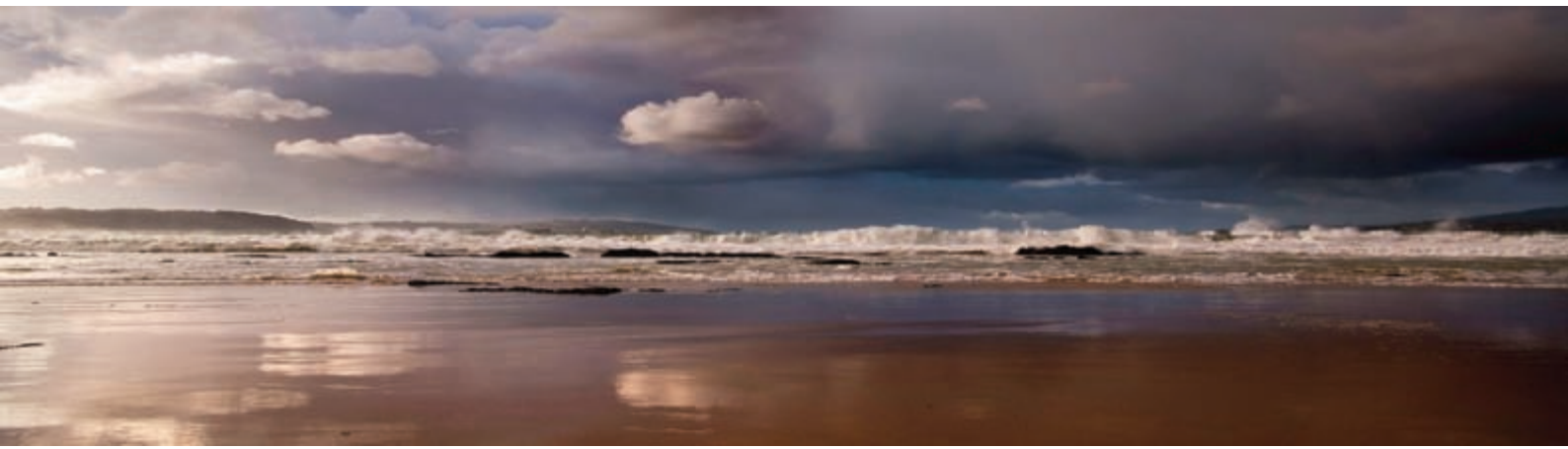
Challenges 2010-2012

- Improvement in the methodology of risk evaluation with the incorporation of the statistical processing of series of historical data.
- Extension in the degree of coverage of comprehensive risk management to 100%.
- Deployment throughout the entire organisation of the IT tool which supports the comprehensive risk management system.

Performance indicators

	2007	2008	2009	Objetivo 2010
Management indicators				
Degree of coverage of risk management (%)[1]	82.0	83.0	92.1	≥ 95
Improvement in the weighed risks average with respect to previous year[2]	0.79	0.90	0.75	≤1
External Assessments (DJSI) (0-100)	**84**	**92**	**87**	

*(1) (Risks treated / risks detected)*100.*
(2) Average weighted value year n / Average weighted value year n-1.
DJSI: Dow Jones Sustainability Indexes.



03

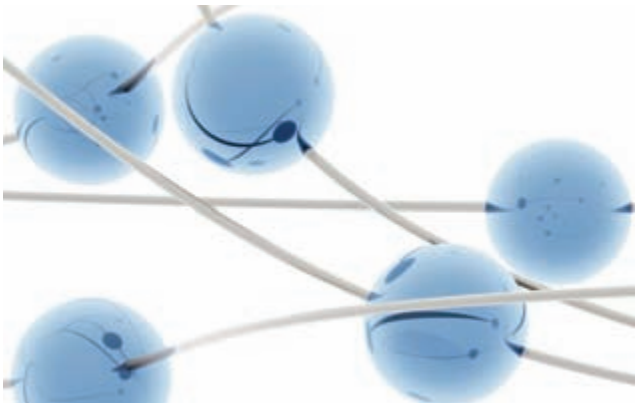
Management model and policy

7,6 out of **10**

global satisfaction level of the stakeholders

Red Eléctrica's commitment to **sustainability**

The challenge of the Red Eléctrica Group is to become a model company that is responsible, efficient and sustainable, integrated into society, caring for all its stakeholders and being a reference in the markets in which it operates. To make this challenge a reality, the Group adopts commitments, policies, management models and actions of outstanding value within the scope of corporate responsibility.



40 new projects (91,2 % compliance with annual programme)

Principles of the corporate responsibility policy

To promote best corporate governance practices in management, ensuring compliance with legislation, transparency, business ethics and correct risk management.

To orientate the activities of the Red Eléctrica Group in the defence of its viability and value for all its stakeholders in the short, medium and long term, by offering services that guarantee and improve its image and reputation.

To create and maintain an open communication channel with its stakeholders, through which it is possible to ascertain their requirements and expectations and improve their satisfaction level. Furthermore, this means shall act as a channel to provide true information regarding company activities and results, whilst guaranteeing at all times maximum transparency and the honest exchange of information.

To encourage support for the betterment of society by participating in projects of general and social interest, and in educational, cultural and scientific programmes, with special attention paid to those communities in which the Group performs its functions.

To understand the personal and human development and the satisfaction of the people as a key element in attaining the objectives of the Red Eléctrica Group. Attention shall be paid to the attitudes and conducts, which are in agreement with company values, covered by the Code of Ethics.

To ensure compliance with fundamental Human Rights, non-discrimination, freedom of association to unions, the right to undertake collective bargaining, the abolition of child labour, the abolition of forced labour and any other practice that can be taken as an infringement of collective or individual dignity. This shall entail the compliance with the articles contained in international declarations and conventions regarding Human Rights and Workers' Rights, as well as ensuring the fulfilment of the Code of Ethics of the Red Eléctrica Group.

To maintain a firm, preventive commitment with respect to the conservation and improvement of the natural environment, adopting the principles of the rational use of resources, energy efficiency, minimizing the generation of waste, the protection of the biodiversity, environmental vigilance and the prevention of contamination.

To scrupulously respect the applicable legislation in the business sector and countries where the Red Eléctrica Group operates, avoiding becoming involved in corruption of any kind, including extortion and bribery and acting in conformance with the principles set out in the Code of Ethics.

The corporate responsibility policy, approved by the Board of Directors, is complemented by the remaining company policies.

Management focus

The quest for excellence and responsibility in the development of its activities has become one of the basic strategies of the Red Eléctrica Group which acts as the cornerstone of its business management orientation towards sustainable development.

The quest for excellence

In 2009, Red Eléctrica was again awarded the **European Seal of Excellence + 500 points,** granted by the Club for Excellence in Management, following the directives of the **EFQM European model (European Foundation for Quality Management)**. This seal, which is renewed every two years, was obtained by Red Eléctrica for the first time in 2003 being the first Spanish electricity company to obtain this recognition. With more than 600 points in the latest evaluation carried out, Red Eléctrica consolidated its position as leader amongst the 28 unique companies within Spain which currently possess this recognition. The awarding of this seal also brings the internationally prestigious Recognised for Excellence in Europe distinction awarded by the EFQM.

With the adoption of this model in 1999, Red Eléctrica began on the road to excellence in management. This model is the main reference for European organisations looking to achieve excellence in its business management. The achievement of the model is complete, as it includes aspects of leadership management, strategy and policy, people management, resources, alliances and processes. But it is also extremely demanding in regard to key results obtained by the organisation and their impact on its stakeholders.

In line with its backing for management excellence, since 2002 Red Eléctrica annually renews its commitment with the quality mark, **Madrid Excelente,** recog-

Certified management tools

Quality
ISO 9001
In all the activities and companies of the Group

Environmental
ISO 14001
In all the activities and companies of the Group

EMAS
Red Eléctrica SAU certification

Occupational health and safety
OHSAS 18001
In all the subsidiaries that comprise the Group.

Corporate responsibility
SA8000
Red Eléctrica SAU y TDE (Bolivia) certification

EFR 1000
Red Eléctrica SAU certification

RS10:2009
In all the subsidiaries that comprise the Group.

nition granted by the Community of Madrid to the companies that fulfil a series of requirements in excellence, corporate responsibility and consumer confidence.

The key to business excellence by Red Eléctrica is also endorsed by the external **certification and accreditation of their business management systems,** and in the national recognition received in 2005 by obtaining the **Principe Felipe Prize for Business Excellence,** in the category of Industrial Quality.

The management of corporate responsibility

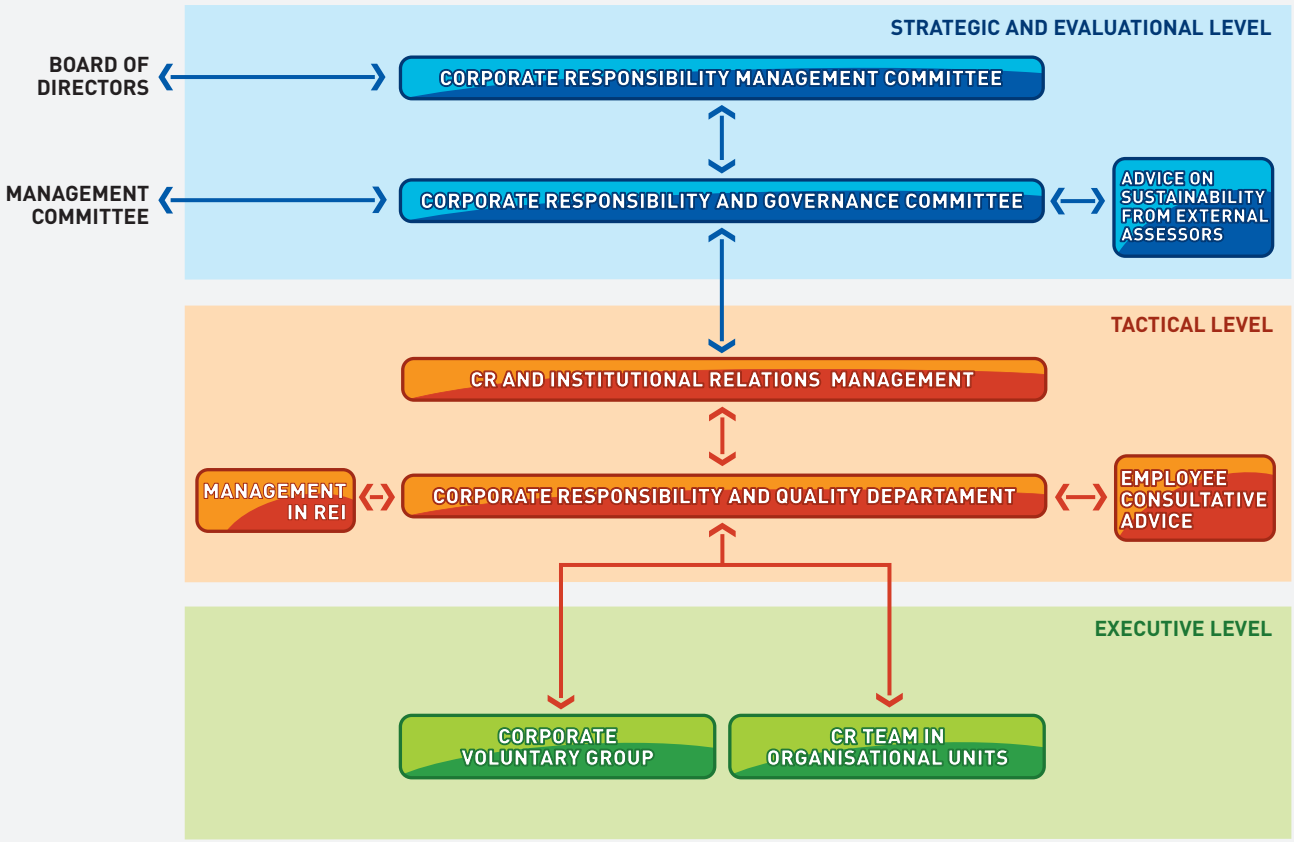
Since 2004, Red Eléctrica has counted on a corporate responsibility management system which guarantees the development of appropriate activities in order to fulfil the principles established within its corporate responsibility policy.

Said system, is made up of a set of structural management elements, of temporary deployment, for monitoring and evaluation, which guarantee an appropriate management of significant economic, social and environmental impacts of Red Eléctricas' activities and services on its stakeholders.

Organisational structure

One of the main changes in the organisation has been the incorporation to one of the committees of the Board, named the **Corporate Responsibility and Governance Committee** the following functions: to propose and drive the corporate responsibility policy, to supervise the actions and proposals regarding corporate responsibility proposed by the organisational units responsible and to draw up an annual report regarding corporate responsibility policy.

Corporate Responsibility organisation structure



Relation with stakeholders -4.14, 4.15, 4.16-

Red Eléctrica considers stakeholders as the collectives or entities that are, or that may be, affected by the services or activities of the company and whose opinions or decisions affect its economic results or its reputation.

Since 2004, Red Eléctrica has counted on a stakeholder management system, whose objectives are:

- To have a more in depth knowledge of the collectives that make up the stakeholders of Red Eléctrica, and of the relations that the company establishes with them, identifying its requirements and expectations, as well as their degree of satisfaction.
- To maximize the value of the relations that the company establishes with them, developing appropriate communication channels.
- To transfer the management of the stakeholders to the activities, the processes and the management systems of the company.

Red Eléctrica maintains all stakeholders identified, segmented and prioritised. This identification is carried out based on the analysis of who and/or what is impacted by the Company's processes and activities, followed by the grouping of those collectives who share characteristics, and therefore concerns. Each of these groups is prioritised based on criteria of influence and dependency with the aim of channelling the efforts and resources of the company, without neglecting any of them under any circumstance. An important element of the stakeholder system constitutes the constant search for ways of communication that ensure an open, systematic and valuable dialogue between Red Eléctrica and its stakeholders. In the various sections of this report, the information regarding the specific communication channels and collaborations, established by the company with each of his groups of interest, is expanded upon.

In addition to these specific channels, over the last few years Red Eléctrica has developed integral tools with which it seeks to strengthen relations with its stakeholders, from a perspective of innovation. An example of this new orientation are the dialogue platforms which they began to develop in 2008, and the setting up of the DÌGAME Stakeholder attention centre for external stakeholders.

Stakeholder groups matrix -4.14, 4.16-

Stakeholder groups	Priority
1.Shareholders and investors	
1.1 Institutional	●
1.2 Minority shareholders	●
2. Customers, market agents and regulating bodies	
2.1 Organisations participant in system operation	●
2.2 Organisations participant in transmission of energy	●
2.3 Official bodies and administrations	●
2.4 Electricity market (agents)	●
3. Employees	●
4. Suppliers	
4.1 Of goods and services	● ● ●
4.2 Of financial capital	●
4.3 *Outsourcings*	● ●
5. Partners	● ●
6. Social	
6.1 Ministries, autonomous communities, confederations, etc.	●
6.2 City councils	●
6.3 Business institutions and associations	●
6.4 Educational and research centres	●
6.5 Unions	●
6.6 Financial analysts	●
6.7 Environmental groups	●
6.8 NGO's and Foundations	●
6.9 Society in general	●
7. Media and Press	●
8. Subsidiaries	●
9. Markets/ Sectors	●

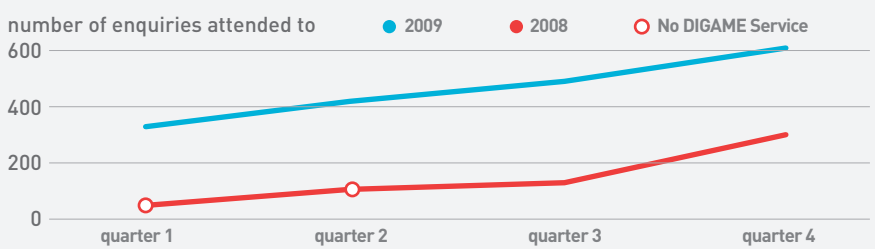
Priority: ● High ● Normal ● Low

DÍGAME, Stakeholder attention service for attending to external stakeholders

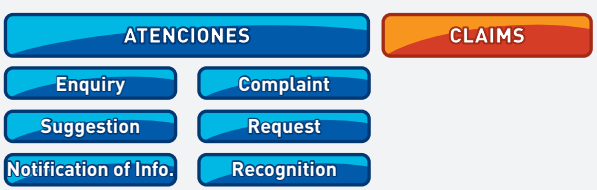
In July 2008, the DÍGAME service was set up for the integral management of the concerns raised by Red Eléctrica's external stakeholders. This new channel is complementary to other specific channels such as the web application «management of incidents and claims» in e-sios, used by electricity market agents.

The new DÍGAME service centralises the reception, registration, resolution and closing of all the enquiries or claims received via the diverse channels made available to the external stakeholders. Through this service, 1,854 enquiries were attended to in 2009 ((569 enquiries, 532 notification of information, 627 requests, 72 claims, 7 suggestions and 47 recognitions).

Evolution of enquiries attended to by the DÍGAME Service



Classification of enquiries



www.ree.es
digame@ree.es
Telephone: +34 91 728 62 15
Fax: +34 91 650 45 42

Stakeholder Ombudsman

Within the framework of the corporate responsibility system, the role of Stakeholder Ombudsman was created and whose functions are performed by the Ethics Manager. Amongst its activities the following are noteworthy:

- To develop the profile of requirements and expectations of the different stakeholders of Red Eléctrica, jointly with the Department of Corporate Responsibility and Quality.
- To carry out the monitoring of the framework for stakeholders relation jointly with the Corporate Responsibility Management Committee.
- To analyse the management of the stakeholders carried out via DÍGAME and to propose improvement actions.
- To manage the claims of the stakeholders when the DÍGAME service identifies a circumstance where, due to a lack of ethics or the agreed commitment, its rights are seriously affected.

Dialogue platforms

This new communication channel, set up at the end of 2008, has represented the establishment of a forum where knowledge can be exchanged and the assumption of some commitments, by Red Eléctrica, shall gradually become a reality through the annual corporate responsibility programmes. Some examples are:

- Producing a bulletin in which the most outstanding actions regarding corporate responsibility are set out.
- To encourage the fight against poverty to be taken up by employees and the rest of the stakeholders.
- To make a tool or application available which provides effective information for NGO's and foundations.

Sustainability laboratory

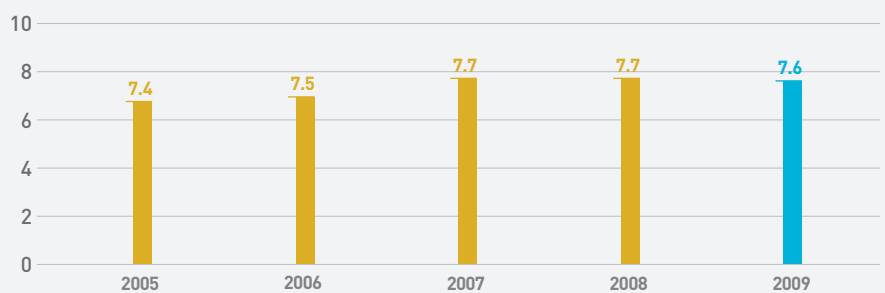
Red Eléctrica has set up a sustainability laboratory conceived as an instrument to strengthen the dialogue with stakeholders, that can be defined as a space for the design and development of sustainable projects, in collaboration with local communities, to encourage the integration of the company in those areas where it carries out its functions, fostering good relations with neighbours and mutual benefit (see chapter 6).

Satisfaction surveys

A fundamental action of the stakeholder's management system involves the systematic analysis of the requirements and expectations of these groups and their degree of satisfaction in relation to products and services offered by Red Eléctrica.

These perception studies are carried out by an external consultant by means of surveys (quantitative analysis) and interviews (qualitative analysis), so that the independence and confidentiality of the process is guaranteed.

Evolution of the global satisfaction of stakeholders



In 2009, perception studies of the following stakeholders were carried out: institutional investors, minority shareholders, suppliers and social groups. Internally, a social climate study was carried out and employees were surveyed regarding aspects related to IT services and energy efficiency.

In the following table of indicators regarding the process of management of stakeholders, are the global indicators of the external evolution of the perception, valuation and self-evaluation studies. The breakdown of this data, as well as other related indicators by stakeholder group, are contained in the chapter "Responsibility towards society".

Global indicators of the stakeholder management process

Global indicators for studies and surveys of the stakeholders' satisfaction (0-10)	2005	2006	2007	2008	2009
Overall degree of satisfaction	7.4	7.5	7.7	7.7	7.6
Degree of satisfaction of the quality of services	7.8	7.8	7.8	7.6	7.5
Image and reputation	7.0	7.1	8.3	8.3	8.1
Responsible and ethical member	6.9	7.4	8.2	8.2	8.1
Development of CR	6.8	6.9	8.0	8.0	8.0
Periodical dissemination of information	6.3	6.5	7.6	7.6	7.5
External assessment of the management of stakeholders) (0-100) (DJSI	**95**	**95**	**87**	**70**	**73**
Self-evaluation					
Degree of compliance of the annual CD programme (%)	88.0	86.2	87.2	93.5	91.0
Degree of compliance of the CR policy (%)	90.1	94.0	93.6	98.8	98.9
Internal customer evaluation of the CR management (0-10) (*)	n/a	7.2	n/a	n/a	8.0

(*) The internal customer satisfaction survey is conducted every three years.
In 2006 the management of the corporate responsibility programme was assessed for the first time.

Evaluation, learning and improvement

Internal evaluation

Red Eléctrica counts on a series of tools to evaluate the level of compliance and efficiency of its results regarding policies, strategies and defined key activities. Amongst these, it is worth noting the global **Balanced Scorecard**, a system of indicators which measures the degree of evolution of all the strategic parameters, and is an essential tool for continuous improvement.

The **Corporate Responsibility Balanced Scorecard** was incorporated in 2005. This scorecard is comprised of 21 indicators linked to the Corporate Responsibility strategy, with the objective of evaluating the results in each of the corporate responsibility system management vectors.

In order to ensure that the applicable objectives of internal control regarding corporate responsibility are fulfilled, in the first months of 2010 an **internal audit** of the system has been carried out and the report of the findings is included in the Annex section of this document.

External evaluation

The performance level Red Eléctrica within the scope of corporate responsibility is analysed and evaluated by certifying entities, evaluation agencies and opinion organisations, whose results represent one of the main sources of information for learning about management models and their ongoing improvement.

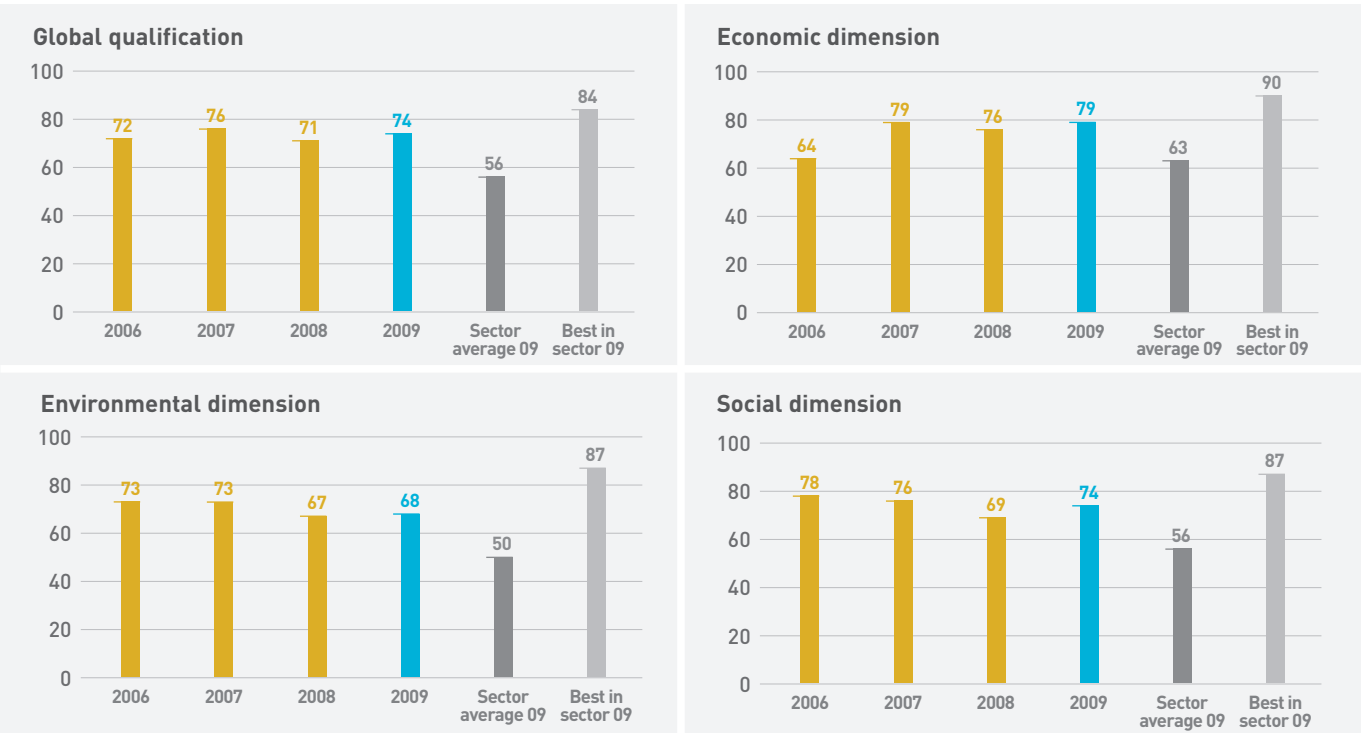
Management system certification

During 2009, Red Eléctrica de España and TDE in Bolivia both successfully passed maintenance audits in compliance with **SA8000 regulation.**

This certification, attained for the first time in 2005 in Spain and 2007 in Bolivia, recognises the respect of the company for the Universal Declaration of Human Rights, the United Nations Convention on the Rights of the Child, as well as the main agreements on labour rights advocated by the International Labour Organisation (ILO).

In addition, the Red Eléctrica Group has obtained the certification for corporate responsibility system management in compliance with the RS10 guide: Management System for Social Responsibility from AENOR. The guide covers the requirements that the company must comply with respect to universal rights and principles, as well as those related to its activity: respect for Human Rights, suppression of child and forced labour, non-discrimination and equality in the eyes of the law, equal opportunity and environmental protection within a framework of sustainable development.

Evolution of the *Dow Jones Sustainability Indexes evaluation*



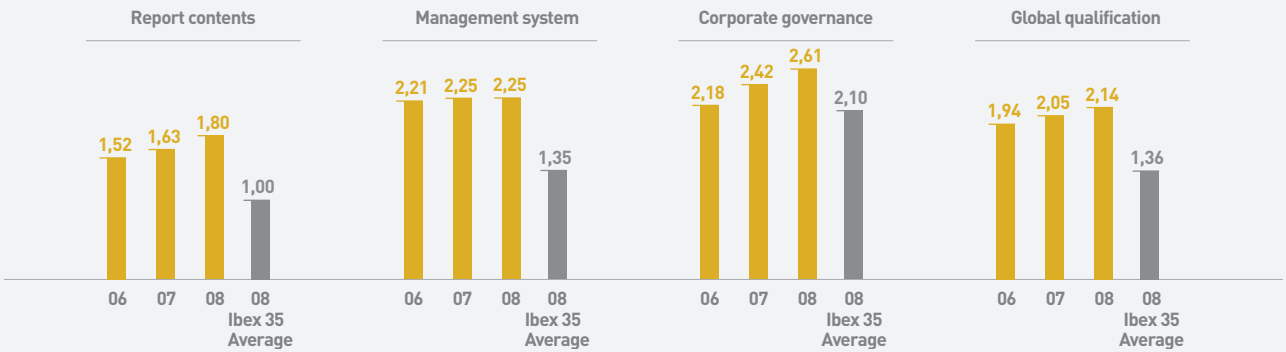
Corporate Responsibility external evaluation tables 2009 -2.10-

Entity	Indexes	Observations
SUSTAINABILITY INDEXES		
Dow Jones Sustainability Indexes Member 2009/10 / sam	*Dow Jones Sustainability World Index*	Included in the index for a fourth successive year, obtaining a score of 74 points in 2009.
FTSE4Good / EIRIS	*FTSE4Good* *FTSE4Good IBEX*	Permanence in the index since 2008. Permanence in the index since its launch in 2008.
ETHIBEL EXCELLENCE / vigeo	*Ethibel Excellence*	Permanence in the index since 2008.
Global Challenges Index / Corporate Responsibility Prime rated by ekom research	*Global Challenges Indexes*	Selected as the second best company in the sector with a B «*Prime*» qualification.
ECPI	*ECPI Ethical Index Global* *ECPI Ethical Index EMU*	Included in both indexes in 2009..
OBSERVATORIOS DE RESPONSABILIDAD CORPORATIVA		
Observatorio de Responsabilidad Social Corporativa	**CSR Observatory**	First position for the fourth successive year.
Observatorio RSE	**RSE Observatory (Responsabilidad Social de las Empresas)**	Firs position in the first, third and fourth editions.

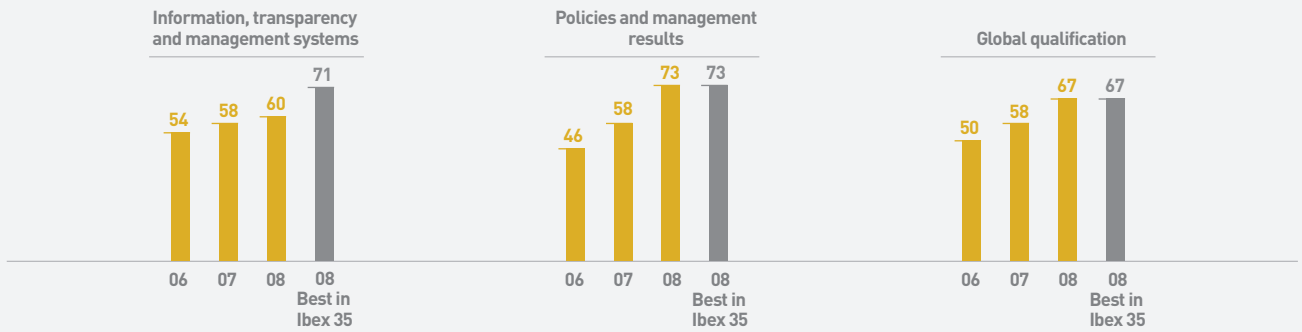
Entity	Indexes	Observations
REPUTATIÓN MONITORS		
merco Monitor Empresarial de Reputación Corporativa	**Spanish corporate reputation monitor**	mercoEMPRESAS: position 55.. mercoLÍDERES: position 54. mercoPERSONAS: position 28.
AWARDS AND DISTINCTIONS		
sam 2010 bronze class	***SAM Sustainability Yearbook 2010***	Distinction «Bronze Class». REE is ranked within the World's top 15 best companies in the «*utilities*» sector.
BEST IN CLASS environmental and social performance STOREBRAND SRI	***Storebrand Investments SRI***	Selected as one of the 14 leading companies in its sector. Distinction «*Best in class*».
GS SUSTAIN	***Goldman Sachs***	Included since 2008. Leader in 2009 in quality management and capital return.
Asociación Española de Accionistas Minoritarios de Empresas Cotizadas	**Spanish Association of Minority Shareholders of Listed Companies (AEMEC)**	2009 AEMEC Award for the «Best Minority Shareholder Initiative».
Cambra de Comerç de Barcelona	**Cámara Oficial de Comercio Industria y Navegación de Barcelona**	Honorable mention in acknowledgement of the completeness and clarity of the information made available to shareholders and to the market..

Evaluation on the corporate responsibility observatories

Social corporate responsibility in the annual reports of Ibex 35 companies. CSR Observatory



Culture, policies and responsibility practices of Ibex 35 companies. RSE Observatory



Exchange of experiences -SO5-

Red Eléctrica is a company conscious of the importance of having the dissemination and promotion of corporate responsibility as much in the fabric of business as in that of society. For this reason, it has continued participating in the various external initiatives both in Spain and in those other countries where it has a presence.

In TDE (Bolivia), it worth noting the organisation and sponsorship, along with CIER the Bolivian Committee, the Social Responsibility Enterprise in the Electricity Sector Forum, with the collaboration of authorities within the sector, international specialists on the subject and representatives of the companies from the sector. Additionally, REDESUR has participated in a session on social responsibility enterprise in the electricity sector, held in Mexico in March 2009.

Within the scope of Spain, numerous promotional activities have been carried out including external dissemination. Internally, Red Eléctrica has continued carrying out awareness activities for the employees in the field of corporate responsibility, as a part of its backing for the education and training to the workforce. In the Bolivian company TDE, noteworthy is the Second Internal Corporate Responsibility Workshop carried out with workers' representatives in which all aspects related to Human Rights and working fundamentals were dealt with and evaluated.

Similarly, a Code of Ethics dissemination campaign has continued to be carried out in all companies of the Group. In Spain, the first stage of presentations carried out by the Ethics Manager has been finalised, including to those regional areas and delegations which were pending. As for Bolivia, it has continued with the dissemination of the Code, the corporate responsibility policy and aspects related to Human Rights not only to the entire workforce but also to the personnel of contractors, and similarly, this has been disseminated to the nineteen people who make up the workforce in Peru.

Exchange of best practices and experiences

Best CR practices: Subject / Company-Organisation

CR Management system
NH Hotels, Grupo Tragsa, Aeropuertos Españoles, member companies of the Sustainability Excellence Club.

Multi-sectorial study regarding the state of CR in Great Enterprises in Spain
Sustainability Excellence Club.

Study regarding standardisation of CR information
Spanish Accounting and Business Administration Association (AECA).

Corporate Benchmarking: Economic impact of CR on companies in the energy sector
Japan Electric Power Information Centre.

Dissemination and support for CR: Subject / Company-Organisation

Management of responsible suppliers
Achiles South Europe.

Social responsibility in the electricity sector
Comisión de Integración Eléctrica Regional en Bolivia.

Methods for social action in communities
Universidad de las Islas Baleares.

Dialogue management with Stakeholders (interest groups)
Cámara de Madrid, Instituto de Empresa.

CR Management system
Escuela de Organización Industrial.

Collaboration with universities: CR Research

Development of research projects
Universidad Politécnica de Madrid y UNED.

Working group of CR Directors
Escuela Superior de Administración y Dirección de Empresas (ESADE).

Council of CR experts
Instituto de Estudios Superiores de la Empresa (IESE).

Research for doctorates in CR
Universidad Juan Carlos, Universidad Carlos III, Escuela Superior de Ingenieros Industriales.

Collaboration in educational programmes in their final stage
Universidad de Castilla y León.

Commitment to external initiatives -4.12, 4.13-

United Nations Global Compact

All the companies which comprise the Red Eléctrica Group joined the Global Compact, an international initiative promoted by the United Nations to ensure that companies take on board the ten principles of conduct relative to Human Rights, working conditions, the environment and corruption. 2002 saw the incorporation of the parent company in Spain and in 2007 TDE in Bolivia and REDESUR in Peru. The progress reports presented to evaluate this commitment and confirm the advances made, are available on the United Nations Global Compact website http://www.unglobalcompact.org

Caring for Climate

In 2008, the Red Eléctrica Group also joined the Global Compact's joint initiative Caring for Climate: the Business Leadership Platform, the United Nations Environment Programme (UNEP) and the World Business Council for Sustainable Development (WBCSD). With this adherence, the Company has indicated its commitment to adopt energy efficiency measures to reduce CO_2 emissions and to collaborate jointly with other public and private institutions in the challenges raised by climate change.

The Bali Agreement

Red Eléctrica is among the 150 companies on a world level who have signed the Bali Climate Agreement 2007, prompting the UNO to establish a legal framework to combat climate change .

European Alliance for CSR

In 2006, Red Eléctrica joined the «European Alliance for Social Responsibility of Companies» initiative in order to inform the European Parliament, the national Governments and the public opinion about its vision of CSR and the routes to encourage it, as a key component of the European strategy for the sustainable development.

Carbon Disclosure Project

Red Eléctrica has participated in the Carbon Disclosure Project (CDP), a study carried out in Spain with the participation of Ecology and Development (Ecología y Desarrollo) as a local partner. The study concentrates on the risks and opportunities regarding climate change, plans to reduce emissions and transparency in corporate activities to mitigate climate change. The CDP is a project whose mission is to facilitate dialogue between investors and companies in matters related to climate change. The public responses of Red Eléctrica are available on www.cdproject.net.

Ibero-American Charter for Sustainable Management

TDE, the Bolivian subsidiary of the Red Eléctrica Group, joined the Ibero-American Charter for Sustainable Energy which is driven by the Ibero-American Foundation of Quality (FUNDIBEQ).

Other initiatives

Since 2007 REDESUR has presided over the Social Responsibility Committee of the Spanish Chamber of Commerce in Peru, an entity which facilitates the furtherance of socially responsible business models of member companies within its organisations. REDESUR also participates in the social responsibility committees of different Peruvian business organisations (CONFIEP, SNMPE, CCL).

Participation in organisations and entities of the sector -4.13-

Participation in entities, bodies and associations is a source of value for the Company and all its stakeholders. Red Eléctrica is present in numerous national and international organisations and collaborates actively on their governing bodies, study committees, standardisation and working groups. Nearly 140 people from all areas of the company participate in them, jointly dedicating nearly 10,000 hours annually. Amongst the key entities, the following are noteworthy:

ENTSO-E (European Network of Transmission System Operators for Electricity)

This association was created on 19 December 2008, being one step ahead of the indications included in the Third Legislative package regarding the Interior Energy Market, and in particular Regulation 714/2009 of the European Parliament and of the Council 13 July 2009, relative to the conditions for access to the grid for cross-border trade of electricity, regarding the obligation of all the European TSOs to cooperate at the European community level by means of the creation of a European grid of TSOs. Red Eléctrica is founder member.

CIGRE (International Council on Large Electric Systems)

Organisation which brings together electricity companies, manufacturers of goods, engineering companies and research centres throughout the world with the aim of exchanging technical knowledge. Red Eléctrica holds the position of President and Secretary of the Spanish Committee.

EEI (Edison Electric Institute)

Association of electric power companies from the USA and affiliated international companies. Red Eléctrica participates in financial conferences with analysts and investors in the sector.

ETSO (Association of European Transmission System Operators)

An association which operators in the European Union, Switzerland and Norway take part. Red Eléctrica is a founder member and maintains an active participation in the association and is part of the Management Committee.

IESOE (Electricity interconnection with South East Europe)

This organisation incorporates RTE (France), REN (Portugal), ONE (Morocco and Red Eléctrica (Spain). Its aim is to analyse the behaviour of the electricity interconnection grid of these countries and draw up initiatives to perfect its operation. Red Eléctrica holds the position of President and Secretary.

MEO (Mediterranean Energy Observatory)

Set up in 1991 by thirty energy companies (electricity, gas and petroleum). Its objective is to encourage collaboration between the main companies in the energy sector which operate in the Southern Mediterranean basin and encourage dialogue between governments, the European Commission and other international organisations regarding energy issues in the Mediterranean.

UCTE (Union for the Co-ordination of Transmission of Electricity)

Association which coordinates the transmission system operators of the 23 countries of Continental Europe. The common aim is to guarantee the security of the interconnected electricity system, a task that has been fulfilled for the past 50 years. The UCTE grid supplies 450 million people (530 GW of installed power, 2,500 TWh of consumed energy and 220,000 km of transmission lines). On 30/6/2009, this association was dissolved and its responsibilities and activities were transferred to ENTSO-E.

TSO-*International Comparison*

An International association of European, Asiatic, South African and American Electricity System Operators. Their mission is to exchange information on the present and future operating practices of the system, in order to establish comparisons and references.

VLPGO *(Very Large Power Grid Operators)*

An international initiative which groups the major operators of the world's electricity systems, representing together more than 60% of the electricity demand in the world.

2009 Corporate Responsibility Programme

	% compliance
STRUCTURAL AND CORPORATE GOVERNANCE VECTOR	
• Improve the structural bases of the corporate responsibility management system	100
• Redesign the Corporate Responsibility Balanced Scorecard	100
• Develop integral training systems in Corporate Responsibility	70
• Contribute to the attainment of the Millennium Development Goals	100
• Participate in international projects in the field of CR	100
• Awareness programmes for the dissemination of the new corporate values and the Code of Ethics principles	100
• Signposting oriented towards reinforcing the corporate values	95
• Identification and implementation of best practises in corporate governance	100
TECHNICAL - ECONOMIC VECTOR	
• Awareness of Red Eléctrica's Corporate Responsibility criteria regarding suppliers (Phase II)	100
• Design and implementation of a new CR compliance monitoring and evaluation system for suppliers	100
• Verification of the validity of the CR designs, contents, projects and results with respect to RSE 165010 standard	100
• Programme of projects for the improvement of the external reputation of the Company	100
• Improvement of excellence management	100
INTERNAL SOCIAL VECTOR	
• Advancements in measures for improving the work-life balance	100
• Programmes for the personal and human development of employees	100
• Programmes for the improvement of workplace and work environment	100
• Occupational health and safety programmes	90
• Deck of cards: Occupational health and safety	100
• Improvement measures in the occupational health and safety scope	100

	% compliance
EXTERNAL SOCIAL VECTOR	
• Sustainability Laboratory	100
• Dissemination of the DÍGAME Stakeholder attention service for external stakeholders	100
• Redesign of the stakeholder management system. Stakeholder and relations guide	100
• Qualitative and quantitative surveys and studies with stakeholders	80
• Design of a communication protocol via web for crisis and emergency situations	100
• Design of a new means of communication for corporate information in line with environmental efficiency criteria	100
• Development of the management capabilities of the Tercer Sector (non-profit sector)	75
• On-going improvement of the accessibility guidelines of the corporate website	100
• Corporate Volunteer programme: develop new projects	100
• Improvement in accessibility to the administrative work centres	85
• Promoting best practise information in the Business sector	100
• Investor Day.	100
ENVIRONMENTAL VECTOR	
• The REE Forest	95
• Creation of the REE Group nature school	73
• Projects for the improvement of the efficient use of natural resources	73
• Projects for the conservation of birdlife	87
• Projects for the conservation of vegetation	100
• Green Suggestion Box: staff suggestions for projects for the protection of biodiversity	100
• Development of environmental research projects	100
• Improvement in the waste separation systems in the workplace	80
• IInstallation at Head Office of charging stations for electric vehicles	100

2010 Corporate Responsibility Programme

STRUCTURAL AND CORPORATE GOVERNANCE VECTOR

- Diagnosis of the materiality of the Red Eléctrica Group 2010-2015.
- Creation of the Employee Consultancy. Redesign of the CR organisational structures.
- Design, identification and establishment of the foundations for the management of the internal CR audit process.
- Design of the 2010-2015 Comprehensive training plan for corporate responsibility matters..
- Exchange of corporate responsibility experiences with leading Spanish companies.
- Collaboration in the design of a governmental observatory model regarding the RSE of the Spanish government.
- Contribution to the fulfilment of the Millennium Development Goals.
- Code of Ethics 2010 edition. Methods for its integration and adoption by employees. .
- Knowledge update programme for board directors in regards to the Company. .
- Strengthening of the role of Corporate Responsibility and Governance Committee.
- Creation of the CR channel of the board director.

TECHNICAL - ECONOMIC VECTOR

- Redesign of the content and scope of the technical – economic vector.
- IndicadoRSEs Project: re-engineering of the system of measurement.
- ValoRSE Project: 360º evaluation system regarding the services, processes and value added to stakeholders.
- Advancement in the integration of CR concepts in the internal process for supplier management.
- Corporate responsibility indicators for the Procurement Management Department.
- Evaluation of the status of supplier adoption of the corporate responsibility.
- Redesign of excellence evaluation system.
- Improvement projects for intangibles of the Company.
- Triple income statement: establishment of criteria and basis for its calculation.
- Digital invoicing for services to customers.
- Development of R&D&i.

INTERNAL SOCIAL VECTOR

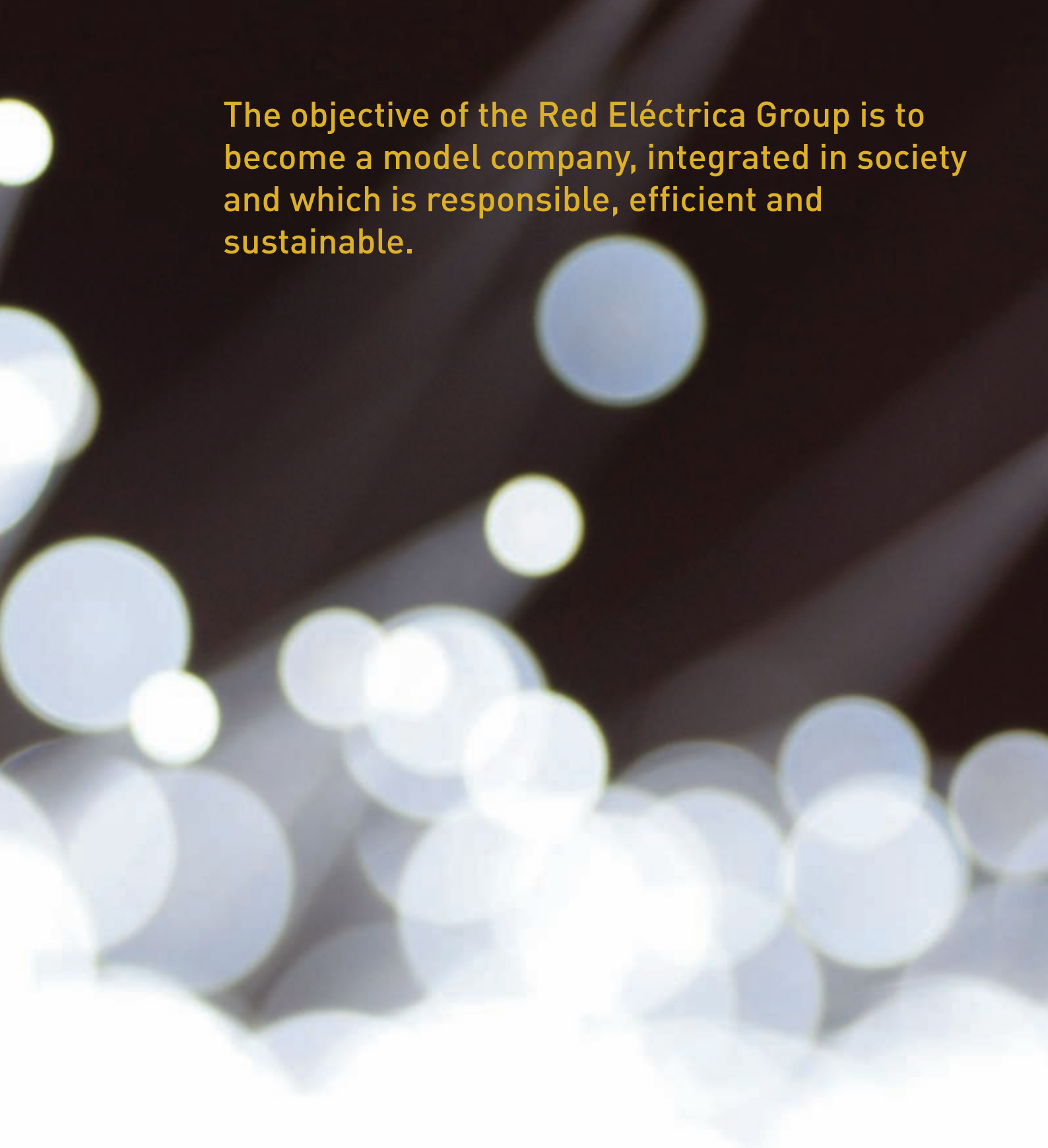
- SeguRSEridad Project and occupational health.
- Advances in the work-life balance. Family support.
- Improvement of accessibility and integration of the disabled.
- Programmes for the development of talent and professional advancement.
- Programmes for the improvement of labour environment.
- Programmes for internal integration, communication and involvement.

EXTERNAL SOCIAL VECTOR

- Re-engineering of the management system of the external social vector: bases, scope and management metrics.
- Sustainability laboratory (advances).
- Development of sustainability projects with local communities. .
- Actions for the development of the relations with the national and autonomic public institutions.
- Scrutiny of the corporate responsibility implementation as per stakeholders' views.
- Evaluation of the needs, expectations and level of satisfaction of stakeholders.
- Development of the management capabilities of the Tercer Sector.
- On-going improvement of the accessibility guidelines of the corporate website – AA level.
- Promotion of the best practices information within the company fabric. .
- Corporate volunteer projects.

ENVIRONMENTAL VECTOR

- BiodiveRSEdad: definition of the REE strategy and development of biodiversity conservation projects.
- RSEficiencia: development of projects adhered to the Red Eléctrica *eficiente* trademark
- Mitigation of climate change. Emission reduction/compensation objectives.
- Improvement in the control of basic material in the company's processes.
- Development of an environmental training plan.
- Landscaping integration of buildings.



The objective of the Red Eléctrica Group is to become a model company, integrated in society and which is responsible, efficient and sustainable.

04
Technical and economic responsibility

330 million euros of net profit

The responsibility of Red Eléctrica is to provide a quality service to society, by means of an efficient management of the operation of the Spanish electricity system and a sustainable development of the transmission grid

735 million euros invested in the grid

The commitment we undertake in the performance of these functions drives us to:

- **Permanently create value for our customers, shareholders, employees, suppliers and society in general.**
- **Contribute to the guarantee of a quality, safe and efficient electricity supply.**
- **Work towards the achievement of a sustainable energy model.**

Creating value for our stakeholders

Red Eléctrica's corporate management maintains a clear orientation towards efficiency and the permanent generation of value.

In 2009, the company achieved highly satisfactory results, confirming its expectations of profit growth and profitability ratios.

Red Eléctrica obtained satisfactory economic results, confirming its growth expectations

Evolution of the key economic figures

The **consolidated net turnover** was 1,200.1 million euros and its growth, 6.6%, was due fundamentally to an increase in the asset base remuneration as a result of the facilities commissioned in 2008.

The **gross operating profit** (EBITDA) reached 845.6 million euros, signifying a growth of 9.6% with regard to 2008.

The **after tax result** grew to 330.4 million euros, representing an increase of 15.5% on that achieved during the previous fiscal year.

The **investments** made during this fiscal year reached 758.6 million euros, 19.4% more than in 2008. Of this figure, 734.8 million euros corresponded to investments in the Spanish peninsular transmission grid.

Net financial debt of the Group at 31 December 2009 rose to 3,122.2 million euros. With regard to the type of interest, 76% of the debt is fixed rate, whereas the remaining 28% is variable rate.

The average cost of the financial debt of the Group was 3.49%, having the average balance of the debt established at 3,153.3 million euros. In 2008, the average cost of debt was 4.39% and the average balance of the debt was 2,911.1 million euros.

Additionally, on 31 December 2009, the **Group's net equity** reached 1,439.2 million euros, increasing 7.7% with respect to 2008.

The Red Eléctrica Group has maintained its stable credit ratings: AA-/A-1+ awarded by Standard & Poor's and A2 by Moody's, which confirm its high level of solvency and financial strength, as well as the low risk and the strategic importance of its main activity.

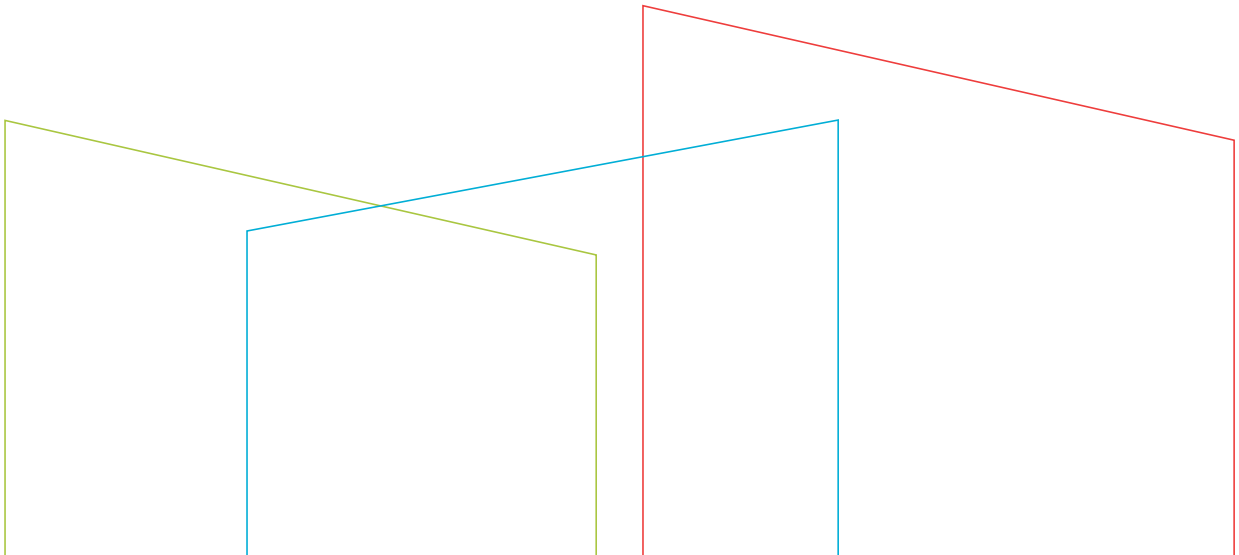
Economic value generated and distributed -EC1-

This indicator, based on the GRI method, indicates the generation of economic value of the Red Eléctrica Group and its distribution amongst the different stakeholders.

Economic value generated and distributed (Group)

€ million		2006	2007	2008	2009
Economic value generated (EVG)		**960.9**	**1,065.6**	**1,160.7**	**1,239.2**
Net turnover		949.3	1,030.9	1,125.9	1,200.1
Other net income and losses [1]		11.7	40.1	34.8	39.1
Economic value distributed to stakeholders (EVD)		**(600.7)**	**(705.8)**	**(792.2)**	**(798.6)**
Stakeholders					
Employees:	Personnel costs	(84.9)	(92.6)	(93.9)	(104.2)
Company:	Tax on profits	(80.7)	(118.5)	(128.9)	(130.7)
	Investments in the community	(1.8)	(2.7)	(2.7)	(2.1)
Suppliers:	Other operating expenses [2]	(215.7)	(243.9)	(283.8)	(277.3)
Shareholders:	Dividends [3]	(121.0)	(146.9)	(172.8)	(199.8)
Other capital providers :	Net financial costs	(96.7)	(107.2)	(110.1)	(84.5)
Retained economic value (EVR)		**360.2**	**359.8**	**368.5**	**440.6**
Reserves		79.2	96.1	113.3	130.6
Repayments and depreciations [4]		281.0	263.7	255.2	310.0

N.B.: Data obtained from Consolidated Annual Accounts
(1) Includes: Other operating income / Net results by equivalence / Results from disposal of non-current assets / Capital grants / Other deferred income transferred to the result for the year / Works carried out by the company for its asset side.
(2) Supplies and other operating costs (excluding investments in the community).
(3) Includes the interim dividend and complementary dividend.
(4) Includes: Repayments / Depreciations (Includes mainly provisions for deterioration in assets value).



Direct economic impacts

Shareholders	2005	2006	2007	2008	2009
Dividend per share (in euros)	**0,7304**	**0,8984**	**1,0871**	**1,2797**	**1,4781**
Dividend over net consolidated profit (pay-out) %	**60,8**	**60,7**	**60,5**	**60,5**	**60,5**
Customers (Group)					
Turnover (€ million)	**860,2**	**949,3**	**1.030,9**	**1.125,9**	**1.200,1**
Total investments (€ million)	**755,5**	**529,6**	**727,8**	**635,1**	**758,7**
Supplier (purchasing) [1]					
REE Spain (€ million)	**462**	**526**	**1.038**	**902**	**687**
TDE Bolivia (€ million)	**6,7**	**9,2**	**6,0**	**4,8**	**4,5**
Employees (Group)					
Total salary expenses [2] **(€ million)**	**78,1**	**84,9**	**92,6**	**93,9**	**104,2**
REE+REC Spain	75,1	80,9	85,7	90,0	97
REI Spain	1,4	1,3	1,6	0,5	0,4
TDE Bolivia	2,4	3,2	2,8	3,0	3,7
REDESUR Peru (participated in 33.75 %)	0,4	0,3	0,3	0,4	0,5
Capital providers (Group)					
Financial expenses (€ million)	**108,4**	**102,1**	**111,4**	**117,2**	**91,2**
Reserves (€ million)	**692,2**	**751,5**	**932,3**	**1.066,0**	**1.168,6**
Company (Group)					
Tax on earnings (€ million)	**85,3**	**80,7**	**118,5**	**128,9**	**130,7**
REE+REC Spain	84,8	83,1	113,8	121,7	138,5
REI Spain	-1,1	-4,5	2,1	3,2	(11,8)
TDE Bolivia	1,5	1,4	1,4	4,3	1,2
REDESUR Peru (33.75 % Stake)	-	-	1	0,8	1,5
Subsidies (3) (€ million) -EC4-	**9,0**	**10,5**	**12,3**	**12,9**	**13,7**
REE+REC Spain	8,9	10,5	12,3	12,9	13,7
REI Spain	0,1	0,0	0,0	0,0	0,0
TDE Bolivia	0,0	0,0	0,0	0,0	0,0
REDESUR Peru (33.75 % Stake)	-	-	0	-	-
Investments in the community [4] **(€ million)**	**1,2**	**1,7**	**2,7**	**2,7**	**2,1**

(1) Purchase orders carried out.

(2 Includes wages and salaries, social security, pension fund contributions and other concepts. Final figures refer to the consolidated Group and include International Financial Reporting Standards (IFRS) adjustments.

(3) Capital subsidies and other deferred income transferred to the results.

(4) Organisations, institutions, educational, environmental and social projects (Group).

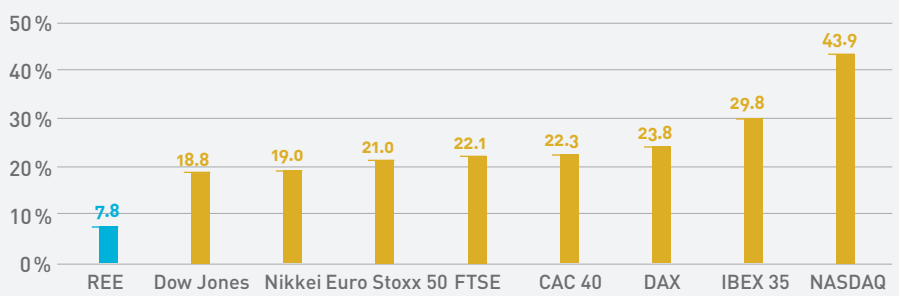
Stock market evolution

Until the beginning of March 2009 the Equities markets continued with the falls that began the previous year, from that point on a strong recovery of the markets took place which allows 2009 to be described as the best over the last 5 years in indexes, as important as the Nasdaq, Dow Jones, the FTSE or IBEX 35.

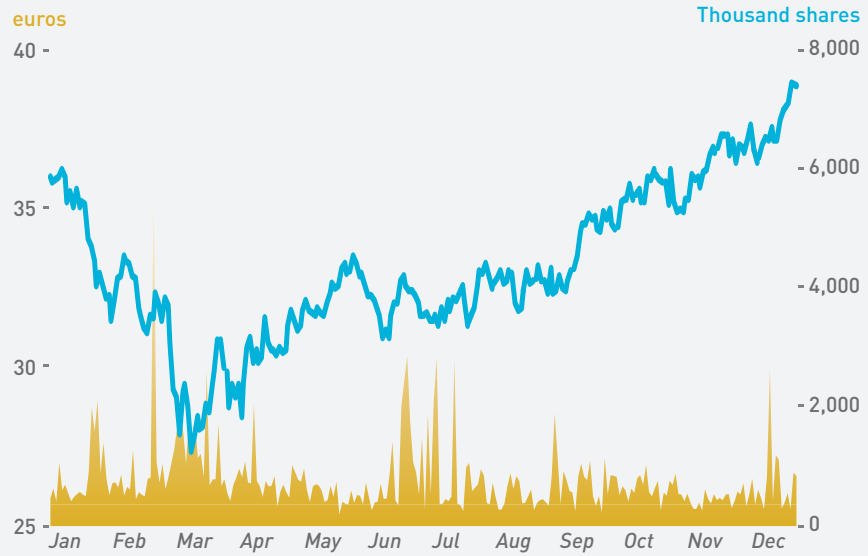
The explanation for this behaviour can be found in the strong backing that governments and central banks provided to the markets from the beginning of the year, by means of the application of wide-ranging monetary and fiscal policies. This behavioural difference has also spread to the evolution of the different sectors which the indexes contain. Both the US and the European stock exchanges have seen revaluations in excess of 50%, as those experienced by the financial sectors or that of the commodities market, with others which were below 15%, such as telecommunications or utilities.

The Spanish stock exchange has not been immune to these trends. The increase of close to 30% of the IBEX 35 due to the revaluation of more than 60% of the banking sector combined with others which were much more modest and even lower, like those in the petroleum and energy index, which underwent a drop of almost 3%..

Evolution of the principal stock market indexes



Evolution of the share Price and daily volume



In this context, the share price of Red Eléctrica closed 2009 at 38.82 Euros, which signified a revaluation of almost 8%, below that obtained by the IBEX 35, but surpassing the behaviour of the power sector in which it is located. However, if we look at the behaviour of the last two years, we see that the share price during that period dropped 10.2%, widely improving the behaviour of the IBEX 35, which registered a fall of 21.4% in this period.

In 2009 as a whole, 197.1 million shares were negotiated, which represents a multiple of 1.46 of the share capital of the company. Cash sales were 6,444 million euros. As in the rest of the market, the volume of shares negotiated in Red Eléctrica reduced with respect to the previous year, in which 331.3 million shares changed hands representing a cash figure of 12,750 million euros.

In 2009 the share price closed at 38.82 euros, showing a revaluation of 8%

Dividend distribution

The dividend payable per share, 1.4781 euros, grew 15.5% in 2009

The payment to the shareholder in the form of a dividend increased by 15.5%, which confirms the attractive policy of dividends maintained by the company.

The gross dividend proposed at the General Shareholders' Meeting allocated for the 2009 fiscal year is 1.4781 euros per share. On 4 January 2010, a gross interim dividend of 0.5115 euros per share was paid, leaving 0.9666 euros per share pending, as part of a complementary gross dividend for the 2009 fiscal year.

Principal stock exchange indicators	2005	2006	2007	2008	2009
Total number of shares	**135,270,000**	**135,270,000**	**135,270,000**	**135,270,000**	**135,270,000**
Number of outstanding shares	**94,689,000**	**94,689,000**	**108,216,000**	**108,216,000**	**108,216,000**
Nominal share value (euros)	**2**	**2**	**2**	**2**	**2**
Share value (euros)					
Maximum	23.75	37.09	45.14	46.00	39.80
Minimum	15.95	24.70	27.81	26.80	26.85
Average	21.09	29.22	34.97	38.51	32.68
Close	26.16	32.49	43.24	36.00	38.82
Market capitalisation at close of fiscal year (€ million)	**3,538.7**	**4,394.9**	**5,849.1**	**4,869.7**	**5,251.2**
Earnings per share (EPS) (euros)	**1.20**	**1.48**	**1.80**	**2.12**	**2.45**
Share price / EPS (PER) (times)	**21.79**	**21.96**	**24.06**	**16.98**	**15.84**

Guaranteeing the quality and security of supply -EU6-

Transmission grid planning -EU10, EU23-

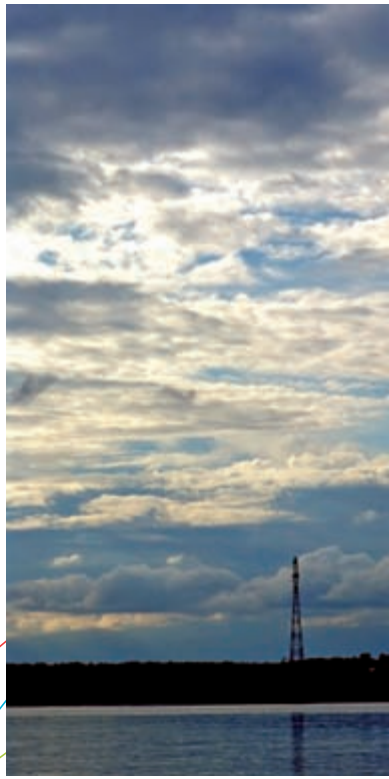
Energy planning as contained in the document "2008-2016 Planning for the Gas and Electricity Sectors. Transmission grid development" was approved by the Council of Ministers in May 2008. This planning contemplates an ambitious programme of construction of new facilities for the electricity transmission grid, whose investment is over 8.5 billion euros.

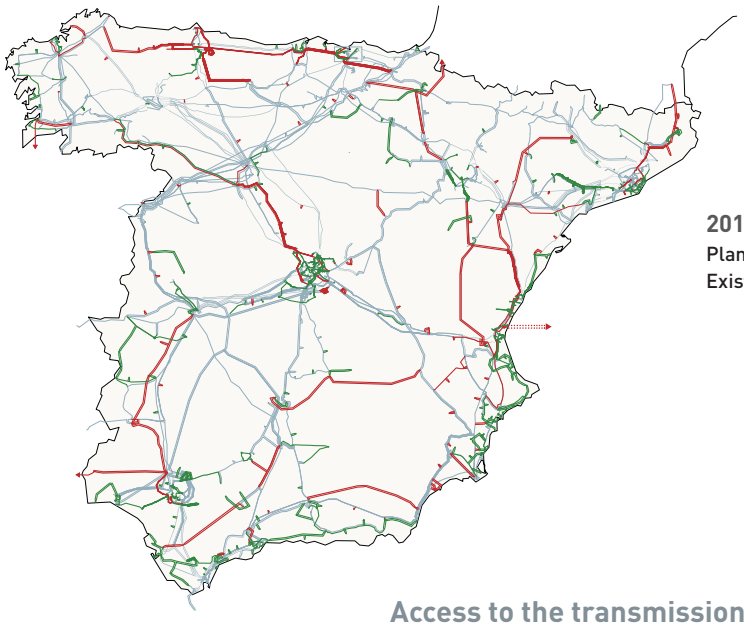
The function of Red Eléctrica, as system operator and manager of the transmission grid, has consisted of identifying future development needs of said grid. Therefore, Red Eléctrica has drawn up the consequent demand forecast analyses and its coverage, as well as the technical adjustment studies of the transmission grid.

During 2009, Red Eléctrica collaborated with the Ministry of Industry, Tourism and Commerce on the update of the annual programme of transmission grid facilities. This document is an instrument to introduce adjustments in the current planning.

In order that the objectives of competitiveness, security and sustainability as demanded under the energy planning, Red Eléctrica has forecasted an investment plan for next the five years of 4 billion euros. This investment commitment will be oriented mainly to the structural strengthening of the transmission grid, improving the meshing of grid nodes and creating new transmission axes.

Red Eléctrica will invest 4 billion euros in the transmission grid during the 2010-2014 period.



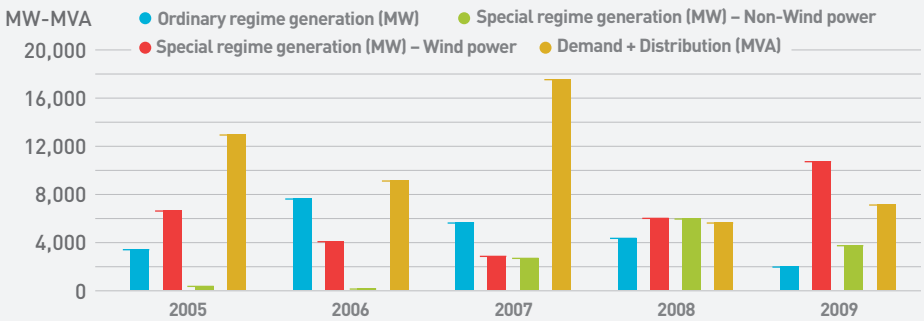


Access to the transmission grid -EU23-

During 2009, Red Eléctrica continued to manage the procedures for access and connection to the transmission grid with transparency and equality for the agents who foresee incorporating their facilities into the electricity system, equally for generators, distributors or consumers.

The following graph shows the evolution of the requests for access with a foreseen connection to the transmission grid managed by Red Eléctrica over the past few years.

Transmission grid access



Transmission grid development

One of our objectives is to construct a meshed, robust and reliable transmission grid, whose development is carried out with the utmost respect to the environment, selecting those locations and routes representing the least social-environmental impact.

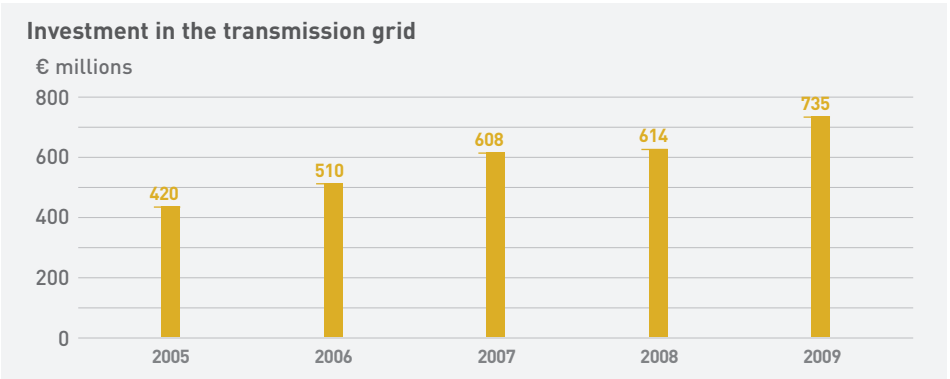
To this end, Red Eléctrica is carrying out an important investment plan focused especially in the strengthening of the transmission grid meshing and in the reinforcement of international interconnections, with the purpose of providing a greater security of supply and increasing the capacity of energy transmission.

During 2009, the programme of transmission grid extension and improvement had the following as noteworthy activities:

- The development of the transmission grid in Catalonia and advancing with the interconnection works with France.
- The strengthening of the transmission grid in the country's northern basin.
- The connection of the north-western zone of the peninsula with the central zone, that will facilitate the evacuation of the wind power generation from Galicia, as well as the connection with Asturias.
- The development of the electricity axis that spans the region of La Mancha (Spain), which will strengthen the connection between Levante and the central zone.
- The support for powering the High Speed Trains.
- The advancement of the electricity interconnection works between the Spanish Peninsula and the Balearic Islands.

With these activities, which have signified a record investment of 735 million euros, 432 km circuit of new line and 223 new busbars in substations have been commissioned. In addition, load capacity has been increased in 652 km of lines.

Investment in the transmission grid is oriented to the strengthening of grid meshing and the reinforcement of international interconnections



Transmission grid owned by Red Eléctrica -EU4-

	2005	2006	2007	2008	2009
km of circuit	**33,096**	**33,502**	**33,669**	**34,322**	**34,754**
400 kV	16,808	17,004	17,134	17,686	17,977
220 kV and less	16,288	16,498	16,535	16,637	16,777
Number of busbars	**2,741**	**2,915**	**3,042**	**3,162**	**3,385**
400 kV	877	950	1,004	1,055	1,114
220 kV and less	1,865	1,966	2,039	2,108	2,271
Transformers (MVA)	**54,209**	**56,009**	**58,459**	**62,859**	**66,259**

With regard to the transmission infrastructure that the Group manages internationally, it is worth mentioning the commissioning by TDE, in Bolivia, of the extension project of the Southern System I (Sistema Sur I). This infrastructure constitutes a vitally important installation within the National Interconnected System to deal with the growth in demand of the south of the country. With this project, investment made by TDE reached 62 million dollars over the last six years.

Service quality of facilities -EU28-

Red Eléctrica maintains the challenge of becoming an international reference regarding management of transmission assets, concerning the efficiency and service quality of their electricity systems.

With this focus, every year it carries out a maintenance plan for its lines and substations, with the purpose of maintaining their reliability and therefore guarantees the transmission grid functions correctly, avoiding and reducing non-availabilities of the facilities.

The maintenance plan, in which special emphasis is paid to specification processes and quality control of the work, is focused mainly to the execution of the following activities:

- Carry out periodic inspections to verify the current state of equipment.
- Application of preventative and predictive maintenance programmes.
- Developing plans for the renovation and improvement of equipment and systems.
- Using the latest and most modern international maintenance techniques when carrying out live working on facilities.
- Design and development of equipment and systems to deal with emergency situations.

The application of these types of ongoing activities contributes to transmission grid quality indicators being highly satisfactory, year on year, in terms of availability and continuity of supply.

In 2008, Red Eléctrica set up a maintenance school for the training and retraining of its technical personnel. In the school, in addition to the specific training regarding technical maintenance, training in occupational risk prevention, environmental protection and quality is imparted.

The effort we continually make regarding grid maintenance also bears fruit during extreme situations, like those faced on 23 and 24 January 2009, when strong winds from cyclone Klaus were registered, exceeding 190 km/h in zones of the Cantabrian Cornice and Catalonia.

Our electricity facilities register highly satisfactory service quality indexes.

On these two days, 326 disturbances took place in the transmission grid, which is equivalent to a quarter of all those which happened in 2008. In spite of this extreme situation, the maximum demand affected during the worst point of the storm was only 2.6% of the national demand, and only for a few minutes. To this, it is necessary to add the excellent work carried out by more than 400 professionals who took part in the resolution of the problem, thanks to which a difficult situation was able to be resolved with the minimal repercussions in the electricity system. In addition, the high quality level of our facilities meant that the Spanish electricity system supported the French system from 24 to 30 January. Had this support not been available, it would have been impossible to maintain the electricity supply to a part of the south-east of France.

Quality indicators -EU28, EU29-

	2005	2006	2007	2008	2009
Grid availability ratio (GAR) %	98.28	98.24	98.06	98.17	98.06
Average Interruption time (AIT) min.	1.078	1.817	1.104	1.152	0.448
Energy not supplied (ENS) MWh	506	851	547	576	214

The electricity facilities managed by the Group internationally, through its subsidiaries REDESUR and TDE, also have excellent levels of service quality.

In particular, the transmission grids of REDESUR reached an availability rate of 99.74%, compared to 99.65% obtained in 2008, and no cuts in the electricity supply, attributable to the company, have occurred.

With regard to TDE, during 2009 the excellent performance of the reconnection systems in Interconnected Trunk Distribution System has been maintained, having reached 98% of effectiveness. Similarly, it is worth mentioning that no component exceeded the limits of frequency and duration demanded and admitted in the registered disconnections.

Strengthening of international interconnections

Interconnection with France

During 2009, INELFE, the company set up by Red Eléctrica and French counterpart RTE, in order to build the interconnections between Spain and France, has carried out the technical-economic and environmental studies regarding the new electricity interconnection via the Eastern Pyrenees.

The new 400-kilovolt line will connect the substations of Santa Llogaia, in Spain, and Baixas, in France, through La Junquera. In the section which crosses the frontier, 70 kilometres in length, the line will be buried by means of a ditch system to reduce its environmental impact. Burying the line means that it must be a DC line, which also requires the construction of converter stations along its entire route. This means, therefore, a complex and exceptional infrastructure, which will become one of the major challenges Red Eléctrica will face over the coming years.

The new interconnection with France will increase our exchange capacity up to 2,800 MW (6% of the maximum peninsular demand)

For this reason, during 2009 intense work has been carried out, in collaboration with manufacturers, to clarify and to define the most innovating aspects of the project. As a result, INELFE at the end of year released the project specification, due to be commissioned in 2014.

The construction of this new interconnection, deemed as being of high-priority interest by the European Union, will allow the present interconnection capacity of both countries to be doubled, hence reaching 6% of the maximum Spanish peninsular demand. In addition, it will allow the integration of a greater volume of renewable energy production, especially wind power energy of the Iberian system, which will contribute towards reaching the European objective of achieving 20% of the final consumption from renewable energies. Additionally, this new line will guarantee the power supply in the province of Gerona and for the future High Speed Train.

Interconnection with Portugal

During 2009, reinforcement works of the Duero and Andalusia axes have continued. Regarding the Duero interconnection, the new Lagoaça 220 kV (Portugal) substation was commissioned, as well as that of Aldeadávila-Lagoaça 220 kV. This signifies the first step towards the new Aldeadávila-Lagoaça 400 kV interconnection forecasted for 2010, which will allow an important increase in the commercial exchange capacity.

In relation to the interconnection from Andalusia, the double circuit between Guillena and Puebla de Guzmán has been commissioned. At the moment, this line is operated in 220 kV for the evacuation of energy from the wind farms in the area, but it will function at 400 kV with the commissioning of the cross-border section (Puebla de Guzmán-frontera). The anticipated commissioning date of the interconnection, currently being processed, is 2011.

With these new interconnections, the objective of having a commercial exchange capacity with the neighbouring country of 3,000 MW is expected to be reached.

Contributing to a sustainable energy model

Leadership in the integration of renewable energies

In Red Eléctrica we are conscious of the challenge that sustainable development and the fight against climate change brings, and for this reason we work every day with the attitude of orienting our efforts and resources towards the road to sustainability.

We facilitate the development of clean energies, safely integrating them into the electricity system

For this reason, our main contribution to achieving this objective is our resolute backing we maintain for the development of renewable energies, by means of investment in electricity infrastructures which facilitate its evacuation, the development of these clean energies, and especially through the important role played each day by our pioneering Control Centre for Renewable Energies (CECRE), which facilitates the maximum integration of renewable energy into the system under secure conditions.

Following the line adopted in previous years, during 2009, intensive work continued to allow a greater integration of renewable energies into the electricity system. This was done with the purpose of obtaining a greater share of these energies in the coverage of the demand without effecting the security and quality of the supply and also to reduce the emissions into the atmosphere of CO_2, derived from the production of electricity

With this intention, in 2009 not only was the control and monitoring of wind power production consolidated, which since 2006 has been controlled by CECRE, but also the control of the generation of the rest of the special regime was increased, with real time monitoring of thermal solar energy, photovoltaic solar energy and co-generation. These activities maintain CECRE as the world reference control centre regarding the monitoring and control of renewable energies.

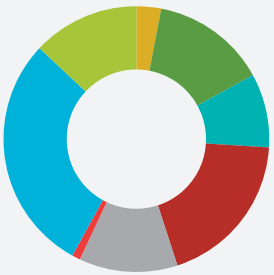
In 2009, energy of renewable origin covered 26% of the electricity demand

This effort in integrating renewable energies has been reflected in the coverage of the demand, where noteworthy was the increase in the contribution of renewable energies towards coverage in 2009, covering 26% of the demand, compared to 24% in 2008.

Analysing this data by technologies, one observes that the largest growth was registered by wind power energy and solar, whose contributions to the demand rose to 13% and 3% respectively, (11% and 1% in 2008). In the extreme, coal groups which have reduced their production by 25.8% covered just 12% of the demand, which gave rise, for the first time ever in history, that wind power energy exceeded that of coal in the coverage of the demand.

During 2009, wind power energy beat, on several occasions, previous historical wind power maximums of instantaneous power, hourly and daily energy.

Annual demand coverage 2009



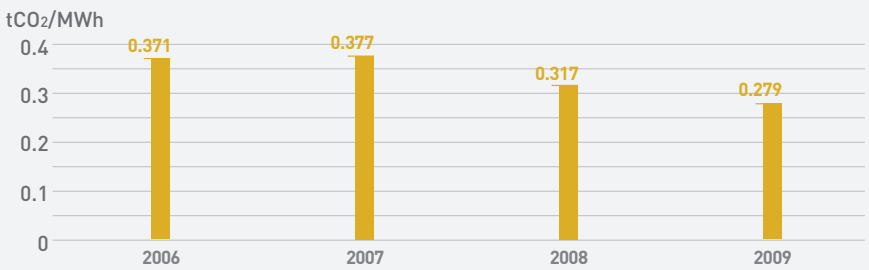
- Wind **13%**
- Solar **3%**
- Remaining S.R. **14%**
- Hydroelectric **9%**
- Nuclear **19%**
- Coal **12%**
- Fuel/Gas **1%**
- Combined cycle **29%**

S.R..= Special Regime

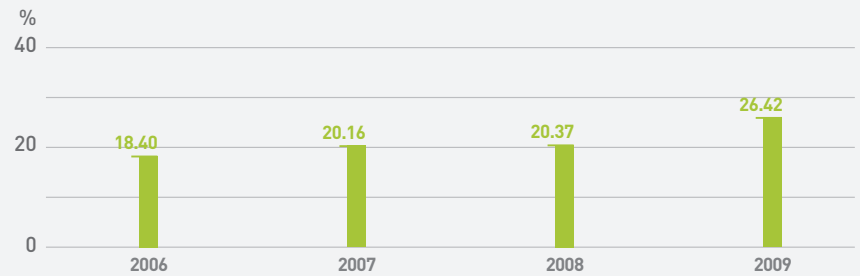
Thus, on 8 November, the latest record for daily wind power energy was registered which reached 45% coverage of the demand for that day, and at dawn on 30 December the maximum of instantaneous wind power energy, with a contribution of 54% to the demand coverage. Nevertheless, the variability characterized by this energy has given rise to extreme situations as produced 27 August at 09:49 am, in which it barely covered 1% of the demand.

This increase in renewable energies and the smaller production of the coal groups, together with the reduction in electricity consumption, that in 2009 has undergone a fall of 4.5% (the first negative rate since 1985), has contributed to the reduction in CO_2 emissions from the electricity sector, estimated to be 73.4 million tons, 16.6% less than in 2008.

CO_2 emissions derived from the production of electricity



Contribution of renewable energies in demand coverage*



** Includes wind, hydroelectric and solar*

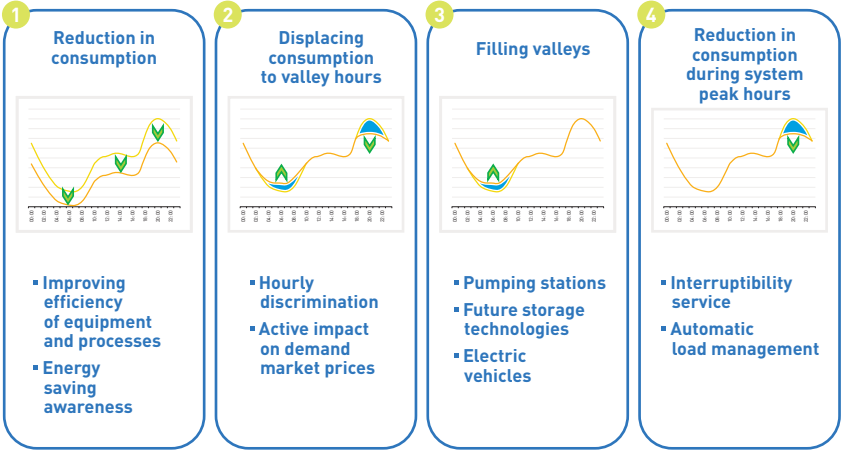
Demand Side Management -EU7-

Red Eléctrica continues actively working on the development and disclosure of demand side management measures oriented to making the objectives of sustainability viable, as determined by the European Union in its energy strategy for 2020.

In this way, demand side management initiatives are directed to fostering a sustainable use of energy, with the purpose of contributing to the reduction of the emissions which cause pollution, to the integration of renewable energies and to a greater efficiency for the electricity system as a whole.

Amongst these initiatives, worth noting are those measures designed to achieve a more balanced consumption profile and a greater flexibility in the demand. Based on the type of impact produced in the demand curve, these measures are classified in four groups: reduction of daily consumption, displacement of consumption from peak hours to valley hours, filling of valley hours and reduction of consumption in peak hours.

Classification of demand side management measures



The interruptibility service, that can be adopted by large industrial consumers, is one of the demand side management measures operated by Red Eléctrica. During 2009, new tools have been implemented to carry out a better management of said service, perfecting the model of relationship with the consumers who provide this service.

Amongst these, noteworthy is the implementation of a visualisation tool designed for the CECOEL control screens, which allows real time monitoring of the interruptible demand put in service by the system operator, as well as the visual monitoring of the fulfilment of interruptibility orders.

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The demand side management initiatives have, as an objective, achieving a more balanced consumption profile and an improved demand flexibility

This year important advances in the characterisation of the demand by consumption sectors have also been achieved. This characterisation contributes new elements to explain the behaviour of the aggregated demand of the system and allows an analysis of the potential of manageable demand that each consumption segment can contribute. In particular, an industrial demand monitoring system has been put into service, that has allowed an in depth analysis to be carried out into the evolution of the consumption within this sector.

Moreover, 2009 has been the year of promoting the electric vehicle, due to the energy and environmental advantages it offers. With regard to its integration in the system, the electric vehicle is an element which will entail a large-scale increase in the demand for electricity, but that presents the advantage of its manageability. In addition, when charging during the night-time hours, it will offer the possibility of filling valley hours, absorbing all the generation potential, above all wind power, which is available in the system during those hours.

With the aim of fostering its deployment, Red Eléctrica participates in different working groups and forums, as well as in research projects that analyse the future impact of electric vehicles and identify the infrastructures necessary to successfully implement them. In addition, the company has been a pioneer, with regard to promoting their development, installing four recharging points in its work centres in Madrid and Seville.

In the scope of technological innovation related to demand side management, noteworthy is the involvement in the ADM (Active Demand Side Management) project, whose objective is to analyse the possibility that homes have of managing their demand, making consumers an active part of the electricity system, providing they have the suitable technology an equipment to do so.

Within the framework of collaboration with the International Energy Agency, and within the "Demand Side Management" agreement, during 2009, lines of research regarding "Demand Side management and climate change" and "Branding of energy efficiency" have been carried out.

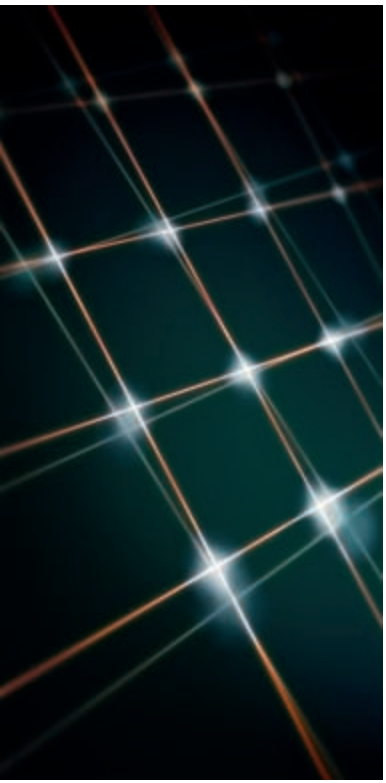
Technological development and innovation -EC9, EU8-

Once the process to reinforce the strategic nature regarding research and technological development in Red Eléctrica has been accomplished, through the revision of the System for the Management of Innovation and the deployment of the Technological Plan during 2009, efforts have gone into reaching a position of international reference regarding this subject, therefore fulfilling, the technological vision of the company: to integrate technological innovation as a strategic activity, securing a position of leadership within the TSO sector.

The efficiency, security of supply and sustainable development of the facilities are the axes on which the technological innovation of the company is channelled

Regarding the aforementioned, it is worth highlighting the appointment of Red Eléctrica as convenor of the R&D&i Working group ENTSO-E (the association of European TSO's) and their involvement in the SET-Plan programme (Strategic Energy Technology Plan), as well as in the TWENTIES project (project led by REE to obtain the maximum integration of renewable energies in the European electricity system).

The investment in R&D&i projects during 2009 reached 6.78 million euros, distributed across a total of 64 current projects. The investment represents 0.61% of the company's regulated income.



Within these projects a total of 123 technicians, 26 of them women (21.1%), which represents 8.9% of the workforce and to which more than 32,000 hours have been dedicated.

Distribution of the R&D&i activity

Area	Nº Projects	% expenditure on R&D&i
Security of supply	35	55.4 %
Competitiveness	11	21.6 %
Sustainability	18	23.0 %

Most significant projects

From a technological point of view, amongst the most significant projects carried out during 2009, the following are noteworthy:

- The trial installation of mobile transformers for emergencies.
- The finishing of the unmanned helicopter for the inspection of lines.
- The development a new model of bird safety device in the form of a cross.
- The viability study of a superconductor cable prototype.
- The study of operational reserves in the MIBEL
- The studies of compensation due to losses and cross-border use of the grid.

In addition, Red Eléctrica has actively been involved in other projects, currently underway, related to the energy efficiency:

- The VERDE (Green) project, from the Ministry of Science and Innovation, on the study of technologies for the large-scale introduction of the electric vehicle into the system.
- The ADM Project (Active Demand Side Management), whose objective is to demonstrate that it is possible to manage demand in homes through telemanagement technologies regarding consumption, in a favourable way for the system.

European sustainability projects

During the 2009 fiscal year, several projects financed by the European Union have successfully been completed in which Red Eléctrica also has participated:

- **EWIS**: studies to facilitate the integration of wind power energy into the electricity system.
- **FENIX**: analysis of the problems of generation distribution in the medium and long term.
- **RESPOND**: identification of efficient options in response to the market which actively contribute to an efficient integration of renewable energy and generation distribution.
- **WIND ON THE GRID**: preparation of the European electricity grid in order to allow large scale integration of wind power energy.

In addition, in this scope it is worth noting the approval of the TWENTIES project, which is led by Red Eléctrica. This project constitutes the great initiative of the European electricity sector for the implementation of technologies that allow the integration of renewable energy sources, particularly wind power, in order to fulfil the objectives at a European level regarding energy efficiency and sustainability.

In 2009, project MERGE was also approved (Mobile Energy Resources in Grids of Electricity) to evaluate the impact that the massive introduction of the electric vehicles would have on the grid. Also, Red Eléctrica continues participating in the IS-POWER project, whose objective is to increase the integration of renewable energies in isolated systems.

Environmental interest projects

In 2009, a study for the prevention of SF_6 gas leaks in high-voltage installations began, along with a study to prevent fires caused by the electricity lines, being done in collaboration with several companies.

In addition, diverse projects regarding the protection of birdlife are continually worked on, amongst which noteworthy are: the investigation to minimize the effects of the electricity systems in the Steppe birds and the detector for birds colliding with grounding cables. These projects are explained in more detail in the chapter "Environmental responsibility".

Expenditure on R&D&i

	2005	2006	2007	2008	2009
R&D&i Expenditure (€ million)	**2.95**	**3.73**	**4.63**	**7.01**	**6.78**
Percentage over regulated revenues	0.41 %	0.42 %	0.45 %	0.66 %	0.61 %
Number of projects	45	60	56	62	64
Number of patents	0	1	0	1	0

Red Eléctrica maintains the highest levels of financial and operational efficiency

05

Responsibility towards **employees**

1,679
employees in the Group

For the Red Eléctrica Group, people represent one of its essential values. In addition, they are the pillar on which its service vocation to society and the commitment to sustainability and ethical responsibility prevail regarding the execution of its activities.

Stable and quality employment

The principal cornerstones of action within this scope are:

- **The creation of stable and quality employment.**
- **Occupational health and safety protection.**
- **Social dialogue.**
- **Professional training and development.**
- **Equal opportunity and the work-life balance.**
- **Encouraging corporate volunteer work.**

Satisfaction and development of people, our commitment

SA8000 certification for all its activities

The commitment of the Red Eléctrica Group regarding labour is expressed through the implementation of policies, management systems and activities oriented towards increasing satisfaction, motivation, commitment and the development of the capacities of its workforce.

In accordance with this commitment, a new People Management model has been defined which responds to the expectations of the employees and counts on the support of both the company's management and the social representation for its application and development. This model, that will be developed and implemented next year, Integrates the elements which embody human resources practices (professional classification, organisation, professional development, performance appraisal, training, compensation model and selection) and their main purpose is to strengthen the company's human assets and to increase business efficiency.

The respect of the company regarding fundamental Human Rights is guaranteed by the SA8000 (1) certification obtained in 2005, for REE and in 2007 for TDE in Bolivia. In 2009 this certification was confirmed by means of the corresponding monitoring audits for all the activities of Spain and Bolivia. **-HR5, HR6, HR7-**

In the audits the implementation of the legal requirements has been verified, such as the operation and implementation of occupational risk prevention, the requirements of supervision of subcontracted companies and requirements regarding selection, training and the promotion of personnel, as well as the non-discrimination in these processes.

(1) This certification recognises the respect of the company for fundamental labour rights. The contents of SA8000 certification are based on the different conventions from the International Labour Convention (ILO), on the UN Convention on the Rights of the Child and on the Universal Declaration of the Human Rights, that consider the following criteria: child labour, forced labour, occupational health and safety, freedom of association and the right of collective negotiation, discrimination, disciplinary policies, working timetables, remuneration and management systems. **-HR5, HR6-**

Key employment data -LA1, LA2, EU15- [1]

Spain: REE + REC

Workforce data	2005	2006	2007	2008	2009
Number of employees (total workforce)	1,254	1,284	1,317	1,443	1,523
Number of employees (average workforce)	1,205	1,267	1,297	1,370	1,488

Distribution by professional group (% of entire workforce)	2005	2006	2007	2008	2009
Management team	8	7	7	7	7
Senior technicians	26	26	26	28	28
Intermediate technicians	35	35	35	35	36
Specialist technicians	20	21	21	20	20
Auxiliary technicians	12	11	11	10	9

Distribution by age group	2005	2006	2007	2008	2009
Less than 25 years old	73	49	25	39	31
26 to 35 years old	387	456	527	621	652
36 to 45 years old	409	397	375	355	385
46 to 55 years old	288	290	311	344	354
Less than 55 years old	97	92	79	84	101

Key employment indicators	2005	2006	2007	2008	2009
Average age (years)	40.0	40.0	39.4	39.1	40.0
Average time in the company (years)	10.2	10.9	10.2	10.6	11.0
Undesired external turnover (%)	1.1	1.5	2.6	2.8	1.0
Total turnover (%)	2.4	4.3	5.4	4.4	1.7
Creation of net employment (number of jobs)	109	30	33	126	80
Early retirements (number)	-	33	30	11	0

continues >

Bolivia: TDE

Workforce data	20052006	20072008	2009		
Number of employees (total workforce)	118	118	119	120	121
Number of employees (average workforce)	116	118	117	119	122

Distribution by professional group (% of entire workforce)	2005	2006	2007	2008	2009
Management team	19	19	20	20	20
Senior technicians	33	34	34	35	35
Intermediate technicians	24	24	23	23	23
Specialist technicians	11	10	10	10	10
Auxiliary technicians	13	13	13	13	12

Distribution by age group	2005	2006	2007	2008	2009
Less than 25 years old	2	1	3	3	1
26 to 35 years old	27	29	31	31	30
36 to 45 years old	35	34	30	27	28
46 to 55 years old	27	27	29	33	34
Less than 55 years old	9	9	7	7	7

Key employment indicators	2005	2006	2007	2008	2009
Average age (years)	42	42	41	41	42
Average time in the company (years)	14	13	12	13	14
Undesired external turnover (%)	1.8	0.8	0.8	4.2	2.5
Total turnover (%)	2.7	3.4	5.9	5.0	3.3
Creation of net employment (number of jobs)	5	0	1	1	1
Early retirements (number)	0	2	7	1	0

(1) The REDESUR workforce has19 employees, distributed in the following way: management team 16%, senior technicians 11%, specialist technicians 37% and auxiliary technicians 37%. The average age is 37 years old.

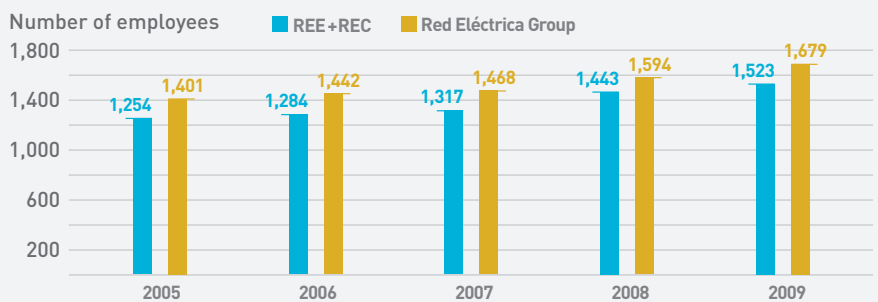
Quality employment and working environment

Employment evolution

The workforce of the Red Eléctrica Group has grown 5.3% with respect to the close of the previous year, reaching 1,679 people, which signifies the net creation of 80 new jobs in REE and REC. The highest growth was concentrated in Spain, where the Group executes its main activity, where the workforce grew 5.5%, whereas the number of employees involved in the international activity increased 3.3%.

The path of sustained growth in employment of recent years, is closely linked to the necessity to face the important investments in the transmission grid foreseen in the 2008-2016 Infrastructure Plan, approved by the Spanish government, as well as to the new functions derived from the implementation of Red Eléctrica de España in the insular systems.

Workforce Evolution

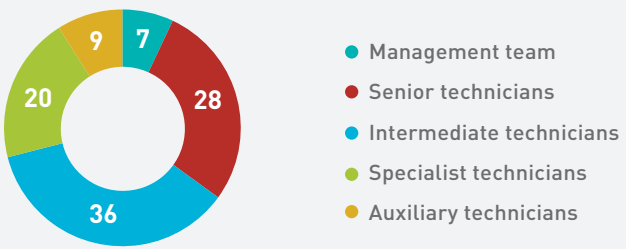


Workforce Composition

The vast majority of the people who make up the Red Eléctrica Group (94.5%) are in Spain. Regarding professional groups, the workforce is characterised by having a majority of highly qualified people, in agreement with the highly specialised technical functions that all the companies of the Group carry out.

The average age of the Red Eléctrica de España workforce in 2009 was 40 years of age. Regarding the composition by age groups, the 26 to 35 age range is most numerous (42.8% of the total). In the other extreme (with the exception of those under 25 years old and whose presence is scarce as the activities of the company require highly qualified professionals), are those over 55 years of age, 6.6% of the total and that according to the present Spanish legislation, would meet the requirements to retire in the next five to ten years. -EU15-

Workforce structure by professional group (%)



Labour stability -LA2-

The Group defines its workforce in a sustainable way considering that all the job positions are permanent. All the employees occupy stable job positions. Thus, 99% of the Group have indefinite contracts, and the remaining 1% of the people are on training contracts that will become permanent contracts after a period of time.

This stability positively affects the sense of belonging and commitment of the employees to the corporate project, as demonstrated with the **average length of service being over 11 years** in all cases and **an undesired turnover that barely reached 1% this year, in REE**.

Breakdown of employees by region, contract and type of employment -LA1-

Spain (REE+ REC)	2005	2006	2007	2008	2009
Employees with permanent contract (number)	1,231	1,268	1,312	1,418	1,509
Employees with temporary contract (number)	23	16	5	25	14
Permanent contracts (%)	98.0	98.8	99.6	98.2	99.0
Workers from Temporary Employment Agencies (number)	24	27	21	15	14
Interns (number)	11	10	36	33	35
Bolivia (TDE)					
Employees with permanent contract (number)	118	118	119	120	121
Employees with temporary contract (number) (1)	0	2	5	7	5
Permanent contracts (%)	100	98.3	96.0	94.5	100
Workers from Temporary Employment Agencies (number)	57	34	45	33	94
Interns (number)	12	23	14	19	12
Perú (REDESUR)					
Employees with permanent contract (number)	17	15	17	18	19
Employees with temporary contract (number)	0	1	1	1	1
Permanent contracts (%)	100	93	94	94	95
Workers from Temporary Employment Agencies (number)	0	1	3	2	3
Interns (number)	2	3	4	4	4

(1) In TDE, this type of contract refers to substitution or support contracts, as for example maternity leave or illness. Therefore, those persons contracted for this reason are not included in the workforce.

In Red Eléctrica de España, the total staff turnover was 1.7% and TDE (Bolivia) was 3.3%. Regarding the 24 cases of staff turnover in Spain, 41.7% correspond to women and 58.3% to men. The majority of this turnover took place in the 26 to 35 age group and that of the over 55 age group, with an average length of service in the company of 4.31 and 25.7 years, respectively. -LA2-

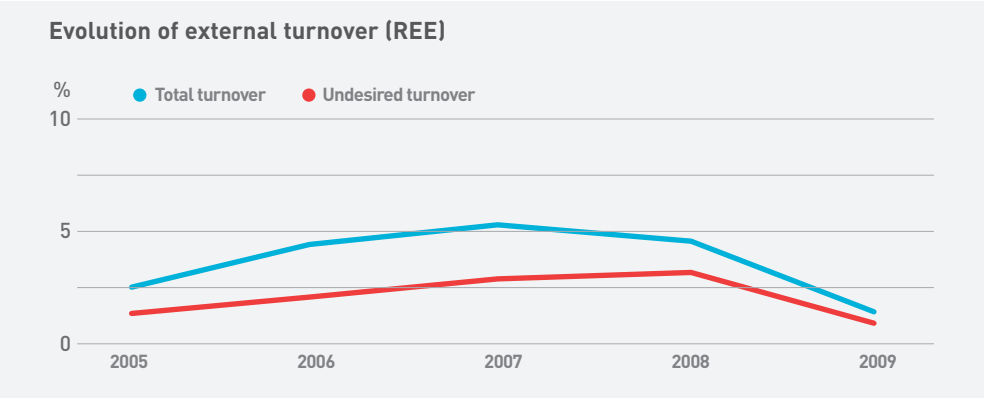
Total turnover indicators by sex, professional group and age -LA2-

Distribution by sex and professional group (%)

	REE		TDE	
	Men	Women	Men	Women
Management team	8.3	0.0	-	25.0
Senior technicians	16.7	25.0	75.0	-
Intermediate technicians	25.0	16.7	-	-
Specialist technicians	8.3	0.0	-	-
Auxiliary technicians	0.0	0.0	-	-
Turnover by sex	**58.3**	**41.7**	**75.0**	**25.0**

Distribution by age	**nº turnover(1)**	**%**	**nº turnover(1)**	**%**
Less than 25	0	0.0	-	-
26 to 35 years old	18	75.0	1	25.0
36 to 45 years old	1	4.2	2	50.0
46 to 55 years old	1	4.2	-	-
More than 55 years old	4	16.7	1	25.0
Total turnover	**24**	**100.0**	**4**	**100.0**

(1) Contemplates both desired and undesired turnover.



Employment management

Red Eléctrica counts on an employment policy in which it establishes a set of principles and directives which serve as a regulatory framework in the process of employment management of the company.

Through its implementation, the management hopes that employment management is a transparent and objective process. Said policy establishes action criteria based on the following directives:

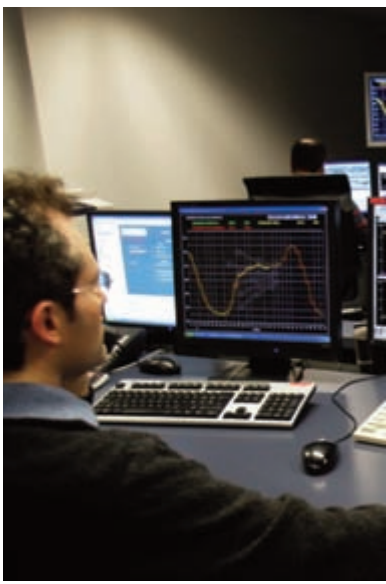
- Fulfilment of legislation regarding employment matters.
- Equality and non-discrimination.
- Transparency.
- Confidentiality.
- Promotion and internal rotation.
- Stability regarding contracting personnel.

In the field of **selection and contracting** of the most suitable professionals to carry forward the mission and strategies of the business, Red Eléctrica promotes internal rotation and promotion by internally publishing the majority of the existing job vacancies.

For the recruitment of external candidates, in addition to the traditional announcements in the press and a specific service on the corporate website, Red Eléctrica participates in different employment fairs and other initiatives amongst which noteworthy are the **Third Employment Fair for Disabled People** in the Community of Madrid or the **Recruiting ERASMUS project**, an initiative to facilitate the contact between companies and students who complete their studies outside Spain by means of the ERASMUS scholarship programme.

During this fiscal year, Red Eléctrica de España contracted 104 people, the majority (77.5%) with a senior or intermediate technician profile. Educative

In 2009, REE contracted 104 new employees



RECRUITING erasmus 09 Innovación&Talento

cooperation programmes (20.4%) and previous collaborations with the company (16.1%) being the main sources of recruitment.

Concerning the procedures regarding contracting locally, the majority of the employees and managers are contracted in their countries of origin, with percentages of nearly 100% in all the cases.-EC7-

On a similar note, Red Eléctrica de España has again been included in the guide of the **Top Companies to work for 2009**. This guide, drawn up by CRF HR Benchmark Survey, is the result of an international comparison that takes into account criteria such as working atmosphere and culture, labour conditions, talent development, commitment towards society and a backing for innovation.

Remuneration model

The Red Eléctrica Group recognises in its Human Resources policies that employees shall be treated fairly and justly. As a consequence, the remuneration model responds to criteria of internal fairness, non-discrimination, transparency and recognition by means of **fixed remuneration** within wide salary bands and **an outstanding compensation which acknowledges superior performance and noteworthy contributions.**

The recently incorporated professionals follow a salary scheme according to the results of their ongoing appraisal. From their incorporation into the company, the new employees evolve through successive phases of development throughout the first four years of integration, the length of time the development phase may last. This plan was designed to attract and retain the most suitable professionals, as well as to promote commitment to the corporate project.

All employees incorporated in REE in 2009, irrespective of the position occupied and without including social benefits or benefits in kind, received a minimum starting salary equivalent to 3 times the minimum inter-professional salary in Spain. In the case of TDE, the starting salary was 6 times greater than the minimum in Bolivia and in Redesur 2.5 times greater than the minimum in Peru. **-EC5-**

Internal communication

Main communication actions

- Communication plans for corporate projects.
- Encouraging non-work / leisure activities
- Sports activities.
- Work, social and leisure communities.
- Idea competitions.
- Induction and integration plans.
- Surveys regarding social climate and commitment.
- Service satisfaction surveys.

Main communication channels

- Corporate portal miRED.
- Employee helpline (RH2000).
- Employee self-service.
- Internal communication area.
- Quarterly magazine *Entrelíneas*.
- Evaluation interviews.
- Groups focused on the analysis of diverse situations.

Transparency, access to information and constant dialogue are of high relevance in the communication strategy and key aspects in creating a climate of confidence and to strengthen the commitment, motivation and efficiency of the people who form part of Red Eléctrica.

The selection of channels is key for an effective communication management. For this reason, Red Eléctrica counts on various different tools amongst which noteworthy is, due to its great functionality, the **corporate portal miRED**, with more than the 400 news items, news reports, articles and notifications published in 2009 and which has received up to 5,847 visits per day.

The design of **specific communication plans** regarding matters that affect the whole organisation is another line of work to support the dissemination of the strategies, policies and objectives of the company. This year, actions and communication plans on matters of corporate responsibility, environment, employment, the work-life balance and safeguarding information have been carried out.

Within the specific plans, noteworthy are those carried out to complete the **dissemination of the Code of Ethics** and to communicate the **new People Management model**, which in addition to using the usual channels, have been reinforced with presentations to all the employees by the teams responsible in the different work centres of the company.

Moreover, **diverse initiatives** are also carried out according to groups that look for the knowledge and the integration of employees **outside their working scope**. One of those with the biggest take up is that of sports activities sponsored and subsidised by the company. In 2009, these increased considerably, not only in the number of sports but also the in the number of employees taking part in them. At present, 650 employees are distributed across 32 sports.

TDE counts on the communication and knowledge management platform known as «Mi portal TDE». This portal contains the modules «TDE Knowledge» and «Learning Communities» as fundamental pillars of this tool that in 2009 received 17,771 visits.

In 2009, a channel was started up to comprehensively deal with all the requests and incidents related to the area of Human Resources of REE. With this centralised system, a better level of employee attention is sought. This service is dealt with by the Juan XXIII Foundation, an organisation that works with people with some type of disability.

Working climate

The working climate survey constitutes one of the most important channels of participation and serves to the views of the employees regarding to the work they carry out, their work team, their line manager and Red Eléctrica as a company.

Evolution of the working climate

Global data	2006	2009	Variación
General satisfaction	8.1	8.1	0 %
Pride of belonging	8.1	8.2	1 %
GALLUP climate indicator	6.2	6.9	11 %

The last survey was carried out in the 2009 fiscal year and for the first time in REE it was published in a digital format following the company's policy of paper reduction. This fact did not significantly affect participation which was around 60%, a value similar to that of the previous one carried out in 2006. This study will be completed in 2010 with interviews and discussion groups that will contribute qualitative analysis elements and will drill down into the opinions, perceptions and feelings of the people. When finalising the study, detailed reports of each area and unit shall be produced, identifying improvement aspects that shall be responded to in the form of specific communication activities.

In TDE, the work satisfaction of the employees (evaluated with the question which explicitly states "Considering everything, I would say that this is an excellent place to work") is 87%, very similar to that of the five best evaluated Bolivian companies in 2009 (90%).

Employer/employee relations –HR5-

Working relations between the company and its employees are regulated using the labour regulations currently in force, the IX Limited effectiveness Collective Bargaining Agreement has been adhered to by 100% of those affected, in addition to other agreements on various matters agreed between the social and business representatives.

Therefore, the IX Collective Bargaining Agreement, effective until 31 December 2012, represents the legal framework by which Red Eléctrica commits itself to the fulfilment of values such as equal opportunity, work-life balance and non-discrimination in all activities related to the management of people. This agreement was accepted by 100% of the non-managerial employees. –LA4, LA6-

Committee with social representative involvement -LA6-

Job appraisal committee.
Training committee.
Occupational Health and Safety Committee -LA9-
Social Affairs Committee
Parity committee for vigilance and interpretation.
Parity committee for equality.
Committee for professional classification.
Committee for monitoring the flexibility system.
Committee for work-life balance.
Psychosocial risk observatory.

Red Eléctrica de España has workers' representation in the majority of its work centres, in addition to an Intra-centre Committee. The social representation participates in the Occupational Health and Safety Committee as well as in the different committees and other dialogue mechanisms as set out in IX

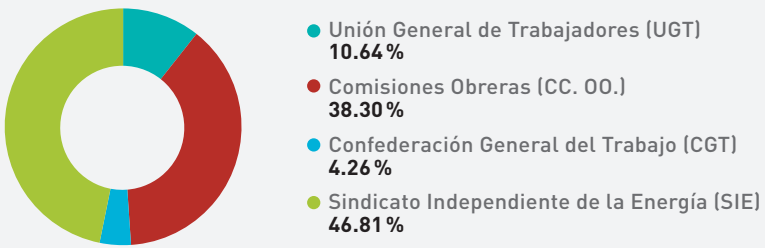
Collective Bargaining Agreement (see table of committees). The Committees which had more activity during 2009, were:

- **Social Affairs Committee:** agreement on the rules of management regarding financial assistance for employees who have in their charge an immediate or close disabled family member with a minimum of 66% disability.

- **Parity Committee on Equality:** Red Eléctrica has counted on, since November 2009, an Equality Plan in agreement with the social representation.

- **Parity Committee on Professional Classification:** agreement related to the implementation of a new system of professional classification included within the framework of the new People Management model defined by the company.

Union Representation on 31.12.09



In order to facilitate its communication to the employees, the social representation has a specific area and an on-line notice board on miRED, in addition to the traditional standard notice board.

According to the IX Collective Bargaining Agreement, amongst the competen-

cies and guarantees of the social representation are those regarding access to the documents made available to shareholders and in particular the balance sheet, the Profit and Loss statement and the annual report. Additionally they are granted the competency of issuing reports prior to the execution of organisational changes adopted by the company. **–LA5-**

Regarding TDE (Bolivia), it recognises and supports the freedom of association of its workers, as well as the right to collective bargaining, as expressed in its Corporate Responsibility Policy, the Code of Ethics, the TDE internal regulations and in their progress report to the United Nations Global Compact which is available on its website: www.tde.com.bo and the SA 8000 certification.

Since 2008, TDE employees have counted on union representatives elected as a result of the union elections held in that year. In order to support this process and to maintain an atmosphere of open dialogue from the outset, senior management held two meetings with these representatives in 2009 which have allowed them be aware of the expectations of both parties and to have common criteria in order to satisfy both parties. In addition, the company has continued facilitating the tasks of the workers legal representation by means of providing space, working time and IT equipment.

Occupational health and safety

Prevention and vigilance regarding occupational safety -EU16-

The Red Eléctrica Group is certified in all its companies based on the international standard for occupational health and safety in accordance with the international standard OHSAS 18001.

In 2009, certification was carried out under the new version of the standard, leading to a review of part of regulation and the consolidation of risk prevention best practices. The most noteworthy aspects of the certified system make reference to communication, participation and asking questions.

OHSAS 18001 Certification in all companies in the Group (Spain, Bolivia y Peru)

Management system

The occupational health and safety management system includes the Occupational Health and Safety Policy, disseminated and known by all employees through its portal and a summary published on the corporate website. Red Eléctrica de España has its own prevention system and a safety and vigilance committee comprising of six social representatives from all the work centres, which represent 100% of the employees. In 2009, this committee, that analyses and resolves the workers concerns, met on four occasions. -LA6, LA9, EU16-

Within the integrated system of prevention, Red Eléctrica verifies the security conditions via three different and complementary figures: security technicians, security coordinators and work supervisors. In 2009, they carried out 3,144 inspections, 6.43% more than in 2008 and through these, 24 risk notifications were published to which the corresponding corrective measures shall be applied.

Improvements in the prevention system

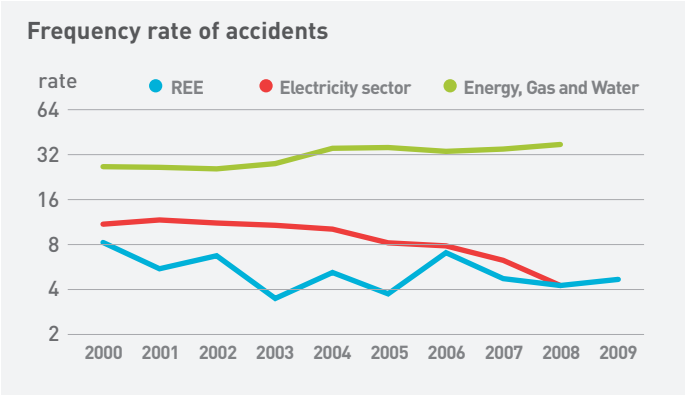
During this fiscal year a revision of the Occupational risks prevention system was carried out with the purpose of improving its structure and to offer a greater quality of the service to the workers. This revision gave rise to five improvement projects that will be carried out throughout 2010 and whose main areas of action are: awareness programmes, monitoring information and the notification to suppliers regarding prevention.

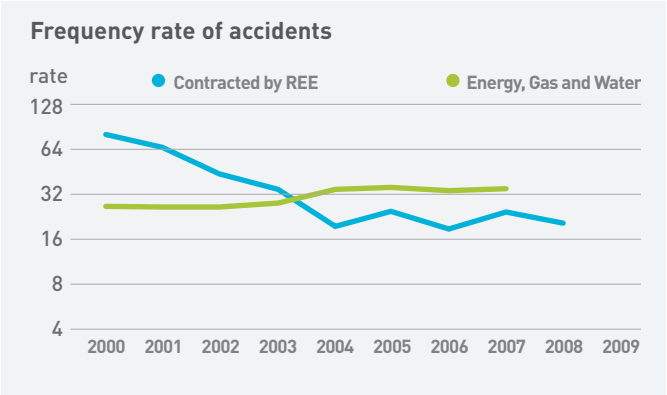
The execution of construction or maintenance works on lines and substations by contracted personnel, under the control and supervision of Red Eléctrica personnel is the activity that can carry greater risks and therefore it is the one which receives the most preventive and corrective actions. Therefore, the activities are geared towards rigorous compliance with organisational procedures regarding the preparation of work, so that **security remains integrated in the planning of works from the outset.**

The programme for the development of auto-protection plans for facilities has been continued with, carrying them out in 2009 for 24 facilities, and which were implemented in collaboration with the Facilities Maintenance Department. These plans are a health guarantee, not only for the workers, but also for the people who live or work next to the facilities. **-PR1-**

2009 Results

A highly important aspect regarding prevention is the control of the accident rate. The indicators for the 2009 fiscal year are placed at an acceptable level and comparatively speaking, Red Eléctrica continues at the forefront regarding prevention with similar productive sectors. This year it is worth noting that the frequency and seriousness of accidents did not increase and have been kept to a minimum regarding the company's own personnel, 4.69 and 0.11 respectively.





Regarding the contractors' personnel, the seriousness rate in 2009 was 1.55, but it is necessary to mention that the accident rate indicators of contractors are neither comparable with those of Red Eléctrica nor with wider production sectors, as they are only refer to works activities, works and services in Red Eléctrica facilities, without contemplating management or administrative hours, activities of a lower accident risk.

The degree of compliance of the annual prevention programme was 82%. This programme measures the fulfilment of the Training Plan, the planned improvement actions and the resolution of the workers' enquiries.

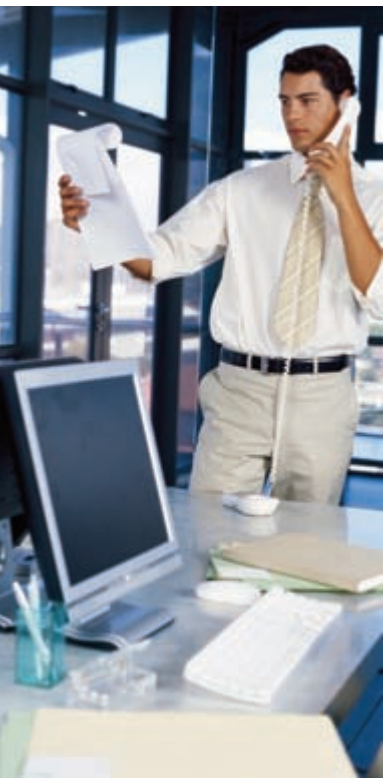
Training activities –LA8-

The training and recycling of knowledge regarding the security and the evaluation of risks of each job, **which extends to all employees**, is one of the tools that the organisation considers fundamental in risk prevention. Thus, in 2009 a Training Programme regarding this subject had 1,271 participants dedicating a total of 6,285 hours, more than double that of the previous year. 91% of the hours were imparted by means of actual training, and all the accidents and incidents which occurred were analysed in the training plan within the scheduled recycling to technicians.

Suppliers -EU16-

The evaluation system of occupational risk goes beyond the employees of the Group, extending to the suppliers who carry out activities in our centres. In 2009, the objective of measuring the behaviour in prevention of the participants remained high-priority.

Said measurement is carried out by means of a standard process that includes more than 2,000 specific security inspections. The results of these action measures regarding suppliers are done by grouping companies with similar activities and those results are published, communicated and analysed with the companies.



The measurement is carried out according to the criteria established in the document "Evaluation system in occupational safety of suppliers of works and services" and it is calculated using the following values: the accident rate of each contractor and the comparison with similar companies; the action of the prevention service of each contractor; the results of the safety inspections conducted; the efficiency and speed taking corrective measures; and the fluctuations in the work personnel. -EU18-

Similarly, TDE in accordance with the Occupational Health and Safety Law, counts on six mixed safety committees at a national level, four at a regional level, one for central office and one for projects currently under execution. For this reason, 100% of the employees are represented by some of the mentioned committees.

Procedures for the prevention of risks for TDE suppliers

4P2100	Technical requirements for the safety of contractors
1P2001	Safety requirements for contractors carrying out construction and assembly
1P300	Safety management on projects

A strict monitoring of safety conditions in all processes of TDE has continued, principally regarding maintenance and project activity, in which all employees as well as the mixed safety committee participated. The indicators which measure the accident rate have been excellent during this fiscal year, having no accidents registered during this period.

Regarding the risk control and prevention training programmes, In 2009, 779 hours of training were imparted which spanned eight courses. -LA8-

In addition, TDE counts on documented procedures which establish the lines of action for the health and safety of personnel of suppliers, contractors and subcontractors, where the requested actions to be taken and the requested demands are described to assure the physical health and safety integrity of their employees.

Occupational Health and Safety indicators -LA7-

Health and safety (REE+REC)	2005	2006	2007	2008	2009
Average workforce	1,231	1,285	1,311	1,379	1,493
Hours worked	2,109,391	2,226,292	2,266,644	2,373,524	2,565,436
Accidents with sick leave (serious/minor)	0/8	0/14	0/11	0/10	0/12
Fatal accidents	0	2 (1)	0	0	0
Days lost due to accidents	290	12,369 (2)	195	352	156
Accident frequency rate	4.01	7.19	4.85	4.21	4.69
Seriousness rate of accidents	0.11	5.56	0.23	0.15	0.11
Incidence rate (3)	6.50	10.89	8.39	7.25	8.05
Absenteeism rate	3.15	3.09	3.04	2.28	1.97

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Health and safety (REE Contractors) -EU17-	2005	2006	2007	2008	2009
Average workforce	1,562	2,116	2,590	3,139	3,177
Hours worked	2,654,719	3,597,653	4,403,145	5,336,236	5,404,751
Accidents with sick leave (serious/minor)	2/63	2/62	7/103	2/124	17/97
Fatal accidents	0	4	1	0	0
Days lost due to accidents	1,849	25,302	9,256	7,705	8,367[3]
Accident frequency rate	24.48	18.9	27.13	23.61	21.28
Seriousness rate of accidents	0.69	7.03	2.26	1.44	1.61
Incidence rate [4]	41.62	32.13	42.86	40.14	35.88

TDE	2005	2006	2007	2008	2009
Accidents with sick leave	0	2	3	1	0
Fatal accidents					0
Days lost due to accidents	0	0	215	9	0
Accident frequency rate	0	6.79	11.38	7.44	0
Seriousness rate of accidents	0	0	0.82	0.04	0
Absenteeism rate	-	-	0.19	0.39	0.21

Salud y seguridad (contratistas de TDE) –EU17-	2005	2006	2007	2008	2009
Accidents with sick leave	-	-	-	-	2
Fatal accidents	-	-	-	-	0
Days lost due to accidents	-	-	-	-	63
Accident frequency rate	-	-	-	-	10.12
Seriousness rate of accidents	-	-	-	-	0.23

Frequency rate = number of work related accidents with sick leave per thousand hours worked.
Seriousness rate = number of work days lost due to work related accidents + incapacity scale, per thousand hours worked.
Absenteeism rate = hours absent due to common T (temporary incapacity)I > 3 days, TI hours < 3 days and non-regulated leaves / average workforce collective agreement personnel/collective agreement theoretical hours x 100

(1) Air traffic fatal accident
(2) Contemplates 12,000 work days per fatal accidents
(3) Contemplates 4,500 work days per work incapacity due to accidents
(4) Regarding hours worked
(5) Data not available for these years

Note 1: With the objective of improving prevention, in 2009 the classification criteria of accidents was modified:
Serious accident (standard) = Those classified as serious by each doctor that issued the sick leave certificate.
Serious accident (REE) = Those classified as serious by each doctor that issued the sick leave certificate + those for sick leave over 90 days + those that lead to actions from the labour authority..
Note 2: At REDESUR, in which Red Eléctrica is a stakeholder, no accidents were registered and the absenteeism rate was 0.6%.

Prevention and monitoring in occupational safety

Red Eléctrica de España provides a medical service which, in addition to counting on its own personnel and means, directs its activities to the prevention and monitoring of health risks.

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In addition to the activities pertaining to health monitoring such as health check-ups, other activities have continued oriented towards the prevention of the most common health risks: cardiovascular problems, backache and psychosocial risks or intervention protocols for extreme situations, as in the case of a pandemic.

In this respect, as a consequence of the declaration of the WHO regarding pandemic alert, in April 2009 the action plan concerning this type of situation, approved by the company in 2008, was initiated. In TDE, in addition to the medical evaluation of all the employees and the preventative actions against the aforementioned pandemic alert (influenza AH1N1), also other specific actions against dengue began, such as the temporary suspension of programmed routine works in tropical zones.

Main actions 2009

- The promotion of healthy eating habits.
- A programme to quit smoking.
- First Aid courses.
- Workshops and training in the management of harassment situations.
- Starting up the action plan in response to a pandemic alert.

Medical service indicators -LA8-

	2005		2006		2007		2008		2009	
	REE	TDE	REE	TDE	REE	TDE	REE	TDE	REE	TDE
Medical check-ups	884	115	835	42	802	121	1,011	45	1,097	121
Doctors consultation	1,039	419	1,361	442	1,422	359	1,443	431	1,167	353
Vaccinations	268	70	259	120	230	0	269	0	352	0
Temporary incapacity consultations	137	8	174	10	135	17	122	25	139	26

At REDESUR, in which Red Eléctrica is a stakeholder, medical check-ups have been carried out on the entire workforce

Training and education –LA10, LA11, EU14-

84 hours
of training per employee

4,900 euros
investment in training per employee

The Red Eléctrica Group is strongly committed to the continuous development of the employees as a guarantee of the success of its corporate project. This strategy is carried out through training and development plans oriented to giving added value to the personnel and the organisation, and to therefore strengthen the levels of excellence in services the company offers.

During 2009, 144,497 hours of training were imparted in Red Eléctrica de España, 22.3% more than in 2008. This important effort responds to the interest of Red Eléctrica to rate its employees regarding an excellent performance of their functions, mainly in specialised technical training, taking into account the fact that it contracts a high number of people without experience in the scope of their activity.

Within the annual training plan, during 2009 the **programmes of occupational risk prevention and environmental protection** occupied an outstanding position, representing 4% and 2% of the total of hours, respectively.

Similarly, it has continued with the integration plan for new employees, the development programme for managerial and management competencies, as well as with the corporate training programme, initiated in 2007, in which technical staff from different areas of the company participate.

This programme is due to culminate with the execution of diverse projects linked to corporate responsibility that seek the practical application of the generic competencies developed during training, as well as to improve some social or environmental aspects of the area where these projects are carried out.

With regard to plans for ongoing improvement, a revision and update of the competency catalogue have been made to adapt it to the new business situation and to improve the company's talent management systems. These com-

petencies are set out in a "corporate dictionary of competencies" that will facilitate the growth of the company with sustainable efficiency criteria.

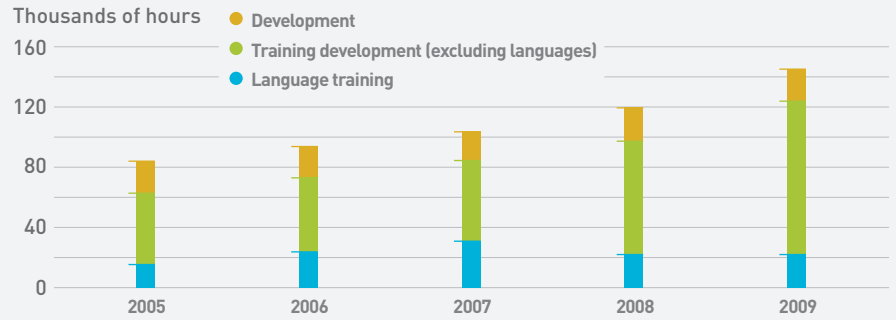
In this whole process a significant sample of employees of all the professional categories and hierarchic levels have participated, and that has served as a source of internal knowledge and of best practices which need to be rolled out to the whole organisation.

Training and education indicators –LA10-

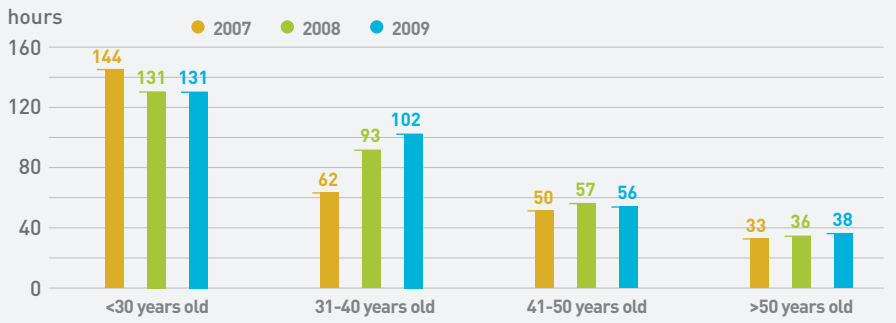
REE + REC	2005	2006	2007	2008	2009
Training hours	82,506	92,450	102,926	118,126	144,497
Employee training hours	-	-	92,509	110,807	124,293
Training hours for intern employees (operation grants)	-	-	10,417	7,319	20,204
Hours per employee *	68	73	71	81	84
Employees in training (%)*	93	95	97	100	100,8
Hours given with own resources	25,175	25,537	18,547	32,338	29,008
Number of courses managed	715	712	774	759	954
Investment in training/ total personnel costs (%)	5.5	5.5	6.4	6.5	7.6
Investment per employee (Euros) **	3,470	3,451	4,217	4,473	4,969
Training during working hours (%)	81	75	75	82	85
TDE (Bolivia)					
Training hours	9,674	7,408	7,705	4,883	6,870
Hours per employee *	84	63	65	41	56
Employees in training (%)*	93	95	94	72	80
Investment in training/ total personnel costs (%)	3.4	2.8	2.9	1.7	2.0
Investment per employee (Euros) **	663	578	630	403	623
Redesur (Perú)					
Training hours	225	421	193	249	370
Hours per employee *	12	25	13	15	21
Employees in training (%)*	87	90	94	32	89
Investment in training/ total personnel costs (%)	3.2	3.3	5.0	3.0	3.0
Investment per employee (Euros) **	-	-	-	578	622

** for the average workforce*
*** = (external training cost + travel + student cost/ hr + teacher cost/ hr + management cost) / average workforce.*

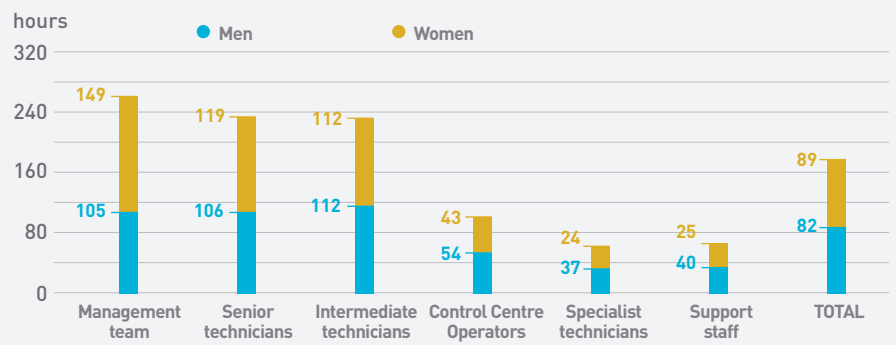
Evolution of training hours (REE)

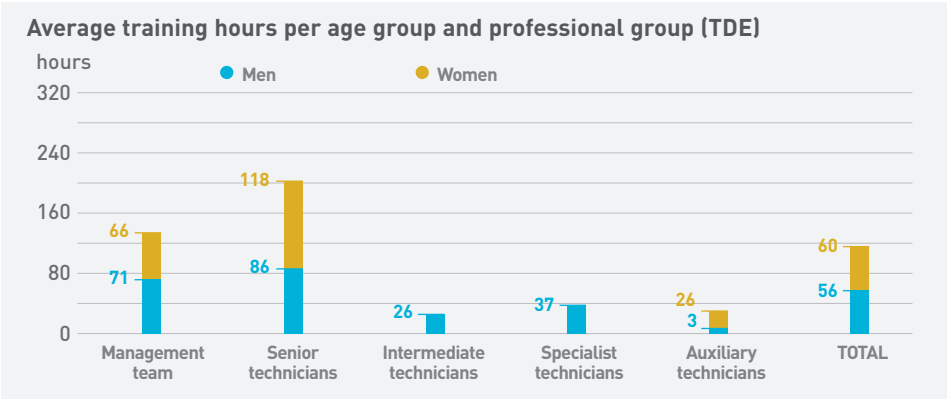


Average training hours per age group (REE)



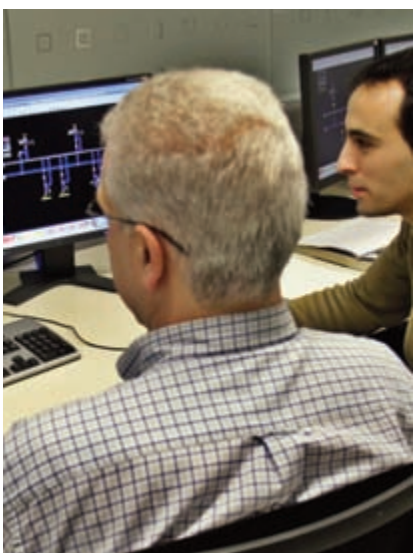
Average training hours per professional group and sex (REE)





Regarding TDE, in 2009 a programme for the development of talent and potential of employees was implemented, in addition to developing employability elements which allow decisions to be made with respect to moving people within the organisational structure.

The management of knowledge: Red Eléctrica's Operation and Maintenance Schools –EU14–



One of the major contributions to the professional development of the organisation's employees has been that contributed by the technical training schools of Red Eléctrica: the Operation School and the Maintenance School.

These schools function in a coordinated way and all the technical training corresponding to the operation and transmission activities are coordinated through them. This training has been conceived not only for teaching new employees, but also for the ongoing training and updating of knowledge of the rest of company's technicians. Similarly, these schools work with universities, offering specialised postgraduate courses.

The **Operation School**, in its fifth year, has consolidated itself as a reference regarding the education and training of professionals dedicated to the operation

of electricity systems. Throughout 2009, almost 36,000 hours of training to 541 employees were given.

76,000
hours of training in the Operation and Maintenance Schools

In addition, the School offers external courses of recognised prestige and it collaborates with other companies worldwide in similar initiatives in an exchange of experiences and knowledge. In 2009, noteworthy is the training imparted to the TEIAS technicians (Operators of the Turkish System), on the integration of wind power energy into the system and operation markets.

The **Maintenance School** seeks to consolidate itself as the information centre responsible for managing the knowledge regarding the function of the transmission of electrical energy. The school provides courses to the company's maintenance professionals and also their counterparts in the other companies who work in Red Eléctrica's facilities. With this training, it is their objective to reduce occupational risks derived from maintenance works and to obtain an optimal level of conservation of the facilities. In 2009, the Maintenance School imparted almost 44,000 hours of training to 779 employees.

Performance appraisal –LA12-

The Red Eléctrica evaluation system is not only considered as a personnel management tool, but also as an element of communication and development for the employee. **The system assesses the performance of 100% of the employees** and every two years it also analyses the employee's professional development, which allows a programme to be designed in accordance with his/her potential and talent and to define succession and career planning.

The performance appraisals are an ongoing process which culminates in a personal interview where the manager shares the appraisal results with the collaborator.

Equal opportunity, diversity and the work-life balance

Red Eléctrica has demonstrated its commitment to guaranteeing the principles of equality and non-discrimination, **as expressed in its Corporate Responsibility Policy and in the different collective bargaining agreements regulating labour relations.**

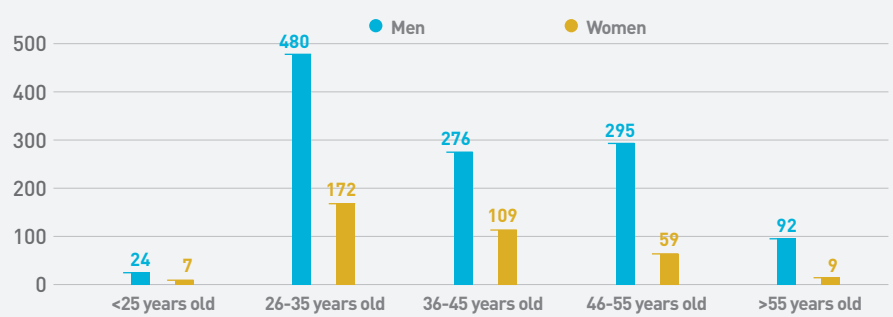
In order to continue advancing with this commitment and within the framework of current legislation (Statutory law 3/2007, 22 March), the company has approved, in conjunction with the social representation, the **Equality Plan** [1], which represents a firm backing for Equality.

The Equality Plan sets out a series of positive actions to promote the real and effective equality between the men and women of the company. During the two years it has been in force (this plan is extendable); actions in the following areas are going to be carried out: employment (selection, promotion and contracting), training, salary compensation and communication.

All the activities carried out under this plan, shall be subject to **monitoring and evaluation**, as much on the behalf of the management of the company as by the social representation through the **Parity Committee for Equality.**

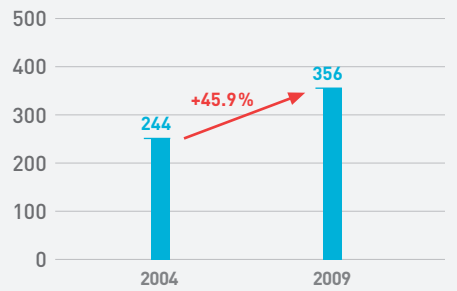
Red Eléctrica, in its commitment to social responsibility and ethical management, considers that equal opportunity, diversity and the work-life balance are key factors of business success, as well as of social fairness.

Workforce Distribution by age group and sex. 31·12·09

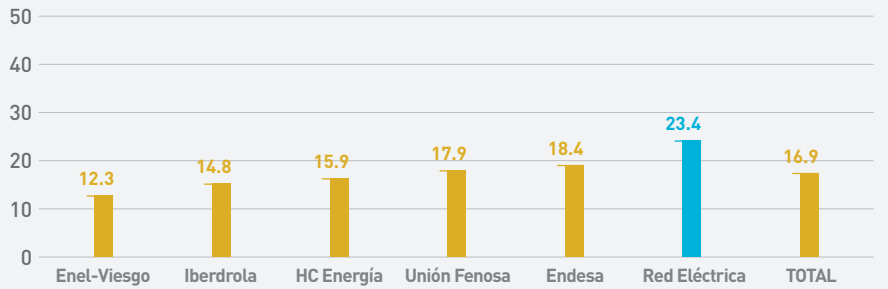


(1) Actions in reference to the work-life balance, prevention of moral and sexual harassment, and sexual discrimination as well as the area of gender-based violence have not been included as these matters are already covered in other agreements that will be detailed in subsequent sections.

Evolution of the number of women in REE



Comparison of the percentage of women in the electricity sector (%)



Source: 2008 Annual Report UNESA

Equal opportunity in employment

The commitment of REE regarding contracting women is demonstrated in the evolution of the number of women in the workforce which has grown 45.9% in the last five years.

The candidacies received are evaluated without discrimination, which has meant that in 2009 the percentage of women contracted was 56% higher than that of men, considering the total number of interviews carried out (men-women). New incorporations can entre on a salary and development structure of up to a maximum of four years which is applied in a fair and uniform way regardless of sex.

Regarding the annual variation of the workforce, women registered a growth of 5.6% with respect to the previous year, very similar to that of the men who increased 5.5%.

Equal opportunity in professional development

The percentage of women in senior positions within the company has continued to rise, increasing from 15.0% in 2008 to 15.7% in 2009.

Workforce distribution by sex and professional group -LA13-

	2005			2006			2007			2008			2009		
REE	**M**	**W**	**% W**	**M**	**W**	**% W**	**M**	**W**	**% W**	**M**	**W**	**% W**	**M**	**W**	**% W**
Management team	84	11	11.6	76	11	12.6	83	14	14.4	85	15	15.0	86	16	15.7
Senior technicians	218	103	32.1	218	115	34.5	226	116	33.9	271	138	33.7	287	146	33.7
Intermed. technicians	379	61	13.9	390	65	14.3	397	67	14.4	422	84	16.6	452	92	16.9
Specialist technicians	247	1	0.4	262	1	0.4	272	1	0.4	282	4	1.4	296	5	1.7
Support staff	56	94	62.7	51	95	65.1	48	93	66.0	46	96	67.6	46	97	67.8
Total	**984**	**270**	**21.5**	**997**	**287**	**22.4**	**1,026**	**291**	**22.1**	**1,106**	**337**	**23.4**	**1,167**	**356**	**23.4**
TDE															
Management team	20	3	13.0	20	3	13.0	21	3	12.5	20	4	16.7	21	3	12.5
Senior technicians	35	4	10.3	36	4	10.0	37	4	9.8	38	4	9.5	37	5	11.9
Intermed. technicians	27	1	3.6	27	1	3.6	27	0	0.0	27	0	0.0	28	0	-
Specialist technicians	13	0	0.0	12	0	0.0	12	0	0.0	12	0	0.0	12	0	-
Support staff	6	9	60.0	6	9	60.0	6	9	60.0	6	9	60.0	6	9	60.0
Total	**101**	**17**	**14.4**	**101**	**17**	**14.4**	**103**	**16**	**13.4**	**103**	**17**	**14.2**	**104**	**17**	**14.0**

Relation between basic salaries for men and women * -LA14-

REE + REC	2007	2008	2009
Management team	1.01	1.02	1.01
Senior technicians	1.05	1.11	1.11
Intermed. technicians	1.07	1.11	1.10
Specialist technicians	1.15	1.10	1.05
Auxiliary technicians	0.98	1.08	1.07
Total	**1.05**	**1.11**	**1.11**

** The significant impact of the male salary is because historically (not currently) Red Eléctrica contracted (due to the engineering profile required) more men than women, as the possibility of doing the contrary did not exist in the labour market. Consequently, the salaries of men have evolved in a different way, making the comparison have a historical slant which is being corrected at present.*

Other equal opportunity indicators

	REE + REC			TDE		
	2007	2008	2009	2007	2008	2009
In recruiting [1]	0.95	1.10	1.56	0.00	1.00	1.00
Voluntary improvement [2]	1.03	0.97	1.01	-	-	-
Promotions [3]	0.68	0.61	0.00	0.57	0.61	0.00

(1) Number of women contracted/number of suitable interviews/total number interviewed/total apt.
(2) Number of women with voluntary improvements /total no. Of women/total employees with voluntary improvement/total workforce.
(3) Number of women promoted/ total women/total employees promoted/total workforce.

Protection against moral and sexual harassment and sexual discrimination

In 2008, an action guide for the prevention of moral and sexual harassment and sexual discrimination was approved in accordance with current legislation (Statutory Law 3/2007, 22 March), as well as the ethical commitment of the company. This guide is included within the framework of the health and safety policies of Red Eléctrica with the aim of ensuring a working environment where the interpersonal relations are based on mutual respect and interest. The main measures incorporated in said guide are:

- Periodic evaluation of psychosocial risks and social climate studies.
- Dissemination of the actions carried out regarding harassment.
- Design and implementation of training programmes oriented towards avoiding harassment.
- Specific training in assessment of harassment situations for the people who take part in the action process.

AA Rating
certification of corporate web page accessibility

Protection against gender-based violence

An agreement exists between the company representative and the workers' representative which recognises a set of protective measures whereby the company shall assist employees who are victims of domestic violence, as well as their children under the age of 18 in their charge and living with them, as long as the aggression has been carried out by someone with whom the employee maintains a relation with or an emotional relationship with (spouse or ex-spouse, actual partner or relative of any degree).

These measures take the form of psychological, medical, legal and economic support (assistance of 600 euros per month, over a maximum of six months), as well as flexibility regarding work schedules, authorised leave, vacations, leave of absence, preferences in transfers to other locations or work centres,

depending on the victim's request and whilst they are necessary for their normal reincorporation at work.

Integration of the disabled

In Red Eléctrica we are convinced of the necessity to work towards the integration of disabled persons. Therefore, we carry out different initiatives within this scope of responsibility. In the face of the expiry of the exceptionality period and the three-year agreement signed with the Adecco Foundation, new employment offers were drawn up with the Department of Employment, for the same number of positions that would be necessary to cover the compliance with the Law of Social Integration of the Disabled (LISMI).

This resulted in the incorporation of a disabled worker, and so at the moment there are seven people on the workforce with some type of disability. This means that Red Eléctrica will continue applying **exceptional alternative measures**, such as donations to organisations dedicated to the integration, as well as the acquisition of goods and services from special employment centres. In addition, it has continued working on other initiatives oriented towards integration.

Employee financial assistance

Another one of the work channels in the field of integration is the agreement carried out by the Social Services Commission on a series of regulations oriented towards the concession of financial assistance for employees who have in their direct charge an immediate or close disabled family member with a recognised minimum of 66% disability.

Accessibility

In this area, Red Eléctrica has continued working on several facets: the accessibility of contents of the corporate website (at present certification rating AA), in the gradual elimination of architectonic barriers in the Head Office build-

ings, in the selection of more legible typesetting sources in its publications and the inclusion of corporate videos containing sign language. In addition, it has collaborated in the publication of an accessibility guide for companies.

Employment Fairs

Another important line of action in this field has been the participation in the Third Employment Fair for Disabled Persons in Madrid, in which 350 candidacies were received and which now form part of the candidate database of Red Eléctrica to give coverage to the selection processes currently open.

Other initiatives

A new agreement with the Adecco Foundation has been signed to develop programmes for the social integration of disabled persons and the Plan Family has continued, aimed at the relatives of employees of Red Eléctrica de España with some degree of disability, in which different activities are carried out that facilitate their real integration into the labour and social world.

In addition, collaborations with other integration centres were begun, such as the Apsuria Foundation and the Juan XXIII Foundation, with whom diverse services from their special employment centre have been contracted.

The work-life balance

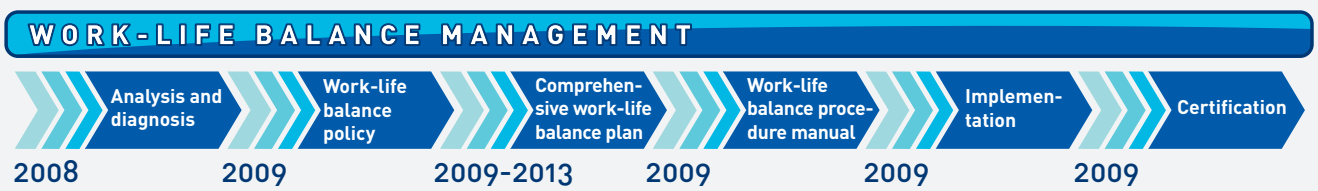
For the Red Eléctrica Group, encouraging a balance between personal and professional life is a strategic objective as it represents a key element for the retention and motivation of its employees. In this respect, the IX Collective Bargaining Agreement approved in 2008, included improvements regarding current legislation (LO 3/2007 for the effective equality of men and women) and initiated the **Red Concilia project** at the core of the negotiating **table for the work-life balance.**

Red Concilia Project

Within this project, a need was identified to define a specific policy that gave a strategic and integrated approach to all measures regarding work-life balance and served as a starting point for driving forward new actions, paying special attention to those that also promote equal opportunity.

With this objective, within the framework of this project, in 2009 a specific policy regarding the work-life balance was approved and a management system was implemented which allows the work-life balance needs of employees to be met within the framework of the objectives and activity of the company. The development of the different phases of the project and its implementation has led to the EFR certificate being obtained.

Red Concilia Project implementation process



Work-life balance negotiation working group

Consists of representatives of both the company and the workers, it follows a work methodology which is participatory and integrates opinions and proposals, using a horizontal line of communications and fostering a positive and open attitude which promotes dialogue amongst all members. Their main functions are to promote awareness amongst the management team and employees regarding the work-life balance, to offer and to develop new measures and monitor the correct use of those already implemented.

One of the agreements reached has been the **creation of the figure of the working and personal interlocutor**, whose function is to facilitate the advisory service and support in the resolution or channelling of the needs of the employees regarding work which affects their work-life balance.

Work-Life Balance Measures*

Labour Flexibility

24% of the working day is flexible in terms of start and finish times.
Shorter working day for 3.5 months.
Friday afternoon free.
Working calendars in agreement with working needs and the geographical areas.
Flexible holidays can be taken in three periods, providing business conditions allow.
"Bolsa 15". Additional time (to a daily maximum of 1 hour) worked in excess of the standard working day, shall be accumulated and "banked" up to an annual maximum of 15 hours which can then be used, at will, to allow flexible start and finish times.
"Bolsa 32". Additional hours worked in excess of 1 hour and up to a maximum of 2 hours, shall be accumulated and "banked" up to an annual maximum of 32 hours which will then allow the employee to take 5 full day or 8 half day holidays.
Four-day authorised leave, 6 when travelling is required, in the case of family bereavement of a blood relative or close acquaintance.
Three-day authorised leave, 5 when travelling is required, for serious illness of a family member, immediate or close, a close acquaintance, This has a flexible application.
Permission to accompany an immediate or close disabled family member with a minimum of 66% disability for medical appointments.
Two-day leave for moving house.
One-day leave for the marriage of an immediate or close relative.
Three days unpaid leave per year, taking into account the length of service completed.
Complete parity of the rights of civil/common law partnerships into the marital regime.

Support during motherhood and fatherhood

Improvement of legislation regarding a reduced working day in order to take care of children, disabled or direct elderly relatives: an additional year to the age limit established by law (9 years in the case of children) and a reduction in the working day up to 7% or 10%, with a flexible weekly application to be agreed on between the company and the worker. **During 2009, 66 women and 6 men were granted the reduced work day, 16% of employees with children up to 9 years old.**
Paternity leave for birth, fostering or adoption. This will be for 3 days, or 5 in the case of having to travel, in addition to the 13 days leave established by current legislation. **During 2009, 59 parents were granted this leave.**
Guarantee of 100% of the social benefits paid out by the company in all cases where the reduction of working day is to look after children.
Extension of maternity leave from week 38 of pregnancy until giving birth.
Allowance of 1,500 euros for adoption, birth or fostering, for mothers and fathers on lesser salaries.
Creation of a fund of 90.000 euros per year for economic aid to employees with families, immediate or close family, in their direct care and with a recognised disability of more of 66%.

** Measures that improve the current legislation.*

Social benefits and benefits in kind –EC3, LA3-**

Pension plan.

Private medical insurance for employee and family in their charge.

Group life and accident insurance.

Personal loans.

Restaurant vouchers.

Nursery school vouchers.

ADSL at home and personal computers.

Housing allowance.

Economic support for sport activities.

Complement up to 100% of salary in the case of temporary incapacity.

Training courses for professional development and updating.

Services

Company canteen.

Employee bus.

Parking.

Car wash for private cars.

Travel agency with special discounts.

Bank branch and ATMs.

Special offers and discounts on products, brands, activities y services.

Fiscal, legal and financial advice.

Advice on retirement procedures.

Grants for sporting activities in nearby sports centres.

Medical service and prevention campaigns.

*** Benefits applied to the entire workforce, irrespective of the type of contract.*

The work-life balance is a key element for the motivation and retention of our employees

Corporate Voluntary programme

«EnREDando» is a voluntary work group which was founded in 2005 with the will to drive and promote the collaboration of a greater number of employees of Red Eléctrica in solidarity activities.

Blood donations
More than 130 donations in 2009

Fair Trade Campaign
3,085 euros in sales

Activity in 2009

Campaigns for blood donations

As is customary in previous years, the Red Eléctrica medical service carried out blood donating campaigns in the work centres in Madrid, these happen at least twice a year and there were more than 130 blood donations in 2009.

Fourth Solidarity Sports Week

For the fourth consecutive year, Red Eléctrica celebrated in June Solidarity Sports Week, whose aim is to raise funds for the development of projects of a social nature, offering fun and sports activities to employees in exchange for a small subscription fee. This edition has included the participation of the General Manager of System Operation as the patron of the event in which **367 people, both employees and collaborators took part**. This year's funds, collected through the subscription fees for the sporting activities, plus twice that amount of money contributed by the company (24,832 euros) is destined to finance a project promoted by the Nepalí organization "Maiti Nepal" dedicated to the **fight against child exploitation** and the trafficking of girls and adolescents.

Fourth Fair Trade campaign

In December 2009, Red Eléctrica held the fourth fair trade market in their facilities in collaboration with SETEM, the organisation for development. During the day, employees had the opportunity to buy a wide variety of food products

and handicrafts manufactured by different cooperatives, primarily from Africa, Asia and Latin America. This initiative seeks to raise awareness regarding any form of work exploitation and aims to help the most disadvantaged regions. The day, sponsored by the General Director of Transmission for a fourth successive year, was a great success due to the participation of the employees and collaborators and raised 3,085 euros.

Environmental Volunteer Day

Volunteer group collaborative project with the Gil Gayarre Foundation, an organisation dedicated to disabled people, for the development of a botanical footpath in the Jardín de la Vega located in Alcobendas.

Volunteer programme TDE (Bolivia)

The most noteworthy activity carried out by this group of volunteers in 2009 was the visit made to the therapeutic community of Puntiti which presently takes care of 140 young children with multiple mental disabilities. In this visit, basic materials were donated, which had been collected internally amongst the employees, and an amount of furniture was donated by the company.

Solidarity sports

367 participants
24.832 euros collected

06

Responsibility towards **society**

2.1
million
euros
invested in the community

In Red Eléctrica we understand that the development of our activities must be dealt with from a responsible and ethical position with regard to the surroundings and society. -4.14, 4.16, 4.17-

Creation of the **sustainability laboratory** for dialogue with stakeholders

Our commitment to society is supported by three fundamental pillars:

- **Transparent and open dialogue with our stakeholders.**
- **Social and environmental integration of the projects within the territory.**
- **Supporting social development in the communities where we have a presence.**

Fostering dialogue with stakeholders

Shareholders and investors

The trust Red Eléctrica pursues in its relation with shareholders, investors and the financial community lies in its constant search for transparent, smooth and close dialogue that goes beyond merely complying with legal obligations.

To carry out this communication, it counts on two units –Minority Shareholder Relations and Investor Relations –, who suitably identify and resolve the concerns and demands for information from the different stakeholders through a combination of means and channels which facilitate communication.

Regarding the relation with minority shareholders, the line of improvement which began in previous years has been maintained. In this respect the participation of shareholders in the General Meeting has been encouraged via electronic means, with the live broadcast of the Meeting via the Internet (in both Spanish and English) and through an electronic voting system.

2009 AEMEC Award for the «Best initiative for minority shareholders»

In 2009, it is worth noting that Red Eléctrica was honoured with the prize for the "Best initiative for minority shareholders", granted by the Spanish Association of Minority Shareholders of Quoted Companies (AEMEC), for its line as a company committed to transparency and the best corporate practices in the relation it maintains with its minority shareholders.

Regarding investor relations, the Company's management team regularly took part in presentations and meetings with analysts and institutional investors in the main financial markets of Spain, Europe and the United States. Specifically, during 2009 there were 300 meetings held with analysts and investors in 28 financial markets.

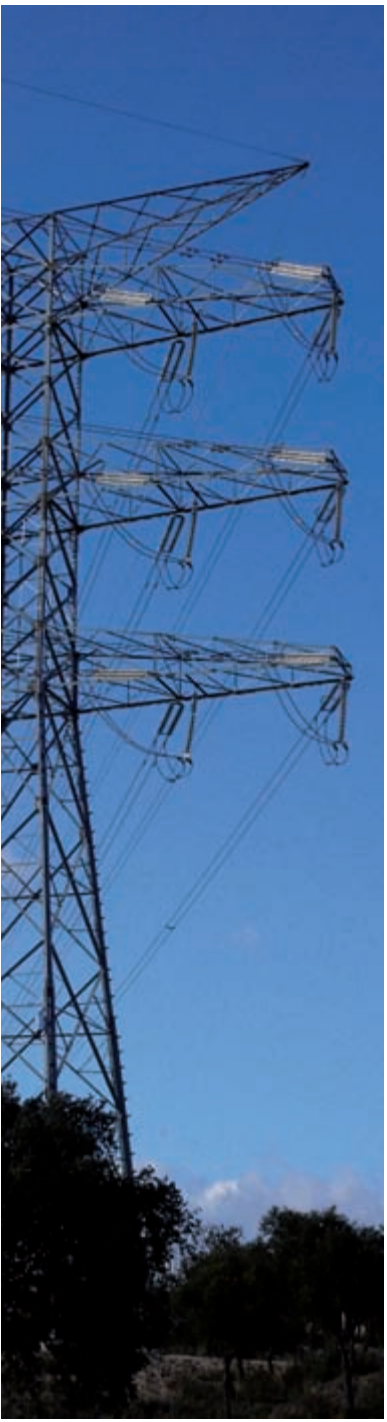
Similarly, in October 2009, coinciding with Red Eléctrica's 10th anniversary of having been quoted on the stock market, the first "Investor Day" was celebrated. Throughout this day, the managers presented the key elements of the main business areas of the company to analysts and investors.

Key Indicators

	2006	2007	2008	2009
Shareholders' Office (visits attended to)	1,547	1,517	1,032	932
Shareholders' Global Help line and email (inquires attended to)	0	1,278	1,267	958
Documentation sent (number)	5,766	5,807	5,651	5,306
Identification of shareholders (number registered)	3,713	3,813	3,949	4,099
Shareholders and investors section on the web (visits)	117,234	153,224	160,959	175,646
Meetings with analysts and institutional investors (number)	234	218	277	300
Quorum of attendance at the Shareholders' Meeting (%)	47.8	49.4	52.1	63.9
Surveys. Degree of satisfaction (0-10)				
Minority Shareholders	7.7	8.1	8.0	8.2
Financial analysts (biennial studies)	n.e	7.9	n.e	6.9

Channels of communication

Shareholders' Meeting
Shareholders' office and freephone 900 100 182
E-mail for shareholders: accionistas@ree.es
E-mail for Investors: relacioninversores@ree.es
Department of Investor Relations
Corporate web: Shareholders and investors section
Publications: annual and quarterly reports
Internet broadcast of the presentation of results
Internet broadcast of the Shareholders' Meeting
"Red al día" alerts on relevant issues
Electronic voting at the Shareholders' Meeting
Satisfaction surveys
Investors' Diary on the web



Clients, market agents and regulatory bodies

The effective development of the activities of Red Eléctrica is directly linked to its satisfactory interaction with its customers, market agents and regulatory bodies.

For this reason, all communication activities and systems are focused on identifying potential incidents, requirements and expectations that will contribute to ascertaining the efficiency in the processes and quality of services rendered.

Key Channels of Communication

External Stakeholder Attention Service: DIGAME.
Ongoing management of incidents.
Enquiries and claims management.
Public website with information in real time and full contents www.ree.es and www.esios.ree.es
Web for market agents. Specific computer systems (SIOS, SIMEL, SIOM).
Permanent information for market agents and regulatory bodies.
Periodic technical publications.
Active participation in study committees and debate forums.
Working groups and technical meetings. Joint projects.
Presence in business associations (national and international).
Benchmarking studies.
Satisfaction studies and identification of requirements.
Training of market agents in different processes.

Red Eléctrica has a system in place for evaluating the satisfaction of both clients and agents from the sector for detecting their needs and expectations. This evaluation is carried out every two years, through surveys and interviews, the results of which lead to actions for improvement. The last perception study was carried out in the 2008 fiscal year.

Key Satisfaction Indicators (0-10)* -PR5-

	2000	2002	2004	2006	2008
Overall degree of satisfaction	7.85	7.77	7.79	7.77	7.64
Degree of satisfaction regarding the quality of services	7.41	7.50	7.30	7.38	7.36
Degree of satisfaction of services supplied	7.13	7.08	7.00	7.01	7.19
Customer service	6.84	7.51	7.51	7.70	7.39
Evaluation of the improvement actions undertaken as a result of the previous survey	-	7.40	6.43	6.47	6.80

** Biennial studies*

Red Eléctrica has a client service and claims management procedure related to the services which it offers, activities carried out and impact of its facilities. Since July 2008 this action procedure has been reinforced by starting up the DÍGAME service.

In addition, the claims regarding the adjustment services of the system managed by the system operator are formalised through the web application "Management of Incidents and Claims" of e-sios, accessible for the market agents.

Once the claim has been analysed, the claimant is responded to by means of the same e-sios application. In the case when it is necessary to introduce changes in the information registered in the system, once made and to be taken into account in the settlement of these services, the rest of the market agents are informed, respecting the confidentiality criteria established under the current legislation. The claimant has 30 days to close the claim indicating if they are in agreement or if they do not agree with the answer.

7,6 out of 10

level of client satisfaction (survey data 2008)

Examples of permanent committees

Electricity Advisory Board
Advisory body of the CNE. The Boards' members include representatives of the Spanish government, the Nuclear Safety Council, the Autonomous Communities, companies operating in the electricity sectors, consumers, users, and social agents.

Technical Control Centre Coordination Group.
Market Agents

Technical Monitoring Committee on the Iberian system operation
Market Agents.

Market Agents Committee
Market Agents.

Working Group for the Integration of Solar Photovoltaic Energy in the System Operation (founded in 2009)
Photovoltaic Associations (AEF, ASIF, APPA).

Working Group for the Integration of Wind Energy Generation in the System Operation
REE and Wind Energy Associations (AEE y APPA).

Technical Monitoring Committee on the Gas System and Development Committee on the Gas System's Technical Management Regulations
ENAGAS and agents of the gas system.

Technical group for monitoring measures
MITYC, CNE and market agents.

Electric Regional Initiative, South-West Region (France, Spain and Portugal) (ERI SW)
Promoted by ERGEG and led by the Spanish Energy Regulator (CNE), with the participation of the Ministries, National Regulatory Authorities, Market Operators, Market Agents Associations and the respective Electricity System Operators.

ENTSO-E Markets Committee (European Association of System Operators) and South-West Regional Group (France, Spain and Portugal)
Within the framework of the previous indicated committee.

Monitoring Group on planning of the transmission grid (RdT)
MITYC, CNE and agents (Ordinary Regime and Special Regime generators, distributors, consumers and the Autonomous Communities that request it.)

Coordination of international interconnections planning
TSO France (RTE), Portugal (REN), Morocco (ONE) and FEDA.

GRAI. Analysis of incidents and obtaining of improvements in protection systems
MITYC, CNE, Nuclear Safety Council and market agents (generators and distributors).

Working Group on Access to the distribution grid
CNE and market agents (distributors).

With the aim of ascertaining how other TSO's manage relations with their clients and incorporate best practices, in 2009 Red Eléctrica coordinated and carried out a European comparative study. The most important companies have participated in the study which represents 62% of the European transmission grid.

The results of the study show that the management of clients in this business environment in going through an evolutionary phase, with differing degrees of implementation, and show the increasing interest of companies to develop improvements in this field.

With regard to the process of satisfaction of the clients of the subsidiary TDE, it is necessary to indicate the high evaluation (88 out of 100) granted to services given by the company in the evaluation that took place amongst the clients of the Bolivian electricity market in 2009. In the comments made in this evaluation, 100% of those interviewed stated that the service provided by TDE was very good and fulfilled the required standards of quality.

Key indicators

	2005	2006	2007	2008	2009
Estimated number of claims regarding operational activities	26	30	19	31 *	44 *
Estimated claims per 1,000 GWh of energy managed in the adjustment services of the system	2.26	0.56	0.95	1.75	1.84
Percentage of resolution of claims	100	100	100	100	100
Qualification ratings DJSI rating: customer relations	81	75	78	67	81

DJSI: Dow Jones Sustainability Indexes

(*) The vast majority of the claims considered are caused by the application of limitations by technical restrictions in real time on programming units, whose compliance (necessary for security of the system) prevents the regulation zones from fulfilling the previously acquired commitments in the market of secondary control. The increase of the volume of programmed energy in real time over recent years, principally motivated by the strong penetration of non-manageable renewable energies, and the increase in the number of suppliers of this service (the regulation zones) explains the increase in the number of estimated claims observed in 2008 and 2009. In order to avoid this type of incidents the implementation of a reassignment mechanism in real time for secondary control in the system e-SIOS has been proposed and approved, whose implementation is predicted in the first semester of 2010.

Suppliers -EC6-

Red Eléctrica has become, thanks to the role it carries out in the electricity sector and to its geographical presence, more and more extensive, an element that promotes local economic development, fostering the involvement of small and medium-sized companies in the important volume of acquisitions it carries out.

During 2009, the volume of contracts of purchases reached a figure close to 700 million euros. This amount is lower than that of 2007 and 2008, where amounts of almost 1 billion euros were reached; this was due to a strong investment in machinery and acquisitions of other assets being made, in order to start extensive projects such as the electricity interconnection between the Peninsula and the Balearic Islands.

In 2009, purchasing contracts were awarded to 1,382 suppliers. Of this number, almost 70 suppliers represent 80% of the purchases carried out during the year, compared to 55 suppliers who reached that percentage in 2008, which shows the greater diversification produced during this fiscal year.

1,382 suppliers with purchases granted in 2009

96 % of purchases of Spanish origin

700 million euros of purchases in 2009

Channels of communication

Global Help Desk for enquiries and claims; telephone and e-mail.
Specific area on the corporate website: www.ree.es
Presence in associations and working groups.
Quality agreements.
Partnerships.
Meetings.
Satisfaction studies and the identification of requirements.
Training sessions.
RePro evaluation system.
Publication in the OJEU and the OSG

Regarding the geographical scope, the distribution of purchases reflects that 96% of those awarded took place to suppliers with Head Offices in Spain. With regard to TDE, 72% of the purchases were made with local suppliers in Bolivia and the remainder in other countries, mainly in South-American countries (19%).

Key Indicators

REE (Spain)	2006	2007	2008	2009
Number of suppliers (with purchases during 2009)	1,253	1,279	1,365	1,382
Qualified suppliers [1]	465	466	492	538
Qualified suppliers with environmental evaluation[1][2]	200	202	218	231
Qualified suppliers with occupational health and safety evaluation[1]	176	182	187	197
Surveys. Degree of satisfaction (0-10)				
Goods and services (biennial studies)	n. e.	7.9	n. e.	7.6
Finance capital (biennial studies)	n. e.	8.5	n. e.	8.3
TDE (Bolivia)				
Qualified suppliers	53	79	118	143
Proveedores calificados con valoración ambiental	38	64	103	138
Qualified suppliers with occupational health and safety evaluation 38	64	103	138	
Qualified suppliers with social responsibility evaluation[3] -HR2-	0	26	65	95

(1) The term qualified supplier refers to the dual term supplier-product or supplier-service.
(2) More information in the environmental responsibility chapter.
(3) A new system was started in 2007 which included the evaluation in social responsibility.

Regarding improvement initiatives carried out in 2009, noteworthy is the project oriented to the improvement of efficiency in the purchasing processes. One of the most important aspects is to integrate the supplier into the purchasing process, which is why the development of a Supplier's Portal is anticipated. To this effect, processes such as that of invoicing, requests for tender and other communications between the supplier and the company shall be carried out in a more efficient way. The project was started up during 2009 and its implementation is anticipated for 2010-2011.

Transparency and equal terms

Red Eléctrica makes its purchasing necessities public via different information channels, such as the OJEU (Official Journal of the European Union) and OSG (Official State Gazette). In these, the estimated annual needs are published, in addition to other unique projects which they are required to publish because of their cost value. This is done to facilitate the transparency regarding communication of purchasing needs and facilitates the access of suppliers to information on equal terms.

Supplier qualification

The company continues strengthening the area of qualification of suppliers through a Repro registry system, as a prior step to the supplier qualification process. This qualification system establishes the fulfilment on the part of the suppliers of the technical standards and quality of the company and guarantees a fair treatment to all suppliers initiating their qualification process.

The qualification system takes into account not only productive and economic but also aspects regarding quality, environmental criteria, occupational health and safety and corporate responsibility.

As a result of the qualification process, a match is made between suppliers and what they supply, that is to say, a supplier is qualified for one or more specific supplies. Qualification is only required if, by their nature or relevance, they are deemed sensitive and strategic for the operation of the company. During 2009, 473 new requests for suppliers were received to initiate the qualification process, 41% more than in 2008.

Corporate responsibility -HR2-

The general contracting conditions of Red Eléctrica have since 2007 included a compliance clause on the part of the supplier regarding corporate responsibility criteria. During 2009, it continued to be more deeply involved in this matter, participating in several forums with the aim of defining a methodology

and an evaluation questionnaire to quantitatively value and compare each one of the suppliers included in the registry system with which the company works.

Dialogue with suppliers

In its desire for continuous improvement, Red Eléctrica has continued taking part in working groups and procurement associations, with the purpose of taking advantage of synergies of other companies in its relation with suppliers.

In addition, it has participated in annual work sessions between clients and suppliers pertaining to the utilities sector, oriented to the promotion of dialogue and to favour mutual knowledge. Additionally, Red Eléctrica is member of the Association of SAP Users Spain (AUSAPE) and of the Spanish Association of Purchasing, Contracting and Provisioning Professionals (AERCE).

The Media

During 2009, in response to the policy of transparency and continual improvement, direct relations with the media have continued to be strengthened through meetings, as much national as regional, in order to be aware of the diverse projects that Red Eléctrica carried out during the year.

Amongst the informative sessions that have been organised, noteworthy is the visit with the Balearic Islands' press to the electricity interconnection works of the Peninsula-Balearics and the meeting in Valencia to report on the substations of transmission of electrical energy foreseen in the city in the Energy Planning 2008-2016. Additionally, and with the motive of the inauguration of the new Canary Islands' Head Offices in Las Palmas de Gran Canaria, an informative meeting with the media was organised on the island.

Moreover, a communication model for exceptional situations has been developed, with the aim of effectively managing possible crisis situations.

Communication channels

Electronic mail: gabinetedeprensa@ree.es	Training sessions.
Customer support via telephone.	Live broadcast of the General Shareholders Meeting press conference via Internet.
Press Room on www.ree.es	Subscription service for press releases
Entrelíneas magazine.	Collaboration with professional associations.
Press releases.	Satisfaction surveys.
Press conferences.	Visits to the Company's facilities

To this end, a specific training plan was drawn up directed to the people who can be involved in crisis situations and that act as spokespersons before the media, or simply as people responsible for the information.

As a support for the designed model, a platform in the corporate webpage has been created that can be activated immediately, so that any mass media can access the information available in real time. In order to evaluate its operation, a simulated crisis situation was organised in which the different areas of the company who were affected took part.

Key communication indicators

	2006	2007	2008	2009
News about Red Eléctrica published in the media	**5,913**	**10,879**	**6,924**	**7,981**
National press	2,442	4,625	2,894	2,202
Regional press	3,471	6,254	4,030	5,779
Information published				
Press releases	35	37	47	46
Press conferences and meetings	22	25	26	32
Interviews and statements	148	121	99	138
On-line Press Room				
Number of visits	45,530	89,447	125,576	235,572
Pages consulted	177,995	357,640	1,153,387	1,841,109
Surveys. Degree of satisfaction (0-10)*	**n.e.**	**n.e.**	**7.33**	**n.e.**

** Biennial studies.*

Social environment

Red Eléctrica integrates into this category educational and research centres, ecological groups, unions, councils, organisations and business institutions, local communities and NGO's, with whom they have various types of relationship whilst maintaining transparency and mutual co-operation.

Amongst the diverse formulas used, noteworthy are the new dialogue platforms, an innovative tool implemented in 2008 to promote a greater affinity with the less traditional stakeholders, as well as carrying out surveys of different social groups

This policy of proximity has also been maintained with the education centres by means of the participation in science fairs and museums. During 2009, Red Eléctrica participated in the science fairs of Zaragoza and Bilbao, and was present with the exhibition "The electricity highway behind the wall socket" in the Planetarium in Pamplona and the Sotavento experimental wind farm in Lugo.

In addition, it continued working on the development of an educational programme with related energy contents, which help the teacher and facilitate the scientific, technical and cultural teaching to students of different educational levels.

Communication channels

Enquiries and claims, Telephone and electronic mail	Meetings and agreements with public bodies (both local y autonomous)
Corporate website, www.ree.es	Open door visits and conferences
Publications (corporate, electrical, environmental, social)	Participation in fairs
Educational channel on the corporate website	Satisfaction surveys
Participation in congresses, forums, conferences, courses	Corporate volunteer programme
Collaboration with business, educational, social and environmental bodies	Sustainability laboratory
	Dialogue platforms

Regarding environmental matters, this commitment is reinforced by carrying out environmental dissemination campaigns, especially related to the efficient and responsible consumption of electricity, as well as by collaborating with other prestigious entities which work in the area of raising environmental awareness and protecting the environment.

For its part, the support and the relation with society takes shape in the participation in projects and social and cultural initiatives destined to improve the quality of life of the citizens.

Regarding the claims made to Red Eléctrica by stakeholders classified and as such, during the 2009 fiscal year 17 claims appraised were made through the DÍGAME service, all by private individuals. 88.2% correspond to minor damages occurred during the construction or maintenance of transmission grid facilities. The percentage of resolution of said claims has been 100%.

Key Indicators

Qualification index DJSI Rating: Social dimension (0-100)	2005	2006	2007	2008	2009
Commitment with stakeholders	95	95	87	70	73
Social Communication	89	98	82	80	100
Corporate citizen	80	85	85	87	87
Surveys. Degree of satisfaction (0-10)*					
Councils	6.8	n. e.	7.3	n. e.	5.9
Social environment of the activity	7.2	n. e.	7.5	n. e.	6.8
Educational and research centres	8.3	n. e.	7.7	n. e.	8.3
Financial and business analysts	n. e.	7.4	n. e.	n. e.	7.8
Unions	5.3	4.5	n. e.	n. e.	4.7
Business organisations and associations	8,3	n. e.	8.5	n. e.	8.9
Environmental groups	4.5	n. e.	5.5	n. e.	7.5
NGO's/Foundations	6.0	n. e.	7.7	n. e.	8.4

DJSI: Dow Jones Sustainability Indexes.

Contingency management -EU21-

Amongst its processes, Red Eléctrica has defined those that specify the management of contingencies that might be produced in the company. These processes are developed in a series of regulatory documents which govern the activities in the case of operational emergencies, At the same time they are also complemented by other regulations that include the entire spectrum of possible contingencies and which affect the environment; accidents and very serious events that affect the people; the activities in the face of situations brought about by pandemics or the evacuation of the company's buildings and facilities.

Additionally, the company makes available executive action guides, regarding contingencies of the electricity system called "Service Restoration Plan", which shows in detail the actions to be taken to restore the energy supply under secure conditions. Also, the company counts on a specific training centre known as the "Operation School", in which it trains the technicians who work in the electricity control centre, in simulations regarding the restoration and recovery of the service.

Corporate Website

The company's corporate website (www.ree.es) maintains the vocation of disclosing to all stakeholders information regarding the essential aspects of the operation of the Spanish electricity system, in addition to the activities carried out by Red Eléctrica as system operator and manager of the transmission grid.

Therefore, amongst the contents available on the website, of huge importance is the information, offered in real time, regarding the electricity demand curve across the whole country. Every ten minutes, data of the real demand is provided, alongside details of the different generation technologies with which that demand is covered. Also shown, in ten minute intervals, is data regarding the wind power generation curve in real time and its contribution to the demand coverage.

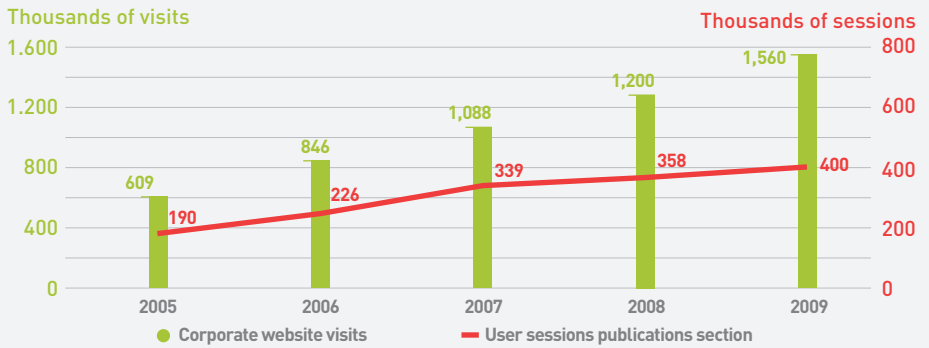
More than 1,5
million visits to the corporate webpage

AA Rating
web accessibility certification

During 2009, with the purpose of contributing to climate change awareness, data regarding the hourly estimated CO_2 emissions associated to the generation of electricity in Spain has now been incorporated in the demand curve. In the data, shown in real time, is a breakdown of the emissions corresponding to each one of the generation technologies. In addition, new contents for the section have been elaborated on demand side management and energy efficiency that will be published throughout 2010. Also published, is a new version of the educative game "Controla: electricity control simulator" which includes different measures of energy saving and intelligent consumption. Similarly, an online platform activated in emergency situations has been put into service.

In 2009, the webpage received 1,500,000 visits (18% more than in 2008) originating from hundreds of countries and almost 13 million pages were consulted. The increase in the number of visits confirms the increasing importance of the corporate website as a communication channel with all stakeholders. The Group's policy of transparency is also expressed on the website of TDE (Bolivia) (www.tde.com.bo) which offers wide-ranging information regarding the Company and the Bolivian electricity sector. In the 2009 fiscal year, this website received 24,112 external visits, an increase of 55 % on the figure from the previous year.

Annual Evolution of corporate website visits



Environmental and social integration of projects

-EC8, SO1-

With the purpose of obtaining the maximum possible social acceptance in the implementation of the new grid development projects, Red Eléctrica continues carrying out activities to foster the participation of all the interested parties and to respond to the demands for information generated in this area.

Main activities for the social environmental integration of the facilities

Opinion polls.
Presentations to institutions, councils and NGO's.
Involvement in forums and technical days.
Informative leaflets and publications.
Collaborative agreements.
Projects of additional accompanying measures.

These actions pursue the following objectives:

- **Integrate the presence of the Company** in the social, environmental and institutional fabric of the territory where the projects take place.
- **Explain and disseminate the need for the projects** and give adequate responses to the demand for information generated in the environment.
- **Maintain the informative transparency through clear**, honest and timely messages.
- **Conciliate the general and particular interests** within the territorial scope with the possibilities of the projects.
- **Achieve collaboration agreements** that can contribute to sustainable development in the implicated municipalities.
- **Promote the maximum institutional and social consensus** in the implementation of the projects.

In addition, Red Eléctrica fulfils all the applicable regulations within the development process of electricity facilities, which amongst their contents contemplates the form of public participation in this process. Specifically, Law 27/2006 governs the rights of access to public information.

Similarly, Law 9/2006, regarding the evaluation of the effects of certain Environmental Plans and Programmes (in particular the evaluation of the Electricity Infrastructure Plan 2008-2016) makes reference in article 10 to the consultations of the sustainability report of the Plan or Programme submitted to the Administration, local organisations and to all physical or legal persons who might be affected by the Plan. The Ministry of the Environment and Rural and Marine Affairs guarantees that the consultations are carried out in accordance with the Law.

In the same way, RD 1/2008 regarding the Environmental Impact Assessment of projects, includes in article 8 the obligation to carry out prior consultations of the environmental document and article 9 obliges public information of the Environmental Impact Study. **-EU19-**

Management focus regarding the implementation of facilities

-EU20-EU22-

In the development of the electricity facilities of REE no project implies the displacement of people who reside in the surrounding areas, given that in its study and design, not affecting the day-to-day way of living of the population is contemplated. The effects produced by the implementation of the electricity transmission facilities on the socioeconomic aspect are focused on the easements that shall be carried out and in the social acceptance of the project, due to the fact that the remaining components of this aspect such as demography, employment, agriculture, livestock, business, industry, construction, etc., due to the characteristics of the aforementioned, the effect is minimal, the owners can continue with their pre-existing activity.

The effect on the properties takes place as a result of the passage of electricity lines through the territory and the possible opening of new access roads to reach the location of the towers. In general, **Red Eléctrica tries to reach an agreement with the owners who will be affected by the installation**, as much by the towers and their access roads as by the conductors. The application of this criteria, **allows amicable agreements to be reached with more of 90%** of the owners of the land through which the transmissions facilities cross.

The economic compensation used for these agreements, is determined according to the indicated valuation methods as set out by current law.

Sustainability laboratory

Red Eléctrica has set up a sustainability laboratory conceived as an instrument to facilitate permanent dialogue with stakeholders and to allow a better conciliation between the needs and demands of stakeholders and the strategy of the company.

The strategic lines that shall be developed through laboratory are the following:

- **Contribute to the implementation** of the principles and objectives of sustainability in the management of the company.
- **Foster and drive social participation**, as a base for progress, well-being and sustainable development.
- **Implement a management system** that measures the impact and the performance of the sustainability projects agreed with the stakeholders.

In this respect, the sustainability laboratory can be defined as a space for the design and development of sustainable projects, in collaboration with local communities, to strengthen the integration of the company in the area where it carries out its activities, fostering neighbourly relations and mutual benefit.

The **organisational elements** on which the laboratory is sustained are:

- **Technical committee:** made up of the units of the company which represent the dimensions of sustainable development: environmental, social and economic. Its main mission is to define and to plan the implementation of the sustainability projects to be developed by the company.
- **Working group:** its members are proposed by the Technical Committee in agreement with the characteristics and needs of the projects. Its mission is to manage the projects, to carry out its evaluation and monitoring and to propose improvement action.
- **Sustainability Councils:** are advisory organs integrated by professionals of recognised prestige. Their mission consists of evaluating the social, environmental and economic impact of the activities of the company and identifying the actions for imporved integration in society and the area.

  Constituted councils:

  Canary Islands sustainability council (2008)

  Balearic Islands sustainability council (2009)

Sustainability projects

Priorities of the territories and the communities, when carrying out sustainability projects:

Environmental: territory of high ecological value: Red Natura 2000, etc.

Social: exodus and ageing of population.

Economic: existence of REE assets.

Main objectives:

Disseminate the value of own natural resources and their sustainable advantage.

Contribute to the benefit of society by adding value through the establishment of sources of sustainable employment.

During 2009, several sustainability projects were carried out, the most noteworthy aspects are as follows:

Social participation process in the Sierra de Gata area (Cáceres).

This project was carried out in collaboration with the joint municipalities of Sierra de Gata and ADISGATA, and consisted of holding special information sessions with the purpose of fostering social participation, mainly of enterprising young people, for the sustainable development of Extremadura.

Ornithological viewing point in Palmones (Campo de Gibraltar. Cádiz)

The project consisted of the fitting-out of an installation for the observation of birds, equipping it with telescopes and informative panels on the birds and their habitats. This was carried out in collaboration with the MIGRES Foundation.

The energy of both shores

The project consisted of the creation of didactic support units for teaching staff for the promotion of energy efficiency and the sustainable use of the energy, aimed at children between 8 and 15 years old from the Arribes del Duero locality. This was carried out in collaboration with the Encuentro Foundation.

Urban and territorial sustainability platform

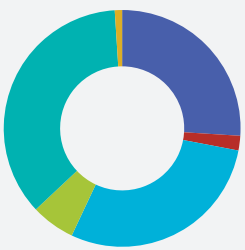
Red Eléctrica took part in the "Natural heritage, culture and landscaping. Keys for territorial sustainability" day, under the agreement it maintains with the Spanish Sustainability Observatory for the development of the urban and territorial sustainability platform



Support for community development

The support for the community is expressed through cooperative actions and sponsorship of specialised organisations in the educational, environmental and social research fields.

Distribution of investment in the community
€2.1 million



- Organisations, institutions, associations **26%**
- Informative days and congresses **2%**
- Educational **29%**
- Environmental **6%**
- Social **36%**
- Corporate volunteers **1%**

Investments in the community (% on net profit)

The variability of the investment responds to punctual or exceptional circumstances and not to a strategy. In 2008, a special environmental awareness campaign was carried out and in 2009 the annual Madrid Science Fair was not held and in which REE had been actively participating in recent years.

2.1
million euros invested in the community

Environmental collaborations

Spanish Sustainability Observatory (OSE)
Collaboration agreement between REE and the University of Alcalá Foundation – OSE, for the development of an urban and territorial sustainability platform.

Group for the rehabilitation of the indigenous fauna and its habitat (GREFA)
Collaboration in developing activities aimed at conservation and restoration of indigenous fauna and its habitat.
"Throw them a line, plug them in to life" Campaign, project of social nature oriented to environmental aspects

Entorno Foundation
Collaboration agreement to promote environmental improvement by developing training and research activities in collaboration with the business world. Participation in the Energy and Climate Change and Ecosystems working group.

Spanish Ornithological Society (SEO)
Framework agreement for collaboration in the execution of projects and actions that are conducive to the coexistence of electricity transmission lines with birdlife preservation.

Fund for the protection of wildlife (FAPAS)
Collaboration in the fostering of mountain agriculture: the planting of fruit trees in abandoned high-lying land areas with the aim of food for the bear and the Wood Grouse.

MIGRES Foundation
Collaboration in activities related to the conservation of nature, especially migratory species.

Official School of Physicists (COFIS)
Consultancy agreement on issues within their competence, especially regarding electric and magnetic fields.

Excellence in Sustainability Club and Austurian Environmental Foundation
Sponsorship of the website "Responsabilidad i +" where new trends in corporate responsibility are disseminated.

Association of Environmental Information Journalists
Collaboration agreement to encourage environmental information, Sponsorship for the 8th National congress for environmental journalism.

Association to the RedLife magazine
Sponsorship of Great Bustard and the Mediterranean dolphin.

CONAMA Foundation
EIMA 7. Iberoamerican Sustainable Development meeting, Aiguazu, Brazil 2009.
Presentation of «The Red Eléctrica Sustainability Laboratory ».

Doñana Biological Station (CSIC)
Conservation of biodiversity: birdlife.

Governments of Aragón, Autonomous Government of Andalucía, Autonomous Government of Castilla-La Mancha, Provincial Council of Álavá, Provincial Council of Vizcaya
Collaboration in conservation activities of the natural environment, avifauna and fire prevention.

Government of the Canary Islands
Signing of the associated Declaration for the participation in LIFE Project "Reduction of unnatural mortality in threatened populations of birds in Specially Protected Areas for birds (SPAs) in Fuerteventura and Lanzarote".

Naturaleza y Hombre Foundation
Collaboration on the LIFE project + «Conservation of biodiversity in western Iberia: Campanario Reserve in Azaba».

Fernando González Bernáldez Foundation (FUNGOBE-EUROPAC)
Collaboration agreement for the analysis of Employment Sources associated to natural protected areas.

Gypaetus Foundation
Project of selection, creation and management of areas of habitat improvement for the Great Bustard and other Steppe species.

Collaborations with research and educational centres

Higher Council of Scientific Research (CSIC)
Framework agreement for the development of common projects of mutual interest.

Research centre of Economy and Society Foundation (CIES)
Collaboration on a Master's course Corporate Social Responsibility. Accounting and Social Auditing

University Carlos III
Collaboration agreement for developing a Master's course in Industrial Economy, specialising in the energy sector, 18th edition.

Economía Aragonesa Foundation
Collaboration agreement for the development of the project «Analysis of the macroeconomic impact of the transmission facilities planning in the electricity sector in Spain and Aragon» project to be developed 2009-2010.

Rey Juan Carlos University
Collaboration agreement for the development of the course «The challenge of scientific and environmental information. V Scientific and environmental journalism Course-Workshop».

University of Valladolid
Programme for associated professors linked to companies, through which Red Eléctrica technical staff teach within their activity.

University of la Laguna
Collaboration agreement for the development of a Masters in renewable energy.

Empresa Seguridad y Sociedad Foundation (ESYS)
Collaboration agreement for the elaboration of studies and training activities regarding safety in companies.

University Autónoma de Madrid
Collaboration agreement with the office of international cooperation for the development of a project of institutional strengthening of Universities of the south.

University of Barcelona (Bosch i Gimpera Foundation)
Collaboration agreement for the development of the investigation project «Economic analysis of the role of system operator and manager of the electricity transmission grid».

FOREVE. Spanish Forum on Electric Vehicles
Collaboration for the development of activities of general interest for industrial implementation and of the electric vehicle market in Spain.

Alternativas Foundation
Agreement for the promotion of the development and dissemination of studies in the fields of: employment, health, culture, education, economy, the environment, quality and immigration.

IX Science Week
Collaboration in the Science Week: Open door days at specific facilities of Red Eléctrica.

Rivas Vaciamadrid
Participation of Red Eléctrica in the «Sustainability Week in Rivas» with diverse activities such as presentations regarding energy efficiency and demand management.

Social and cultural collaborations

International Solidarity
Collaboration agreement for the promotion of an increased representation of women in Bolivia and Peru, encouraging the equal participation in all social and political areas.

Deporte de Alcobendas Foundation (FUNDAL)
Annual sponsorship for fostering local sport and the development of diverse social programmes, such as the «Integration through sport. Immigration and the disabled», Alliance FUNDAL-UNICEF, «Educating through sport» and «We play too».

Ecología y Desarrollo Foundation
Collaboration agreement for the development of the «Carbon Disclosure Project in Spain during 2009».

Estudios Rurales Foundation
Collaboration agreement destined to encourage rural development. Financing of the Mundo Rural en España (Rural World in Spain) photography competition.

Intermón Oxfam
Acquisition of T-shirts for the fourth Solidarity sports week.

Ramón Rubial Foundation
Collaboration agreement to facilitate the activities of the foundation. Subsidy for the project «Management of the office of attention for the return of Spaniards detained in Bolivia».

APSURIA Foundation
Collaboration agreement for the supporting the financial costs so that a person may be cared for in the treatment centre and residency for the disabled of the Foundation in Alcobendas.

Victims of Terrorism Foundation
Collaboration agreement destined to the development of activities of the foundation.

Carlos III Foundation
Collaboration agreement for the development of social actions carried out by the organisation in the areas of Getafe and Leganés.

Administración General de Cataluña
Collaboration agreement for the exhibition «Grids. A journey through the infrastructure in Catalonia. The value of these facilities for the improvement of competition, progress and quality of life».

Español Urgente Foundation (Fundéu)
Agreement for fostering the correct use of Spanish.

Madrid Symphony Orchestra (OSM)
Co-financing of the music cycles for the Community of Madrid for the 2009-2010 season.

Madrid Hippodrome
Collaboration in the renovation of the facilities.

Europe Forum of New Economy
Co-sponsorship for the financing of the forums with renowned experts on issues of great social interest.

Europe Forum Catalonia Tribune
Co-sponsorship for the financing of the forums with renowned experts on current social issues.

Chuecos Castle
Collaboration agreement in the fire fighting included in the Sustainable Management the area of the Chuecos Castle Plan.

ADISGATA (Association for the development of the Sierra de Gata region. Cáceres)
Colaboration in citizen participation forums and the development of the area through the establishment of sources of sustainable employment.

Santa María la Real Foundation
Collaboration agreement. Publishing of the book: «Románico en Castilla La Mancha. Cuenca».

European grouping of Territorial Cooperation Duero-Douro
Collaboration agreement for the development of the county by means of sustainable rural development projects.

Red Eléctrica in Bolivia

TDE carry out diverse activities of general interest in Bolivia directed towards social development, the fostering of culture and the boosting of education.

In the scope of **social business development**, noteworthy is the organisation and sponsorship of TDE, jointly with the Bolivian CIER Commission (BOCIER), the "Business forum of social responsibility in the electricity sector". Its objective has been that of strengthening and driving the companies and institutions of the electricity sector regarding a responsible and sustainable business management.

Renewable energies programme -EU24-

TDE, in collaboration with the IFC (International Finance Corporation), is developing a programme to promote the access to and use of renewable energies in rural populations of Bolivia. The objectives sought by this programme are the following:

To provide efficient services regarding energy consumption based on renewable energy

- **Bolivia Wind Atlas**
  This project has the result of the drafting of a wind atlas of the entire national territory using satellite technology.
- **Micro hydroelectric power stations**
  Construction of small generation stations, complementary to photovoltaic systems or other types of distributed generation that constitute an alternative for the plains population and those far away from the distribution grids.

Mitigating environmental impacts

- **Programmes for wood burning stoves**
  In rural areas the implementation of wood burning stoves in closed environments have a negative impact on the health and their inefficient use of wood has an environmental impact, In this respect, the improvement and replacement of these stoves has been proposed for more efficient ones which do not contaminate the rooms and consume less wood.
- **Battery substitution**
  Substitution of conventional batteries for those which are rechargeable using solar energy, with the purpose of eliminating the environmental impact produced when they are disposed of.

TDE annually collaborates with institutions and socially oriented organisations to provide aid to the most underprivileged populations and participates in solidarity campaigns to support children with disabilities.

Within the activities oriented to the promotion of culture, during 2009 the final stage of the programme to foster sport and instil values in the children and young people in the tropical region of Cochabamba has been carried. Through a "Sports Management course", coordinated between TDE and the Alcobendas Sports Foundation (FUNDAL), training was given to 175 participants of the five municipalities of the region.

Similarly, TDE has participated as sponsor in cultural events of recognised artists, groups and cultural organisations. In this management, noteworthy was the sponsorship to the Bolivian Charango Society for the presentation of the first "Orchestra of 1,000 charangos", with the objective of consolidating the charango (a small five-stringed guitar) as cultural heritage of Bolivia.

Regarding the activities carried out in the educative field, TDE maintains diverse agreements of mutual collaboration with the country's universities. In 2009, the latest agreement was signed with the San Francisco Xavier University in the city of Sucre.

For six years it has been developing the educative programme "Together we transmit energy", which benefits children and young people of the schools of rural areas of the country. In 2009, this programme benefitted more than 9,000 students that attend the 90 rural schools in the vicinity of the company's facilities.

For its part, the interactive electricity centre made available by TDE received visits from more than 1,500 children and young people between the ages of 6 and 17 years old during 2009. With this initiative, 18 educative institutions have been able to reinforce student learning regarding matters related to electricity, in a didactic and interactive way.

As for their participation in the business and sectorial environment, TDE actively participates in the Bolivian CIER Commission and occupies the presidency of the Bolivian CIGRÉ Committee. This committee is made up of the Andean Committee and the Iberoamerican Committee of CIGRÉ.

Red Eléctrica in Peru

The social activities of REDESUR are focused principally on the improvement of education of the school children in the immediate vicinity of the electricity facilities and are developed through the Uralán Fund managed by REDESUR and the Compañía de Jesús.

This Fund, that in 2009 was allocated 43,000 dollars, has allowed the development of the following activities:

- **Reader Plan:** creation of libraries in 24 educational centres, with a provision of 646 books.
- **Distribution of school material:** every school year the provision of educational material for the children of an average family in Peru represents a very high expense. REDESUR has distributed packs of school material to 958 children in 29 educational centres.
- **Improvement in the educational facilities:** 23 centres of information technology (IT) centres have been set up.
- **Support to teacher training:** 43 teachers have been trained and 116 teachers' training packs were delivered.
- **Community integration training days** aimed at education regarding the electrical risks and environmental conservation.

The execution of these activities has made the promotion of the REDESUR volunteer programme possible, having achieved a direct participation of 8 people (40% of the group).

Additionally, REDESUR has reached agreements with the University of San Agustín de Arequipa and with TECSUP, an educational institution, which has not only allowed new interns to be incorporated and to impart specific formation to the company's technical team, but also to hold diverse courses and technical days.

REDESUR also has a wide representation in the business and sectorial environment, noteworthy is their presence in:

- National Society of Mining, Petroleum and Energy Executive committee (SNMPE).
- Executive committee of Official Spanish Chamber of Commerce in Peru (COCEP).
- Presidency of the Social Responsibility Committee of the Spanish Chamber of Commerce
- Coordination committee of the Spanish Cooperation in Peru (CCCEP).
- Social Affairs Committee of the SNMPE employer's association
- Presidency of the Andean Committee of Cigré.
- Secretary of the Iberoamerican Region of Cigré (RIAC).
- Committee of Occupational Health and Safety of the Regional Energy Integration Commission (CIER).

07

Environmental **Responsibility**

100 %
of the projects with environmental assessment

Respect for the environment is one of the fundamental and strategic principles of REE, as reflected in their environmental policy and under which all their activities are carried out.[1]

ISO 14001 Certificacton in all companies of the Group

(1)The quantitative indicators on pages 175-224 refer to the main activity of Red Eléctrica (unless expressly indicated otherwise). On pages 225-228 those corresponding to TDE and REDESUR are indicated

Environmental policy principles

Guide the Group towards sustainable development, seeking to commensurate the balance between respect for the environment, the promotion of progress, social well-being and economic interests, with the objective of creating value on a permanent basis.

Seek leadership in environmental issues in all the companies of the Group within their areas of activities.

Ensure compliance with the environmental legislation, regulations and laws applicable to the activities they carry out.

Guarantee ongoing improvement and prevention of environmental contamination through the updating and monitoring of management systems and environmental goals.

Promote research, the development and use of new technologies and processes in order to reduce or minimize environmental impact.

Integrate the environmental variable in the design and development of new plans and projects for facilities or in the modification of existing ones.

Incorporate environmental requirements into the selection and evaluation process of suppliers and contractors.

Elaborate and provide permanent training, awareness and motivation regarding environmental protection to achieve a more active participation from employees.

Develop methods and channels of communication for informing and communicating with all interested parties on activities related to the environment.

Policy and management system

Red Eléctrica has implemented a certified environmental management system in all the companies in the Group, in accordance with the UNE-EN ISO 14001:2004 standard (activities and facilities located in Spain, Bolivia and Peru) and registered since October 2001, on the European community eco-management and auditing system (EMAS) (activities and facilities located in Spain).

The maximum operational responsibility regarding environmental aspects of the activity in Spain falls on the Engineering and Environment Department, which counts on a specific department that provides technical supports to all organisational units. This department consists of 17 technicians in the main office and 19 territorial technicians to improve the monitoring and control of all field activities.

Preserving the natural surroundings where our facilities are located

The environment in the processes of Red Eléctrica

Red Eléctrica identifies and assesses all those aspects derived from activities which could interact with the environment and produce any type of impact. The main effects are linked mainly to the presence of the facilities (electricity lines and substations), as well as to their construction and maintenance works.

Thanks to the application of preventive measures and to the accomplishment of the works according to best environmental practices, the potential effects are reduced and the resulting impacts are compatible or insignificant. In those cases when effects are produced in the environment, the most adequate corrective measures are applied with the purpose of mitigating or compensating for them.

Potential effects on the environment [1]

Visual impact of the facilities (lines and substations) and access routes.*
Land occupation (temporary: clearing areas for work and temporary access routes; permanent: substations and legs of the towers).
Effects on vegetation (clearing areas for work, opening of line-hanging paths and safety corridors). **-EN12-***
Effects on fauna (alteration of habitat in construction / collision of birds in maintenance). **-EN12-***
Effects on the land (land movements/spillage risk of pollutant substances).
Effects on historical / cultural heritage (in land movements)
Generation of dust (at works site).
Noise generation.
Non-hazardous waste total.
Risk of water contamination (to water sources during land movements during construction/due to accidental spillage)
Fire risks.
Presence of hazardous substances (PCBs).
Electromagnetic fields.
Effect to the socioeconomic environment and to the fauna due to light pollution.
Effects on the atmosphere (SF_6 leaks).

(1)This table covers the potential effects (significant and of lesser significance). Those more habitual or of greater intensity are marked (*) and vary depending on the type of facility and its location.

The grid planning stage

Starting at the initial stages of the transmission grid planning, Red Eléctrica takes into account the alternatives of least global impact on the environment. To this end, Red Eléctrica collaborates actively with The Ministry of Industry, Tourism and Commerce (MITYC) in the strategic environmental assessment process of the electricity planning. Specifically, during 2009, they worked collectively on the definition and calculation of indicators that allow the evaluation of the environmental effects (both positive and negative) derived from the 2008-2016 Infrastructure Plan.

In addition, Red Eléctrica collaborates with several autonomous communities on the development of regional electricity infrastructure plans that allow the implementation and articulation on the territory the planning of the electrical sector approved by the Ministry of Industry. These plans shall be included in the Territorial Organisation Plans (POT) or they must be authorised as Special Infrastructure Plans, both submitted to a strategic environmental assessment procedure on behalf of the autonomous community.

Thanks to these projects, the necessary corridors shall be reserved to develop approved electricity infrastructures in the present planning (2008-2016), the first needs for the 2030 horizon and the extension of existing facilities, that on many occasions, entre into conflict with the development of city-planning. At present the communities of Castilla-La Mancha and Madrid are being worked with.

We define the alternative of least impact so as to avoid effects on the natural and social environment

The project stage

The definition of the alternative of least impact is the single most important measure to avoid the majority of possible effects on the natural and social environment. For this reason, REE carries out an Environmental Impact Study on all its projects (new facilities and modifications of facilities in service) informing the appropriate environmental administration including those cases where

they are not subject by Law to an Environmental Impact Assessment. Thanks to this, the best locations and routes can be established for future facilities and also the preventive and corrective measures which must be applied in the construction and maintenance phases can be defined beforehand.

During 2009, the administrative proceedings for 82 projects began (20 of them without being subject to an environmental assessment procedure), obtaining environmental authorisation for 34 of them.

The construction phase

REE environmentally supervises the construction works of its new lines and substations to ensure the compliance with environmental requirements, and to verify the effectiveness of the corrective and preventive measures implemented. In order that the environmental supervision is more effective, in many cases the continuous presence of the supervisor in the field is considered necessary, which is why specialised companies have been contracted for this type of work (without the REE environmental technician losing the responsibility). Permanent environmental supervision in 2009 covered 35% of works in progress, compared to 29% in 2008.

Environmental supervision (new facilities)

	2008	2009
Substations		
Total works supervised	17	36
Permanent environmental supervision (contracted)	2	7
Lines		
Total works supervised	27 (1.154,5 km)	33 (990,05 km)
Permanent environmental supervision (contracted)	11 (753,76 km)	17 (607,83 km)

Regarding TDE, in 2009 monitoring of the construction of the South Extension I (Ampliación Sur I) Project was carried out (in accordance with its Prevention and Mitigation Programme - Environmental Application and Monitoring Plan), presenting four Monitoring Reports and a Final Environmental report to the competent authorities.

The maintenance stage

Red Eléctrica de España works with strict environmental criteria regarding maintenance tasks. During 2009, the detailed supervision of 144 substations took place meaning that since September 2008 (the date these activities began) 38.44% of the REE substations have been reviewed.

In the Bolivian company TDE, a multidisciplinary team carried out the supervision of eight facilities in accordance with their Environmental Application and Monitoring Plan (PASA 2009), and the corresponding reports were presented to the environmental authorities.

We work with strict environmental criteria in all phases of our activity

Management of biodiversity

Red Eléctrica has acquired a clear commitment to biodiversity which is evident by means of two fundamental lines of work:

We apply diverse measures to protect and preserve indigenous ecosystems and areas

- Avoiding affecting those areas rich in biodiversity and, in the case of this not being possible, carrying out all the necessary actions to diminish the effects that the facilities can cause on the flora and fauna
- Actively contributing to the conservation of biodiversity of our country, participating and leading different projects, and carrying out different dissemination and training activities.

Red Eléctrica facilities and biodiversity

The aim of the transmission grid is to link the energy generation centres with the consumption areas. In order to guarantee the continuity and security of supply, as well as an adequate integration of renewable energies, this grid must be sufficiently meshed.

Presence of facilities in Red Natura zones -EN11-

	2007	2008 (1)	2009 (1)
km of line in SAC / total km of line (%)	14.28	13.5	13.7
Surface area of lines in SAC/Total surface in SAC in Spain (2) (%)	0.12	0.12	0.12
km of line in SPAs / total km of line (%) (%)	11.6	10.8	10.9
Surface area of lines in SPAs / Total surface in SPAs in Spain (%)	0.14	0.12	0.12
Number of Substations in SAC / Total Substations (%)	8.98	11.8	11.7
Number of Substations in SPAs / Total Substations (%)	7.3	9.6	9.5

SAC: Special Areas of Conservation; SPA: Specially Protected Areas for birds.
(1) In calculating the 2008 and 2009 ratios, these are adjusted in accordance with the Red Natura 2000 database published in 2008.
(2) The surface area of lines in SAC has been calculated assuming an occupation of 20 m on each side of the line. It is necessary to keep in mind that the occupation is aerial; there is only actual occupation in the case of the towers.
Note: 7.23 km of lines have been commissioned in Red Natura during 2009, and 1 substation, 4.75% and 4.1% respectively of the total lines and substations commissioned during this period.

For this reason, Red Eléctrica's facilities are located all over the national territory, making it - in many cases - inevitable that they cross or be located in protected spaces or in areas with species of interest (approximately 25% of the Spanish territory is protected).

We participate in different projects oriented towards the conservation of biodiversity

Potential impacts on biodiversity -EN12-

The potential impacts of the activities of REE on biodiversity are related to:

- Affecting flora and the alteration of habitats of certain species, mainly during construction activities.
- Felling and pruning due to maintenance and fire risk reduction.
- Risk of birds colliding with the grounding cables that protect the lines from electricity discharges during storms.

In order to minimize these effects, specific working guidelines, preventive and corrective measures are established which are more intense in the case of a potential effect to protected areas or species existing. -EN14-

Specific impacts occurring in 2009 -EN12-

Effect on vegetation

Felling of woodland due to the opening of access paths (all with positive EID) and clearing areas for work. (1)
Felling of 50 trees in wooded zones in protected natural areas (PEIN Gallifa-Cingles Bertí) , 2 paths.
Felling of 820 trees in 32 tower works (29 of them in protected natural areas).
Fire
Fire caused by a spark from a grinder during maintenance operations. 15 hectares of pines and shrub-land burnt. In this case, following a damage assessment, a restoration project was elaborated and will be carried out during 2010.

Effect on birdlife

Collisions of birds with lines in service
Collision of one stork (Ciconia ciconia) and one owl (Bubo bubo) which suffered injuries.
Detection of 12 corpses or remains of birds in a span of a line in service.- Golden Eagle (Aquila chrysaetos), Great Bustard (Otis tarda) – vulnerable species according to the IUCN red list, -EN 15-, Grey Heron (Ardea cinerea), Griffin Vulture (Gyps fulvus) and Marsh Harrier (Circus aeruginosus).
Collision with lines under construction
Collision of one Griffin Vulture (Gypsus fulvus) with the grounding cable during line hanging works.

(1) It is interesting to see how these effects could have been greater had the preventive measure not been applied (see the table of L/Senmnat-Vic-Bescanó measures).

Preventative and corrective measures regarding construction

Amongst the different measures carried out regarding the construction of lines for the protection of flora, noteworthy is the installation of cables, **either manually or by helicopter, the increasing of the height of towers, hoisting with a boom crane and the stopping works during times of high fire risk.**

Regarding the protection of fauna, the main measures are oriented towards **the interruption of works during the nesting period of sensitive species.** In the following tables, the main protection measures regarding flora and the fauna are detailed for construction works carried out during this fiscal year. **–EN13, EN14-**

Protection of flora. Preventive and corrective measures applied during construction -EN14-EN13-

L/Sentmenat-Vic-Bescanó*	
Minimizing the need of building new access routes	The access routes have been agreed on with the forestry services of the autonomous community, and full use is made of the existing network of paths. Some sections have been submitted to environmental evaluation. The reduction of the environmental impact is yet impossible to determine.
Reduction of the work clearance area and hoisting with boom crane	Reduction of the work clearance area (from 40x40 to 16x20 m). These measures have avoided the felling of approximately 3,300 trees, in their majority located in protected areas. Hoisting with a boom crane versus a standard crane requires less cleared surface and narrower access routes, representing a lesser impact on flora.
Increasing the height of towers	Increase in the height of 96% of the towers to avoid the need to open a safety corridor (67 in 2009); avoiding the felling of approximately 60,300 trees.
Hanging of cable using helicopter	The need to open a corridor (46.84 km) for the hanging of cable avoided the felling of 15,000 trees.
Transplanting of holly trees and gathering of seeds	Transplanting of 20 Holly trees (*Ilex aquifolium)* affected by the works to an area in the vicinity. Gathering of seeds to be sown in forest greenhouse for their subsequent relocating to their original habitat.
L/ Zierbena-Abanto	
Construction of access route using helicopter -EN13-	Opening of a corridor for the hanging of cables was avoided, therefore avoiding the need to fell 190 trees: Monterey Pine (*Pinus radiata*) and Common Beech (*Fagus sylvatica*).
L/ Substation en Udalla	
Signage for the protection of priority habitats -EN13-	Priority habitats that are protected: *Quercus Ilex* and *Quercus Rotundifolia*; Gorse-heathland vegetation endemic to the Mediterranean area; acidophil beech endemic to the Atlantic area with ilex and taxus scrubland.
L/ Penagos-Gueñes	
Hanging of cable using helicopter	The need to open a corridor (26.7 km) for the hanging of cable was avoided, therefore avoiding the need to fell 5,300 trees: eucaliptus (*Eucalyptus*), Holly Oak (*Quercus ilex*) y English Oak (*Quercus robur*), Common Beech (*Fagus Sylvática*) and protecting the flora of the SAC protected Asón River.
Hanging of cable manually	The need to open a corridor (4 km) for the hanging of cable was avoided, therefore avoiding the need to fell 800 trees: species mentioned in the previous paragraph.
L/Soto-Penagos	
Hanging of cable using helicopter	The need to open a corridor (9.5 km) for the hanging of cable was avoided, therefore avoiding the need to fell 800 trees: species mentioned in the previous paragraph.

continues >

L/Arcos-La Roda	
Hanging of cable manually	Avoided the need for a corridor for cable hanging in SACs. Reduced the effect on the flora (deciduous plants, Oleander, olive groves, Rush, evergreen shrubs, White Poplar, Willow, etc) of the riverbanks of the following rivers: Guadalete River, Salado de Lebrija-Las Cabezas, Arroyo de Santiago, Salado de Morón y Matabueyes / Garrapata, Guadaira River and Corbones River.
L/Pesoz-Salas	
Hanging of cable using helicopter	The need to open a corridor (7.7 km) for the hanging of cable was avoided, therefore avoiding the need to fell approximately 2,400 sweet chestnut trees (*Castanea sativa*) and to a lesser degree English Oak (*Quercus robur*)
L/Galera-Romica	
Marking off of work areas -EN13-	To avoid any kind of effect on the protected habitat «Oaks (*Quercus ilex* and *Quercus rotundifolia*)».
Hanging of cable manually	Span of 0.436 km, avoiding the felling of around 1.800 replanted pine.
L/Almaraz- Bienvenida (capacity increase)	
Clean-up pruning of damaged Holm Oaks and applying of cicatrizing substance	The risk of damage to trees pruned is reduced.
Santa Ponsa Transformer Station	
Transplanting of carobs	Transplanting of more than 20 carob trees, with crowns of more than 3 metres in diameters, from the area of land movements to surrounding areas for their subsequent use in landscaping activities.

** Measures carried out on 95% of the line, including in the protected natural areas: PEIN Gallifa-Cingles Bertí and PEIN Guilleries-Savassona. The felling of the following species has been avoided: English Oak (Quercus humilis), Holm Oak (Quercus ilex), Cork Oak (Quercus suber), Sweet Chestnut (Castanea sativa), Common Beech (Fagus sylvatica), Allepo Pine (Pinus halepensis), Maritime Pine (Pinus pinaster), as well as riverbank flora and vegetation: Black Poplar (Populus nigra), White Poplar (Populus alba), Common Ash (Fraxinus excelsior).*

Protection of fauna. Preventive measures during the construction phase

L/Penagos-Gueñes	Biological stoppage from February to August due to the presence of the Egyptian Vulture (*Neophron percnopterus*). Endangered species according to the IUCN red list. **-EN15-**
Peninsula-Balearics Interconnection: Cable and Santa Ponsa Transformer Station	
	Prior removal of species of the Spur-thighed Tortoise (*Testudo graeca*) – Endangered species according to the IUCN red list **-EN15-** and fencing of the work areas.
L/400 Galera-Romica	Biological stoppage from April to June due to the presence of Steppe birds.
Segovia-Galapagar	Biological stoppage from February to August in an area of 1.3 km critical to the Golden Eagle (*Aquila chrysaetos*).
Peninsula-Balearics Interconnection: Morverdre Transformer Station	
	Execution of a light pollution study to prevent the effect on the fauna of the "Marjal dels Moros" wetlands

Maintenance of security corridors and fire prevention **-EN12, EN14-**

In the line maintenance activities, the most important practice related to the protection of flora is **the correct maintenance of the safety corridors to maintain safety distances**. This practice is fundamental at the time of reducing fire risk to the minimum, although in itself it constitutes an effect on flora (by the felling of trees), which is why a selective felling of species is carried out in accordance with best practices, conserving the scrubland and replacing felling with pruning whenever possible, especially when dealing with a protected

species. It is important to emphasize that herbicides in the maintenance of the safety corridors are not used.

During 2009, felling and pruning plans in several autonomous communities were drawn up in which it has been possible to identify fire risk zones. In addition, with the aim of having a greater control on the areas that require maintenance of the safety corridors, during 2009 a theoretical analysis was carried out (by means of geographical information systems) of the surface of the lines which cross zones with flora species incompatible with the facilities, identifying a total area to be maintained of 17,379 hectares (representing 13.5% of the surface occupied by REE lines).

Informative training days regarding the prevention of forest fires were held in 12 provinces with 570 attendees

Additionally, REE has continued developing other lines of work, amongst which noteworthy are **the informative training days held regarding the prevention of forest fires** targeted at forest agents, Seprona agents and environmental technicians of the provincial delegations. During 2009, they were held in 12 provinces with a total of 570 attendees.

With respect to research, noteworthy is the development of the **Vulcano Project** (2008-2011) in collaboration with Iberdrola, ADIF and INECO. Its objective is the prevention of forest fires, by means of the development of an evaluation methodology and the prevention of conflict, throughout their life cycle, between electricity lines and railway networks with their surroundings. During 2009, an analysis of possible conflicts was carried out and the development of the methodology began.

It is important to emphasize that, thanks to the application of all these measures, the number of fires related to REE facilities remains low and their derived consequences are less and less serious. The incidents that have taken place in 2009 have been minor fire outbreaks which were extinguished with own means and with little surface of scrubland and dry grass affected.

When the fires have relevant consequences, restoration of the area affected is carried out -EN13-, as is the case of the incident detailed in the table of impacts for which a project has been defined and which anticipates the repopulation with herbaceous material and bushes: 12,180 Stone pines (*Pinus Pinea*), 3,660 Holm oaks (*Quercus ilex*) and 400 units of other species (olive trees, almonds tree and other species of pines and oaks).

Protection of birdlife -EN14-

The only potential negative effect for wildlife caused by facilities in service (substations and lines of 400 and 200 kV) is the risk of collision of the birds with the grounding cable. The main measure to reduce this risk is the signalling of these cables by means of devices that increase their visibility.

During 2009, 251.8 km of overhead lines were marked, 156.5 km of new lines and 95.3 km of lines already in service. The signalling of lines in construction derives from the environmental analysis of the projects and the establishment of preventive measures, whereas signalling of lines in service is due to the collaboration work with the different administrations, which identified the risk points associated to the lines present in their territory and asked for actions to be taken regarding the lines.

Marking of facilities with bird flight diverters and anti-collision devices -EN14-

	2007	2008	2009
Total km of lines with installed devices	779	923 *	1.175
km of lines with installed devices / total km	3.0 %	3.5 % *	4.4 %
km of lines with installed devices in SPAs	212	255	375
km of lines with installed devices in SPAs/km of lines that pass through SPAs	7.0 % *	8.8 %	12.7 %

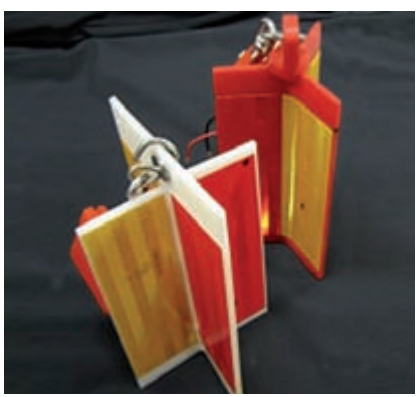
**33 km have been added to the figure as a result of the updated inventory of facilities.*

In addition, for the improvement of the signalling systems and to achieve better results the following R&D&I projects have continued to be worked on:

Bird flight diverter project (2004-2009). Work was carried out in collaboration with the Biological Station of Doñana (CSIC) in the study of a new design of a bird flight diverter device which has been registered for public use. According to laboratory and field tests, this model displays the following advantages with respect to the previous spiral one:

- 3.3 fold reduction in the bird death rate.
- Semi-automatic installation and removal, whereby the disconnection of the line is not necessary.
- Acceptable durability.

Collision detector. The project is being carried out and will finish in 2010. It is being carried out with the MIGRES Foundation and the University of Seville Investigation Foundation and its objective is the design of an impact detection system to be installed on grounding cables and that would allow real-time detection of possible collisions and their location in order to act swiftly in the event of accidents. To date, laboratory tests of several of the individual components of the system and the IT programmes have been carried out. The installation of the system and the monitoring of its efficiency is pending.



Contribution to biodiversity conservation

Red Eléctrica actively contributes in different activities and projects regarding the conservation of flora and fauna, amongst which noteworthy are the following:

Steppe birds. Research Project carried out since July 2008 and which will continue until March 2012. Working with the Biological Station of Doñana, CSIC and the Gypaetus Foundation. Its aim is to design and test measures to minimize the impact of the lines on these birds, especially on the Great Bustard, *Otis tarda* (endangered species according to the IUCN red list) and to improve their habitat. **-EN15-**. To date, an inventory of the fauna of the zone has been carried out, sowing of legumes for food has been carried out and an awareness meeting with hunters has been held with the aim of reducing deaths caused directly by humans. In addition, the existing line has been marked.

Programme of re-introduction of the Black Vulture (*Aegypius monachus*) in Catalonia.(2008 - 2012). Coordinated by the Rehabilitation Group of native fauna and its habitat (GRENF), the Autonomous government of Catalonia (in collaboration with the Autonomous government of Extremadura, the Community of Madrid and Caixa Catalunya). The project is based in the pre-Pyrenees area located in the Lerida region and includes field actions (marking and monitoring, control cameras, etc.) as well as dissemination and educational actions. The aim is to create new colonies forming natural corridors in the Mediterranean basin. To date, the following milestones have been achieved:

- Release of 27 specimens, which has been effective considering 16 of them have remained in the area.
- Improvements in the capacity of monitoring of the specimens.
- First birth in captivity in Spain of the Black Vulture.
- Forming reproductive pairs.
- Consolidation of a flight communication passage between Black Vulture colonies in Spain and France.

Brown Bear (*Ursus arctos*) and **Wood Grouse** (*Tetrao urogallus*). Project being carried out since 2008 and whose conclusion is anticipated in 2010. Its main objective is collaboration with the FAPAS Fund for the protection of the wild animals and whose main objective is to support the feeding of these animals, by means of the planting of fruit trees and positioning of beehives, thus contributing to the conservation of the biodiversity in the Cordillera Cantábrica. Between 2008 and 2009, 987 specimens have been planted and 102 beehives and 28 pollinating stations have been put in place.

Posidonia (*Posidonia sp.*). Project carried out in 2008-2009, has been developed in collaboration with the company TECNOAMBIENTE and the Centre for advanced Studies in Blanes (Superior Committee of Scientific Research and with the Department of Ecology of the University of Barcelona). The objective of this project has been to analyse the viability of transferring small portions of meadow of oceanic Posidonia to later be replanted in its original location. This would be a possible preventive measure to avoid effects form coastal works. This year the works in the Balearics area have concluded having obtained highly satisfactory results.

Conservation of species associated to limestone outcrops. Purchase by Red Eléctrica of several plots of land totalling 100,041 m^2 to be handed over to the administration with the primary target of protecting certain species of orchids, amongst which are the endemic variety *Ophys apifera var. Almaracensis*

The REE Forest. Started in 2009, is an ongoing project associated to the compensation of emissions (see climate change section). This compensation shall be carried out by means of planting trees with the aim of recovering a deteriorated natural area.

In 2009, the project consisted of the densification of 162 hectares of meadows of Holm Oaks (Quercus ilex) in hills on common land in the municipal limits of Oliva de la Frontera and Valencia de Mombuey (Badajoz). The hills, on which the action is carried out, have a high degree of deterioration and natural regeneration is practically nonexistent. A part of the plants used in the works is mycorrhiza, which is hoped will provide a greater resistance to the attacks of ground fungi. This experience will serve to evaluate the response of this type of plant versus conventional ones along with its possible use on other projects.

Compensatory measures associated to the REMO Project. (Second interconnection cable Spain-Morocco). The section of line crosses the Parque Natural del Estrecho (Tarifa), catalogued as a SAC (Special Area of Conservation). All the measures that were in process which began in 2006 have been completed:

- Evaluation project regarding the influence of the underwater activities on the sea bed of the Parque Natural del Estrecho. Anchorages have been installed, that are already in operation, reducing the effect of these activities on the specific wildlife communities in the area.
- Protection and regeneration of coastal areas with threatened flora. The restoration works of the beach at Lances have been finalised, in the Parque Natural del Estrecho, by means of preservation works of protected flora, repopulation of zones with native species and the fencing of planted areas for the control of damage caused by the cattle in special areas of conservation. **-EU13-**
- Actions for the conservation of coastal rivers and streams of the southern half of the province of Cádiz: study on saltwater fish (*Aphanius baeticus*) species in danger of extinction according to the IUCN red list **-EN15 -** and determination of measures for the preservation of the species in the area. The protection of vernal pools, with the presence of species of interest, through the signing of agreements with those councils concerned. **-EU13-**

- Study of the impact of the submarine electricity interconnection between Spain and Morocco on the biological communities linked to the sea bed, analysing in detail the impact factors on the evolution of the meadows of *Cymodocea nodosa* (Sea grass).
- Study on the fishing of the Blackspot Sea Bream (*bogaraveo Pagellus*) in the Strait of Gibraltar, with the determination of measures for the recovery of the fishing ground in the zone.
- Study of the migration of the Atlantic Red Tuna (*Thunnus thynnus*), that will allow a better understanding of the fishing ground to enable the sustainable advantage of the resource.

Project «Sponsor a species». The project came from an idea provided by the employees through internal contest "Green Suggestion Box" (it was the winning idea of 2008). During 2009, the employees chose between seven possible projects, resulting in the Stone Curlew being the species sponsored. In the period 2010-2011, a series of defined actions, with the aim of ascertaining their state of conservation, shall be carried out in Gran Canaria.

Conservation of Biodiversity in Western Iberia: Reserva Campanarios de Azaba. Sponsorship of this project, whose intention in the improvement of different habitats and ecosystems from the forests present in the area in which quality indicators of and methods of sustainable management shall be drawn up. The LIFE Project which will begin in 2010 by the Naturaleza y Hombre Foundation in the meadows of Campo de Azaba, (Salamanca).

Signing of the associated declaration of the LIFE Project Proposal,« Reduction of unnatural mortality in threatened populations of birds in the Specially Protected Areas for birds (SPA) in Fuerteventura and Lanzarote». Activities regarding present and future transmission lines on these islands, for the protection of certain endemic and emblematic birds of Lanzarote and Fuerteventura (Hubara Bustard, Egyptian Vulture).

Red Eléctrica and climate change[1]

Red Eléctrica is conscious of the important role that their activities play in the fight against climate change, contributing solutions for the promotion of renewable energies and promoting saving measures and energy efficiency.

As manager of the transmission grid, REE maintains the commitment to **construct a network of electricity infrastructures** suitable to allow the evacuation of energy coming from clean energy technologies (renewable and combined-cycle) and, in addition, to support the powering of the High Speed Train lines.

As operator of the system, REE has acquired the commitment to **integrate renewable energies**, working so that the energy generated by cleaner technologies is taken maximum advantage of.

As a third important point in the fight against the climate change, Red Eléctrica has backed **efficiency and energy saving**. For this reason it has created the brand **"Red Eléctrica eficiente"** that distinguishes all those actions that promote a better use of energy and resources. In this brand they encompass not only the development of technical projects and investigation related directly to the activities of the company but also awareness campaigns and other activities destined to the reduction of basic consumptions (mainly of electricity).

These lines of work are complemented with other oriented activities to control, to reduce and to compensate for emissions. In addition, REE collaborates in external initiatives like CDP (Carbon Disclosure Project) or the Action CO_2 Programme (Spanish Foundation for the Environment and for Sustainable Development), which implies a voluntary commitment to the reduction of greenhouse gas emissions not linked to production processes.

Our main contribution to reduce climate change is the integration of renewable energies into the electricity system

1 In chapter 4 of this report more information is offered on the activities carried out in this regard.

Development of facilities and integration of renewable energies

-EN6-

REE has continued working in the construction of electricity transmission facilities in accordance with the Transmission Grid Planning 2008-2016, directly related to other state plans on energy and the environment, amongst them the Renewable Energy Plan 2005-2010 and the Strategic Transmission Infrastructure Plan 2005-2020. In 2009, the administrative procedure for 63 new facilities began. Of those projects started, 28.5% have as an objective the evacuation of renewable energy or the powering of the High Speed Train and 54% have as objective the improvement of grid meshing.

As operator of the system, Red Eléctrica continues striving to integrate the highest possible amount of renewable energy into the electricity system under secure conditions. Through the CECRE (Control Centre for Renewable Energies), a centre which is of world reference in the monitoring and control of renewable energies, almost 70,000 GWh was integrated in the system during 2009, 23% more than the previous year. This increase has raised the importance of the renewable energies in the energy mix which has in turn represented a reduction of the emission factor according to that indicated in the following table.

Emission factor (t CO_2/MWh generated)

2008	2009
0.3167	0.2789

The factor has been calculated for the Peninsular system, taking into account the energy mix of each year and associating to each generation technology an emission factor in accordance with the values set out in the 2005-2010 Spanish Renewable Energies Plan.

Additionally, Red Eléctrica collaborates in university training regarding renewable energy as is carried out in the Universidad de la Laguna through the actual degree *Maestría Universitaria en Energías Renovables.* (Masters' Degree in Renewable Energies)

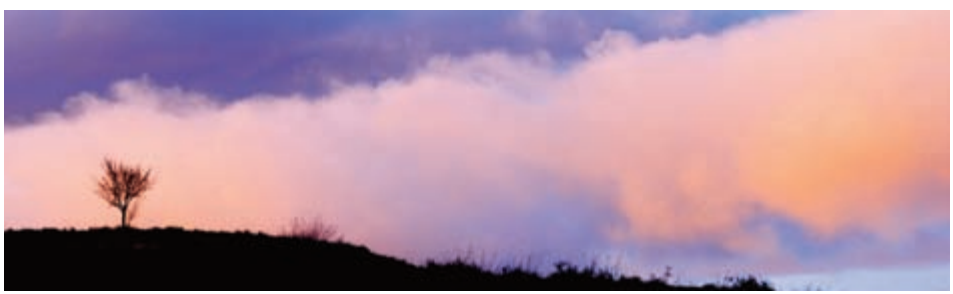
Also worth a special mention, is the work TDE is carrying out in the field of renewable energy. In 2009, noteworthy is the conclusion of the Bolivian Satellite Wind Atlas Project, carried out in collaboration with the IFC (International Financial Corporation) and which has already been presented publicly and holding of an international workshop seminar «Pico centrales hidroeléctricas» (Pico hydro power plants)

Demand side management initiatives –EN6-

Demand side management consists of planning and implementing measures destined to influence the way energy is consumed with the objective of producing the desired changes in the demand curve: reduction of consumption in peak hours and displacement of the consumption to valley hours. Driving these measures can contribute to a reduction in greenhouse gas emissions, mainly because they help to a greater integration of renewable energies that are not easily manageable.

Red Eléctrica has continued working in this area, mainly by means of consumption profile studies, research projects and other initiatives, such as the publication in real time in the corporate website of the CO_2 emissions from peninsular electricity generation facilities.

In the technological field, it is necessary to emphasize the backing of Red Eléctrica for the **development of the electric car** which, in addition to being a



Publication of CO_2 emissions in real time on the corporate website: www.ree.es

Red Eléctrica publishes (since 5 June 2009, World Environment Day) information on the emissions associated to the Spanish peninsular generation facilities and their corresponding breakdown by energy source, thus showing which of them are responsible for the emissions at each moment.

The initiative, in addition to providing information, is an awareness channel, showing the relation between the demand peaks and the CO_2 emissions and the need for a more balanced electricity consumption throughout the day.

cleaner alternative to the internal combustion vehicles, representing a great opportunity for the integration of the wind power energy generated in valley hours. In this respect, a technological monitoring report has been drawn up regarding the electric vehicle to be fully aware of the state-of-the-art technologies necessary for its development and integration into electricity systems. In addition, Red Eléctrica participates in different projects oriented mainly **to study, from different points of view, the impact of the massive introduction of the electric car on the electricity system.** Amongst the initiated projects noteworthy the following: REVE Project (Wind Power Regulation for Electric Vehicles), DOMOCELL Project, VERDE Project and MERGE Project

Red Eléctrica has installed three recharging points for electric cars at its Head Office in Madrid and also in the Seville branch office, and additionally several trial sessions with different currently commercially available electric vehicles have been carried out to show the employees their benefits.

Control of emissions

The main emissions directly derived from the activities of Red Eléctrica are those of **sulphur hexafluoride** (SF_6), a gas used as an insulator in switches and shielded substations.

In 2008, REE **signed a voluntary agreement with the Ministry of the Environment**, the Grouping of Manufacturers Electrical Equipment (SERCOBE) and the Spanish Electricity Industry Association (UNESA), **for the reduction of sulphur hexafluoride (SF_6) emissions in the electricity sector.**

With this agreement a working framework was established to reduce emissions by means of putting in place diverse measures to achieve this. Throughout 2009, meetings were maintained between those signed up to the Agreement to work on some specific points and to carry out monitoring of said points. In REE the following have been worked on: **-EN18-**

- **SF_6 inventory and emissions calculator:** the method for calculating SF_6 emissions has been modified, adapting it to that specified in the Voluntary Agreement.
- **Training;** the planning and drawing up of the agenda began for the training to give to the maintenance personnel of substations related to the handling of SF_6.
- **Control and handling of SF_6:** criteria for the management of this gas at the end of its useful life are being defined. In this line, in 2009 a pilot experience regarding the removal of material by authorised waste management companies was carried out, in the evaluation phase. It has been possible to define criteria regarding the management of the bottles and equipment with SF_6 at the end of its useful life.
- **State-of-the-art:** a report of technological monitoring at the request of the department of R&D&i has been drawn up. Through this study, it is the intention to know the degree of progress and the technological development regarding this subject and thus to be able to detect possible areas of action.

Evolution of SF_6 installed and recovered (kg)

	2007	2008	2009
SF_6 installed	172,767	175,250	204,638
Gas reused -EN2-	484	1,705	700[1]
SF_6 emissions [2]	-	2,027	2,169
Emissions derived from accidents [3]	-	-	64
Average emission rate	-	1.15 %	1.05 %

(1) Equates to avoiding the emission of 16.730 t of CO_2 **-EN18-**
(2) Different emission factors have been applied in the calculation of SF_6 leaks depending on the age of the equipment installed. Accidents are not included in this figure.
(3) Three accidents have occurred which have represented a spillage of 64 kg.

Greenhouse gas emissions (t CO_2 equivalent) -EN16-

	2007 [7]	2008	2009
Direct emissions			
SF_6 emissions [1]	-	48,455	51,838
Emissions associated to the use of fleet vehicles[2]	1,932	1,995	2,437[5]
Indirect emissions			
Emissions associated to electrical energy consumption[3]	5,487	4,403.5	3,881.3
Emissions due to losses from electricity transmission [4]	1,292,630	1,073,518	861,859
Emissions compensated as a result of planting trees	**-**	**-**	**- 2,430[6]**

(1) Taking potential global warming during 100 years of 23,900. Source IPPC (Intergovernmental Panel on Climate Change: 4th assessment report).
(2)Source used for the calculation: GHG Protocol initiative.
(3) Up until now the conversion factor (corresponding to Spain, mixed generation) supplied by the IEA (International Energy Agency. Starting in 2009, the conversion factor calculated by REE that takes into account the yearly energy mix and associates to each generation technology an emission factor in agreement to the values set out in the 2005-2010 Spanish Renewable Energies Plan. The 2008 data is also revised.
(4) A part of the energy generated by companies does not reach the consumer but is lost in transmission. Losses are related to: the location of generation points with respect to the consumption points, to the amount of energy demanded in the year, to the yearly generation mix energy mix (percentage of each generation technology in the total energy generated), international exchanges and the demand curve. Practically none of these factors are controllable by REE, whereby its reduction is difficult. However, REE works to identify and improve those which depend on their management.
We consider this information of relevance, in the same way as the emissions associated to electrical energy consumption. C02 is not emitted during REE activities as they take place at the different energy generation points. To calculate the 2007 figure the IEA (International Energy Agency) emission factor (corresponding to Spain, mixed generation).
(5) 2,120,771 km more have been driven than in the previous year (0.27 t CO_2/km in 2009 compared to 0.29 t CO_2/km in 2008).
(6) During the full life cycle of the tree..
(7) The data is not really comparable to those of 2008 and 2009 as the calculation methodology has changed.

The works that have been carried out for the reduction of emissions associated to the consumption of electrical energy and to the use of fleet vehicles are detailed in the section of energy efficiency and consumption.

Estimated CO_2 emission savings in 2009 -EN18-

Initiative	Estimated savings t
Videoconferencing meetings	75
Company bus for employee transportation	76
Fitting of more efficient lighting elements	33
Publications in electronic format	42

Annually, TDE carries out the control and maintenance of all vehicles so that they do not surpass the permissible limits of exhaust gas emissions (CO and HC) as established by Law. In 2009, all fleet vehicles were below the established limits.

In the case of REE, **the gas emissions which damage the ozone layer** can be considered irrelevant as they would only be associated to the losses coming from the equipment with R22. These losses are minimal as suitable maintenance of the equipment is carried out. During 2009, it was decided to carry out the replacement of the air conditioning equipment for others whose gases do not damage the ozone layer, beginning with those which showed inadequate functioning or had broken down. In 2010, the Plan for progressive substitution shall be continued until all equipment has been replaced. **-EN19-**

Project: The REE Forest

The main objective of this project is the compensation of emissions generated by the company by means of the planting of trees. During 2009, 8,100 oaks were planted in Extremadura [1] with a estimated compensation of 2,430 tonnes of CO_2 [2], which equates to 38% of the emissions derived from the consumption of electrical energy and the use of fleet vehicles. This percentage greatly exceeds the compensation objective of 20% established by REE for 2009. -EN18-

(1) The works were certified 15 December 2009, although due to delays related to authorisations (as the project is subject to environmental authorisation) and due to meteorological problems some activities are pending finalisation.
(2) Compensation equivalence: 1 Oak = 300 kg of CO_2 during its life-cycle

Energy efficiency and consumption

REE considers it fundamental to know and reduce its basic consumption, as an important area of improvement in its environmental commitment. Therefore, it works on quantifying its main consumption and develops a series of activities directed towards the efficient use of energy resources and to the reduction of consumption.

Basic consumption indicators at REE

	2007	2008	2009
Consumption of raw materials (kg) -EN1-			
Auxiliary materials			
Oil consumption[1]	38,575	71,820	41,480
Regenerated oil (%)[2] -EN2-	83	85	71
Paper consumption (printing and photocopies)	67,745	67, 086	85,091
Paper consumption (kg /employee)	48	38	46
FSC Printing/Ecological brand (%) (%)[3]	-	100	100
Paper consumption (publications)	73,173	78,478	49,960
Paper consumption in FSC publications (%)	44	46	25
Direct energy consumption. Consumption of fuel (Joules) -EN3-			
Petrol	$5.92 \cdot 10^{11}$	$6.94 \cdot 10^{11}$	$7.44 \cdot 10^{11}$
Diesel	$2.59 \cdot 10^{13}$	$2.67 \cdot 10^{13}$	$3.27 \cdot 10^{13}$
Total fuel [4]	**$2.65 \cdot 10^{13}$**	**$2.74 \cdot 10^{11}$**	**$3.35 \cdot 10^{13}$**
Indirect energy consumption. Consumption of electrical energy (Joules) -EN4-			
Head Office[5]	$2.67 \cdot 10^{13}$	$2.99 \cdot 10^{13}$	$3.02 \cdot 10^{13}$
Tres Cantos[5]	$5.65 \cdot 10^{12}$	$5.94 \cdot 10^{12}$	$5.84 \cdot 10^{12}$
Extra peninsular systems[5]	$2.83 \cdot 10^{12}$	$3.39 \cdot 10^{12}$	$3.95 \cdot 10^{12}$
Branch Offices	$1.20 \cdot 10^{13}$	$1.08 \cdot 10^{13}$	$1.01 \cdot 10^{13}$
Total electrical energy consumption	**$5.01 \cdot 10^{13}$**	**$5.00 \cdot 10^{13}$**	**$5.00 \cdot 10^{13}$**

	2007	2008	2009
Indirect energy consumption. Consumption of electrical energy (Joules) -EN4-			
Losses in the transmission grid[6]	1.18 ·10 16	1.22 ·10 16	1.11 ·10 16
Water consumption (m³)[7] -EN8-			
Head Office	8,240	18,161	22,508
Head Office m³/employee	12.46	19.89	26.36
Centres	10,846	10,351	16,253

1 kwh= 36·10 5 Joules

(1) REE is not organised as a conventional productive process therefore the total consumption of raw materials in not calculated. As indicative data, information on oil used in maintenance is included as this is the auxiliary material of highest environmental relevance.

(2) Regenerated oil in relation to the total oil used in the transformer maintenance activities (%).

(3) Paper certified in accordance with the FSC (Forest Stewardship Council) which ensures efficient forestry use to conserve forests. 100 per cent of the paper used for envelopes, letters and printer are FSC.

(4) 6,765,393 km in 2007, 6,835,363 km in 2008 and 8,956,134 km in 2009. (10.6 l/100 km; 10.8 l/100km y 10.1 l /100 km respectively).

(5) These are working centres with special characteristics as electricity control centres are found there, which work 24 hours a day and have special energy consumption. As a result of the energy audit carried out in 2007 at the Head Office, it can be estimated that the consumption at the Control Centres would represent approximately 30% of the total, which would equate to 1.11 ·10 13 J in 2009.

(6) A part of the energy generated by companies does not reach the consumer but is lost in transmission. Losses are related to: the location of generation points with respect to the consumption points, to the amount of energy demanded in the year, to the yearly generation mix energy mix (percentage of each generation technology in the total energy generated), international exchanges and the demand curve. Practically none of these factors are controllable by REE, whereby its reduction is difficult. However, REE works to identify and improve those which depend on their management.

(7) The Head Office consumption has gone up due to the increase in consumption of well water, used exclusively for watering the green areas. This consumption has gone from 8,328 m³ in 2008 to 12,668 m³ in 2009. The real water consumption ratio in offices would go from 10.76 m³/employee to 11.52 m³/employee. The consumption in the work centres has increased due to fact that it now includes centres that before did not provide data to this effect. The ratio per person is not provided because the use of water at these centres is not linked exclusively to the activities of the offices.

The water consumed in Red Eléctrica's facilities is obtained from different sources: municipal water mains, wells, cisterns and rain water collection tanks (in the Northern Regional Offices and many substations, for sanitary use, for irrigation and fire fighting systems). **-EN10-**

Water withdrawal by source (% of total) -EN8-

	2007	2008	2009
Municipal water mains	91.58	68.65	33.79
Wells	7.25	30.73	65.16
Cisterns	1.16	0.62	1.05

Saving and efficiency initiatives

As mentioned in the chapter dedicated to climate change, Red Eléctrica has created the brand **«Red Eléctrica eficiente»** to highlight all those actions that promote energy efficiency. Under this brand, all those activities destined to the reduction of basic consumptions are included, with special emphasis for that of reducing electricity consumption. This initiative works in parallel in three areas: **communication and awareness, research and new technologies and implementation of saving and efficiency measures.** Below, the most noteworthy actions carried out in 2009 are summarized and some of the results derived from actions carried out in previous years.

Incorporation of more efficient equipment in substations -EN5, EN18-

REE, back the incorporation of equipment on the market with the greatest energy efficiency when remodelling and modernizing its facilities. An example of this is the substitution of old power transformers for new more efficient transformers:

Substitution of transformers in 2009

Location	Transformer	Power (MVA)	No-load losses Pos.Avg(kW)	Losses under load Pos.Avg(kW)
SE Güeñes				
	Old Transfo	400	149	881
	New Transfo	500	86.9	823
SE La Eliana				
	Old Transfo	375	136	992
	New Transfo	500	120	908

As one can appreciate, in addition to smaller losses, the new transformers are of higher power, which is why the real energy savings will be even more significant (in kW/MVA terms).

Analysis of light pollution and energy efficiency in lighting systems in substation facilities -EN5, EN18-

With the aim of reducing the light pollution in the surroundings of the substations and be able to save in power consumption by incorporating more efficient illumination systems, a pilot study has been carried out in a substation in which lighting projectors equipped with LED technology are being tested.

Measures for the reduction of electricity consumption of in work centres -EN5, EN18-

Measures have progressively been implemented, mainly in the buildings of Head Office, which are beginning to translate into savings, as shown in the following evolution of the electricity consumption table. In this fiscal year, interrupters, timers, electronic ballast, movement sensors and other elements have been installed with which it is hoped to reduce around 120,000 kWh /year.

Evolution of the electricity consumption at Head Office[1] -EN4, EN5-

	2007	2008	2009
Consumption/employee (kWh/person)	7,310	6,366	6,215

(1) Corresponds to the Moraleja Centre. Does not include the consumption associated to the Control Centre. 1 kWh= 36·105 joules.

"Let's share a car"

Initiated in 2008, but given that the campaign did not have the expected take up, an attempt was made to drive the initiative by improving its space on the REE intranet. Over the next year an additional push will be given, by considering it within the «REE Mobility Plan» due to be defined in 2010

More efficient fleet vehicles

The requirements regarding consumption of fuel, CO_2 emissions and the engine efficiency that all the vehicles used by employees for REE business trips must fulfil have been established, whether they be owned fleet, leased or rented.

Initiatives for reducing fuel consumption -EN5, EN7-

	Ahorro de combustible (l)
Holding meetings via videoconferences	27.925,52[1]
Company bus for employee transportation	28.190,25[2]

(1) Number of videoconferences by average distance not travelled (average obtained from the distances to the different work centres) by average fuel consumption (0.08 l /km).
(2) Buses are made available to headquarter employees (Madrid) for their transportation to the work centre.
The fuel saved is calculated by comparing the fuel used by (consumption of 0.33 l/km) with the consumption that 110 employees (bus users) would use in their private vehicles to travel the same distance.

Reduction in the consumption of paper

In addition to the activities of previous years (processing travel requests through an IT system, sending of Christmas Greetings in electronic format, reduction of the number of paper copies of the Environmental Impact Studies etc.), in 2009 an important initiative was started **«The Paperless Classroom»**. In addition, it has been possible to verify the saving of paper derived from the publication of corporate information in electronic format.

Initiatives for reducing paper consumption

	Paper saved (kg)
Publishing of annual reports in electronic format	23.862[1]
Paperless classroom: creation of a training room in which different electronic tools are used	445[2]

(1) This saving is contemplated regarding the evolution of paper consumption in the 2008 and 2009 publications.
(2) During 2009, 65 courses were given with an average attendance of 14 people.

Participation in the Spanish technological platforms for energy efficiency and the digital home -EN5, EN6, EN18-

Red Eléctrica participates in these two sectorial platforms that aim to bring together the knowledge from a wide selection of companies regarding energy efficiency and the digital home.

Communication/awareness campaigns -EN7, EN18-

Creation of a web space for Red Eléctrica eficiente

Included in this space is information related to financial assistance and subsidies, informative training days and events, implementation of efficiency measures in the company and advice on how to improve the energy consumption habits.

Intelligent electricity meter

Under the motto «Know your consumption, use your energy sensibly», REE has given out (amongst its workers, collaborators, the media, companies and institutions) 3.000 devices to be able to measure electricity consumption at each moment, in addition to the associated cost and CO_2 emissions. Together with the meter an advice guide has also been supplied.

"Mobility Week" Campaign

Coinciding with European mobility week, a contest on compositions regarding sustainable mobility took place and two winners received a bicycle each.

Eco-advice Campaign

An awareness campaign regarding the efficient use of natural resources. In 2009, a survey was carried out to ascertain the impact of the campaign.

Survey regarding energy consumption habits at work and at home

This has as its ultimate objective, from the results of the survey, the fostering of saving measures as much in the working environment as in the home. This project will be completed with a second survey (in 2010) that will help to analyse the level of adoption of the energy efficiency measures by the employees of Red Eléctrica.

Didactic support units for teachers regarding energy efficiency and the sustainable use of energy

A series of didactic units in electronic format have been developed to support the teaching staff in transmitting the concept of energy efficiency by means of fun activities. The project has been presented to teaching staff of the county of Arribes del Duero (Salamanca-Castilla y León) to ascertain the viability of its implementation.

"CONTROLA", electricity control simulator» game

An interactive game that encourages the students of Obligatory Secondary Education (ESO) to adopt the role of operators of the Electricity Control centre (Cecoel) in which the players must control the amount of electrical energy provided by diverse generation power stations to respond to the consumption of urban and industrial nuclei.

New section of news in the press dossier

Creation of a new section entitled « Sustainability and energy efficiency » in the dossier of the news published daily by REE on the internal web.

Waste management

During REE's activities different types of waste are generated, which are separated, stored and managed in the most effective way, using a careful selection of the best suppliers for its collection and treatment.

The **waste generated during maintenance activities** increase as the number of facilities (mainly substations) which are in service increase, this being the main reason why the quantity of waste generated has been growing in recent years (223 additional busbars and 3,400 MVA more of transformer capacity in 2009 with respect to the previous year). However, it is noteworthy that this relation is not always directly due to the type of activities to which the generation of waste is linked:

- **Adaptation of facilities:** substitution of obsolete switchgear, battery replacement, improvements in accident prevention systems etc. Over the last two years numerous works have been carried out along this line and the waste associated to those activities has grown significantly.
- **Accident prevention:** although accidents are infrequent, accidental oil spillage produces a large amount of waste due to the use of containment measures (absorbent material) and cleaning up the affected areas. The work to reduce this type of waste is linked to the appropriate preventive maintenance of the equipment and to the training of the workers in trying to reduce the number of accidents.
- **Regular maintenance tasks:** used oils, septic tank waste, etc. In this respect, the useful life of those materials, which allow it, is tried to be extended, therefore reducing the amounts disposed of. As is the case of the treatment that is carried out on transformer oils which allow it to be reused, 166 tn having been regenerated in 2009.

Given the nature of these activities, it is very difficult to establish rules for the reduction of waste which is why the main lines of work are directed to the im-

provement of their management: trying to segregate them as much as possible, searching for the best options amongst our suppliers and fostering best practices through training and awareness. During 2009, the following activities were carried out: -EN26-

- Standardization of a new waste shed and platform for handling of oils that is to be included as part of the new facilities.
- Equipping the coffee areas of the buildings with disposal containers for the selective collection of MSW (Municipal Solid Waste).
- Establishing of a collection system for NI-Cd accumulators, adapted to the IMS (Integrated Management System) that is currently underway in Spain. In this way, REE becomes the product user until the end of its useful life, and stops being a producer of this type of waste.
- Progressive substitution of silica gel containing cobalt for silica gel that does not contain hazardous substances. (Reduction of the waste's hazardous properties).

Waste generated during maintenance activities

	Amounts managed (kg)			
Non-hazardous waste -EN22-	**2007**	**2008**	**2009**	**Type of management [14]**
Sludge from septic tanks	177,148	73,149	230,000 [1]	Treatment/elimination
Scrap metal	1,876,311	1,372,185	312,226 [2]	Recycling
Inert waste	s. d.	1,634,100	321,298 [2]	Recycling /elimination
Paper and cardboard.	78,652	76,565	68,061	Recycling
Toner	186	311	81 [3]	Reutilización
Wood	58,380	124,688	12,129 [2]	Valorisation/elimination
Waste vegetation	8,801,300	15,520	6,550 [4]	[4]
Non-hazardous electrical and electronic waste	230	542	2,965 [5]	Recycling
Plastics	0	0	2,245 [2]	Recycling
Vegetable cooking oils	4,220	5,020	3,680	Valorisation
Non-hazardous waste total	**2,195,127**	**3,286,559**	**952,685**	

Hazardous waste -EN22, EN24-	2007	2008	2009	Type of management [14]
Used oil	95,470	156,978	174,538	Regeneration/valorisation
Oil water mix	110,960	41,694	60,140 [10]	Valorización
Transformers with PCBs	2,413	46,834	33,960 [6]	Regeneration/valorisation/ Elimination
Oils with PCBs	520	82,874	5,674 [7]	Elimination
Lead batteries	338	582	378	Recycling
Nickel/cadmium accumulators	10,960	2,548	20,946 [8]	Recycling
Batteries	114	34	95	Recycling /elimination
Hazardous electrical and electronic waste	269	108,169	355,317 [9]	Recycling /elimination
Florescent tubes	410	388	818	Recycling
Earth impregnated with hydrocarbons	161,151	161,127	480,322 [10]	Elimination
Recipients that contained hazardous substances	1,604	985	9,251	Recycling/valorisation
Gases in pressurized containers	5	14	762 [11]	
Absorbent matter and contaminated materials	371,184	2,235	5,980 [12]	Valorisation/elimination
Silica gel	285	444	570 [13]	Elimination
Non-halogenated solvents	325	0	0	Regeneration
Watery cleaning liquids	50	200	0	Elimination
Paint waste	0	0	53	Recycling/valorisation
Insulation material (with or without asbestos)	8,680	0	80	Elimination
Laboratory chemical products containing hazardous substances	8	75	420	Elimination
Total de residuos peligrosos	764,746	605,181	1,149,305	

(1) Very significant increase owing to the cleaning and fitting-out campaign that is being carried out since the end of 2008.

(2) Significant decrease regarding last year owing to the reduction of the number of renovation and improvement works in substations (the great majority of waste originates in these types of actions.

(3) As of 2006, the maintenance and replacement of equipment is performed by an external company. The figure only included the toners that are not contemplated in the contract.

(4) The majority has been given to the owners or incorporated into the land, hindering the possibility of providing a global figure despite the availability of the some of the type of management information. It has not been taken into account as part of the non-hazardous waste total.

(5) An equipment replacement campaign owing to improvements in the communication and control systems has been carried out.

(6) An auxiliary transformer has been eliminated and 34 pieces of metering equipment.

(7) The decrease is a result of the procedure established for non-handling of oils with PCBs, the oil is retrieved along with the equipment and the weight of the oil is included in the weight of the transformer.

(8) Figures resulting from the collection campaign carried out by the company "Ecopilas" (through their integrated management system SIG) in compliance with RD regarding RAEE.

(9) A campaign was carried out for the removal of out-of-use equipment that was in storage at substations. As this equipment contained or had contained oil, they are considered hazardous waste.

(10) Data resulting from the 4 fitting-out actions performed on pits of power transformers and from accidental spillage (see section concerning protection against spillage).

(11) A campaign was carried out for the removal of SF_6 bottles which fall out of current specification and empty bottles that were accumulated at the substations. Even though SF_6 is not a hazardous substance, the bottles in which it is stored are pressurised containers and are managed as hazardous waste.

(12) Data related to accidental spillage (see section concerning protection against spillage, which has increased with regard to 2008.

(13) Progressive substitution of silica gel containing cobalt.

(14) The amount of waste whose final destination has been recycling is estimated at 34.5% of the total waste generated.

The waste generated in **construction activities** is managed by the contractors. REE communicates the requirements to them so that this management is adapted through environmental specifications, and its fulfilment is reviewed during works supervision visits and associated documentation control. Control is evermore exhaustive due to the intensification of activities regarding environmental supervision of works.

Waste generated during construction

Non-hazardous waste

Excavation surpluses	Rubble
Flora/Forest waste	Paper and cardboard
Plastics (containers and wrapping)	Wood
Scrap waste	Solid urban waste
Septic tank sludge	

Hazardous waste

Absorbent material and rags contaminated with hazardous substance
Earth impregnated with hydrocarbons
Recipients containing hazardous substances
Paint waste

In the subsidiary TDE, the programme for the final disposal of special and hazardous waste such as: batteries/dry batteries, expired medicines and fluorescent tubes, has continued to be worked on. In addition, alliances for the recycling of paper and used toner cartridges have been carried out.

Noteworthy is the programme carried out in the community of Kasi-Kasi, by which batteries were substituted for alternatives rechargeable using solar energy. This programme will contribute to diminishing the generation of a highly hazardous waste for the environment. In addition, within the framework to this initiative, 17kg of batteries from the community have been collected to initiate their suitable management.

Other environmental actions

Management of equipment with PCBs -EN1-

PCBs (Polychlorinated biphenyls, polychlorinated terphenyls, etc.) are classified by the WHO as hazardous substances, their use being prohibited in new equipment due to their long persistence in the atmosphere, for being barely biodegradable and cumulative in the food chain and because its decomposition gives rise to high toxicity compounds classified as highly cancerigenic.

REE has analysed all the power transformers and auxiliary transformers that it currently has installed and thanks to this it has inventoried 17 (1) transformers contaminated with PCBs (4 power transformers and 13 auxiliary transformers, representing a total of 55,383 litres of contaminated oil). This amount is very small in relation to the large amount of equipment it has installed and considering, in addition, that none of the transformers inventoried exceeded a concentration of 500ppm of PCBs.

Additionally, REE has an ambitious plan in relation to the equipment contaminated with PCBs by means of which **all the inventoried transformers shall be eliminated or decontaminated during 2010**. Five transformers will be decontaminated (four power transformers and one auxiliary) and the rest of the transformers will be managed by means of an authorised manager of PCBs.

In addition, there is equipment at the facilities that cannot be analysed (nor inventoried therefore) until the end of their lifecycle. This is equipment with a low oil content (in the order of 100 litres) and in these cases, a characterisation is carried out prior to its elimination to be able to begin to adapt its suitable waste management (the treatment is different if the waste has PCBs or not). During 2009, 34 pieces of metering equipment contaminated with PCBs were eliminated.

(1) Last year, data was provided for 16 inventoried pieces of equipment with PCBs. During 2009 3 contaminated power transformers were acquired (as part of facilities bought from other electricity companies), an auxiliary transformer has been eliminated and the decontamination of a power transformer has been confirmed.

In Bolivia, specific legislation does not exist regarding oil contaminated with PCBs, despite this; an amount of 100 litres has been inventoried. It has been identified and is contained under environmentally safe conditions.

During 2009, spillage contention systems were improved on four power transformers (with large amounts of oil) and 4 auxiliary transformers (with low amounts of oil)

Preventive measures for leaks and spills -EN26-

Thanks to the application of preventive measures and to the definition and application of suitable action procedures in the case of spillages, this type of incidents seldom occur and in the case when they do happen, they are not usually serious.

The most important measures are: the preventive and corrective maintenance of the equipment that contains oil, the adoption of best practices regarding works (handling of equipment and polluting substances on impermeable surfaces), the existence of absorbent material to be used in the case of accidents and essentially the existence of spillage containment systems for equipment which contain hazardous substances, helping to avoid effects on the soil in case of spillage.

Leaks and spillage -EN23-

	2007	2008	2009
Leaks and spillages of hydrocarbons derived from the use of machinery	2	3	2 (1)
Leaks and spillages of oil due to failure in filling the transformer	0	0	0
Leaks and spillages of oil and hydrocarbons during maintenance, handling or storing of machinery	7	2	13 (2)
Explosion in measurement transformers **(fire and oil spill)**	6	0	0
Oil leaks in underground lines	1	0	1 (3)

(1) Accidents of minor importance related to the breakage of hoses of the machinery used for renovation works at substations.

(2) None of the accidents registered can be considered severe. All have occurred exclusively within the perimeter of substation. In cases where accidents related to power transformers, practically all the oil spilled ended up in the containment pit (preventive measure) although in some cases the oil sprayed out, contaminating the gravel. The volumes of gravel contaminated varies depending on the incident, but in the worst case was of around 30 m^2. In the case of metering equipment the volumes of oil spilled have always been less than 100 litres. A high volume of waste results from these spillages (see the corresponding section): oil collected from pits, contaminated gravel and absorbent materials and damaged equipment; however it can be assured that the effect on the soil is zero because all the spilled material is cleaned up.

(3) Spillage of oil in repair works of the casing of a cable. Only 6 m^3 of contaminated soil are generated and are managed as waste.

Protection of the socioeconomic environment and the landscape

Protection of archaeological and ethnological heritage

During 2009, archaeological supervision has been carried out during works involving the movement of earth, 10 substations and 23 lines. Noteworthy are the following special activities:

Protection of archaeological – ethnological heritage

L/Ziérbena-Abanto	The entrance to a catalogued cave is marked off to prevent any type of effect.
L/Aparecida-Tordesillas	Four manual probings are carried out in the vicinity of catalogued site, with no findings.
L/Segovia-Galapagar	The area is marked-off to protect a shelter from the civil war.
L/Cabra-Guadame	Following the discovery of small common roman construction and pottery fragments in the initial prospecting, a probing is carried out with no findings.
L/Arcos - La Roda de Andalucía	An archaeological probing is carried out at 8 tower sites. Remains of roman necropolis are discovered at one of them, therefore the area of the construction of the tower was protected with geo-textile fabric. The remains were moved to the archaeological museum of Seville. Additionally, the remaining supports are relocated.
L/Trives-Aparecida	As a result of surface probing, a different route (of a span) and the positioning of a tower was altered.
SE Requena	A cistern tank was marked off, and subsequently restored.

Restoration of a water well in La Plana de Requena-Utiel

This construction constitutes an ethnologic property comprised of the well's stonework structure of approximately one metre in diameter and another stonework structure built on it, enclosed by a false dome. The most characteristic construction elements of these types of water wells are still present: basin, pulley and drinking trough. The restoration was carried out following the criteria of ICOMOS (International Council on Monuments and Sites)

Landscape protection -EN14-

REE is conscious of the relevance of the impact of the lines and substations on the landscape, being one of the aspects which most influence social rejection of high voltage facilities. For this reason, measures are taken to reduce their impact whenever possible. Two examples corresponding to 2009 include:

L/Soto-Penagos	Compacting of two stretches of parallel lines (12 km).
L/Pesoz-Salas	Excavated by hand, hoisting and removal of wastes by helicopter to avoid impact on the landscape of an access path to a tower located at a viewpoint.

As is common practice, after all construction works of new facilities the work areas and the accesses are restored. -EN13- On many occasions, specific landscape restoration projects are carried out

Landscaping restorations - 2009

SE Pesoz	Restoration of a dumping site. Hydrosowing and planting of small forested areas of oaks and birch. Use of erosion netting for restoration of slopes.
SE Salas	Restoration of slopes (manual sowing) and ditches.
SE Morvedre (extension)	Planting of junipers and olive trees. Laying of coloured gravel.
SE Requena	Planting of olive trees. Reinforcement of slope with coconut netting.
SE Minglanilla	Planting of olive trees (replanted from land occupied by the substation). Reinforcement of slopes with coconut netting and planting of herbaceous and bush-like plants.
SE Abanto	Applying concrete to slope and aging of the same for its colour integration. Planting of climbing plants and installation of small flora screen in corner.
SE Morella	Planting of Aleppo Pine (*P. Halepensis*) and Kermes Oak (*Q. coccifera*) to screen the visual impact of the Property of Cultural Interest (BIC) of Freiximeno.
	Planting of evergreen and deciduous trees in the area next to the Calders River to screen out view from the main road.
	Planting of Holm Oaks and shrub and strengthening of the slope by laying natural net, sowing or hydrosowing.

In addition, in an ever increasing way, measures are taken to adapt the buildings of the substations to the characteristics of the construction of the surroundings in which they are located.

Landscape integration of buildings

SE Bit	Tinting of the building with an ochre colour (colour of other construction in the area). Fitting of vents in accordance to typical Majorcan design.
SE Requena	Adaptation of the control building and out buildings to the architectonic characteristics of the rural constructions of the zone.
SE Minglanilla	Adaptation of the control building and out buildings to the architectonic characteristics of the rural constructions of the zone.

Nature school

The project consists of the creation of a garden in the La Mudarra substation, which will be a space of rest and enjoyment for the workers, in addition to a mini botanical garden, the Red Eléctrica Nature School.

The garden consists of a central walkway lined with almond trees and lateral walkways with fruit trees (quinces, apple trees, pear trees and sour cherries). In addition, other fruit and ornamental trees have been used (fig trees, pomegranate, strawberry trees, olive trees, oaks, black pines, cork oaks) selected because of their spectacular flowering or fruits of culinary interest. Each example has a plaque with its common and scientific name to help the stroller with its identification.

In the area where all the lateral walkways converge an area has been planned: composed of 1,170 plants that are noteworthy for their flowering and will serve to represent the four seasons of the year. Different discarded materials, existing in the Mudarra warehouse, have been recycled and used for the elaboration of jardinières and a pergola.

The execution of this project has been carried out by disabled workers (Parks and Gardens section, GRUPO Lince, ASPRONA).

**Due to climatological conditions, some works are yet to be finished and the garden shall be inaugurated in 2010*

Protection of harvests

E/S Torrente L/400 Catadau-La Eliana	Hoisting by boom crane to minimize the effect on citric groves.
L/Laguardia- Logroño	Prior removal of the trellis vines (D.O. Rioja) to minimise the effect during the operation of increasing the height of towers.

Monitoring of electric and magnetic fields -PR1-

Thanks to the preventive measures that are applied in the design of the facilities, the levels of electric and magnetic fields stay below levels recommended by the Council of the European Union (The Official Journal of the European Union 1999/519/CE: limit exposure values for the general public in sites where they may remain for some time at 5kV/m for the electric and 100TM for the magnetic field). The most important measures are the following:

- Construction of double circuits and translocation of phases in lines.
- Increasing the height of towers, thus increasing the safety distances.
- Minimum distance of the lines from population nuclei and isolated houses.

In order to verify that our facilities are below exposure limits, we have carried out an intense measurement plan that has been developed as follows:

- Measurements in 1,100 proximity points (in the vicinity of which were schools, hospitals, houses or industrial areas). All the measurements were found to be below the levels recommended for magnetic fields and in 0.7% of the cases, the electric field limits were exceeded, these being cases where the points are not frequently transited by people. (Year 2004).
- Measurement in 37 substations to evaluate the level of exposure of the workers and to verify the compliance with the European Directive of labour exposure to electromagnetic fields (2004/40/CE). All the magnetic field values

and 92% of the electric field values were below the reference levels (500mT and 10kV/m). Corrective measures have already been proposed and they will be carried out when the Directive is transposed. (Year 2005)

- Points related to facilities acquired from other companies were measured that were located near population nuclei and with lines upgraded during that year, complying with the recommended values in all the cases. (Year 2006)
- In addition, due of the commitment with the population and the interest in collaborating with public administrations and institutions, those measures derived from complaints and claims were carried out (from 2007 the measurement points have been exclusively these), having carried out 9 measurements in 2009, that comply with the limits established in the recommendations.

However, although our facilities comply with the European recommendation and that social unrest in relation to this subject has diminished considerably (thanks to research works and dissemination of information on behalf of the scientific community and international organisations), we think that it is of extreme importance to remain attentive to all innovations that arise, therefore we are subscribed to an international information service (ELF Gateway, that practically on a daily basis informs its clients, via email, regarding all the new features that appear at world-wide level) and we participate in different work groups.

In addition, we consider fundamental the active support for research in this area. An example of this commitment is the participation in the **R&D Project: "Currents Induced in the human body by electromagnetic fields of industrial frequency"**, (carried out with the Institute of Applied Magnetism Salvador Velayos) and thanks to which a calculation model of the density of current induced by external fields inside the body has been drawn up. During 2009, said model was applied to real work situations of the personnel of REE, having obtained satisfactory results as the levels established in the European Directive have not been exceeded.

Actions taken against noise contamination -EN26-

During 2009, a measurement of noise of the L/400 kV Begues-Vandellós y Substation in Garraf was carried out, with all the levels measured being within the limits as determined by legislation. In addition a measurement of noise has been carried out in the Udalla substation, which is not yet in operation, to have reference levels and be able to carry out an evaluation once it is in service.

In Bolivia, TDE have carried out different measurements of noise in substations, which have complied, in all cases, with those established and required by law.

General aspects of environmental management

Relation with stakeholders

Internal communication and training

Environmental training is fundamental at the time of forming a team which is more and more aware and conscious of the relevance of working in accordance with certain environmental criteria. In 2009, environmental training was received by 15.39% of the workforce (an increase of 6.73% with respect to 2008) with a total of 3,109 hours.

A correct environmental management is not possible without a fluid communication with all the interested parties

Additionally, numerous awareness campaigns have been carried out with the aim of contributing to improving environmental habits in daily work and family life of each employee.

The most important activities are detailed in the section of this chapter: energy efficiency and consumption.
Noteworthy is the **Green Suggestion Box initiative**, through which suggestions from employees are received. Every year one of them is awarded a prize for their idea, which subsequently is carried out in the following fiscal year. The initiative selected in 2009 ("Sponsor a species"), has already begun.

As for TDE, the entire workforce received some kind of environmental awareness or training during 2009. Noteworthy are the activities carried out in the Regions and the seminar of « Monitoring of exhaust gases for vehicles » in which contractors and invited universities also participated.

External communication

The main channel of communication for the external dissemination of information is the website, (www.ree.es), there it is possible to find all the relevant environmental information and additionally the main publications, amongst which noteworthy are the Environmental Report and the Corporate Responsibility Report.

The enquiries and claims of the public can be carried out through the **Dígame** service or the **Green suggestion box** on the external website. During 2009, a total of 12 claims and 20 enquiries classified as of environmental character were received.

Additionally, Red Eléctrica collaborates with prestigious organisations that work in the field of the environmental protection and awareness. In addition, it actively participates in numerous working groups, forums and congresses, which are fundamental for the exchange of experiences and the learning. The information regarding these activities is detailed in chapter 6.

Suppliers

Suppliers are an essential part regarding the development of REE activities, for this reason we consider it important to extend our environmental commitment to each one of them as an integral part of the working team.

During the qualification process of suppliers, Red Eléctrica obliges all companies whose activity has an environmental impact to ensure that all their employees have a minimum environmental training. In addition, all those companies that have been classified as of high environmental risk (companies for 17 types of services have been classified as such) must also have a civil liability insurance with coverage for environmental damage.

Supplier / subcontractor environmental behaviour

	2007	2008	2009
Number of suppliers with environmental qualification[1]	195	188	115
Suppliers with a certified Environmental Management System (UNE-EN ISO 14001:2004 or EMAS registered) divided by suppliers with qualification (%)	40	41	50

(1) Included are those suppliers qualified by Red Eléctrica and whose services rendered or product supplied has some kind of environmental connotation to be considered.

The Bolivian company TDE continually carries out environmental awareness to all contractors. During the year, the direct awareness training of 268 people who participate in the project Ampliación Sur I was carried out.

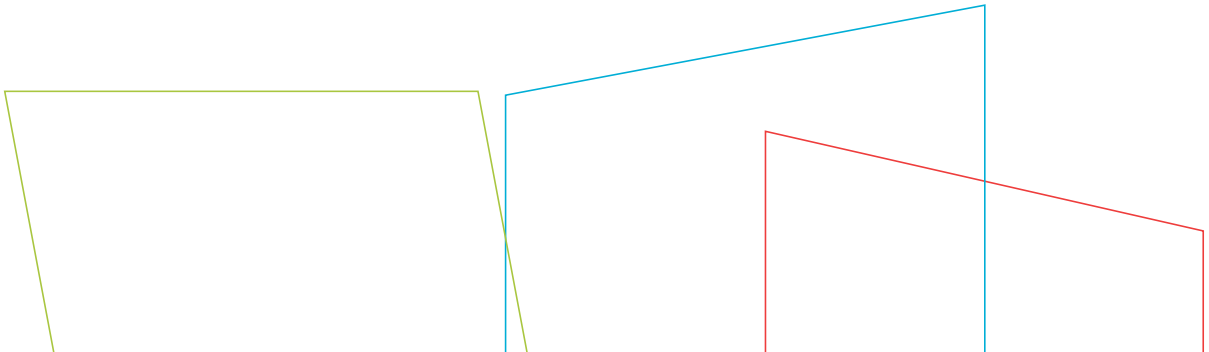
Sanctions and fines -EN28-

During 2009, 13 sanction proceedings were resolved with a fine, 10 opened in 2008 and 3 opened en 2009.

Cases resolved with fines and the cost of the same [1]

Infringement Committed	Figures in euros	2007	2008	2009
Construction of path without authorisation		100	-	-
Lack of maintenance of vegetation		91	1,805 [2]	-
Unauthorised felling and pruning		100	6,367 [3]	720
Unauthorised occupation of common land		200	-	-
Fire due to line discharge		91	-	-
Unauthorised spanning of water way		240	-	-
Abandoned material/fire risk		-	91	2,735 [5]
Unauthorised spanning of Protected Natural Areas		-	200	-
Obstruction of water way		-	1,858 [4]	-
Total Cost		**822**	**10,321**	**3,455**

(1) The cases resolved are recorded in the year in which they are initiated, therefore the data for 2008 change in relation to those reported in the previous annual report. The data shown includes the cases resolved in the current year.
(2) The amount corresponds to 10 cases (5 resolved in 2009).
(3) The amount corresponds to 4 cases (3 resolved in 2009).
(4) The amount corresponds to 2 cases (resolved in 2009).
(5) The amount corresponds to 2 cases.



Environmental expenditure -EN30-

figures in euros	2007	2008	2009
INVESTMENTS	**2,086,625**	**5,078,780**	**4,427,760**
Engineering and construction of new facilities	**2,086,625**	**5,078,780**	**4,427,760**
EXPENDITURE	**15,359,790**	**17,150,042**	**13,651,980**
SGMA	**12,132**	**10,775**	**10,028**
Preventive and corrective measures for facilities in service	**13,791,960**	**14,782,548**	**11,666,853**
Contamination prevention	430,611	428,204	296,616
Prevention of fires	12,654,662	12,712,353	10,054,013
Protection of birdlife	194,256	682,533	385,638
Environmental improvement of facilities	403,133	402,414	343,529
Electromagnetic field and noise management	3,095	2,164	2,166
Waste management	106,203	554,880	584,891
Research and development	**283,641**	**496,108**	**600,472**
Training and communication	**408,741**	**711,920**	**281,766**
Environmental training and awareness programmes	19,476	41,815	38,941
Communication	389,265	670,104	242,825
Environmental taxes and levies	**37,233**	**207,719**	**17,084**
Expenditure of personnel dedicated to environmental activities	**826,083**	**940,972**	**1,075,778**

Environmental investment and expenditure

Total investment in the transmission grid (%)	**0.35**	**0.82**	**0.60**
Environmental costs / total operational costs (%)	**2.11**	**2.77**	**2.13**

In 2009, an important advance in the identification and control of environmental expenditure was achieved. After an analysis of maintenance activities, a function has been included in the IT system used to this effect, which allows the possibility of identifying those work orders that have some type of environmental repercussion.

Environmental programmes

2009 Programme

Action areas	Global Fulfilment
Improvement in the environmental management system and processes -EN14, EN26-	
evision of the environmental criteria of the construction process [1]	50
Updating of the environmental inventory of Red Electrica's assets	
Incorporation of environmental criteria in route sheets [2]	85
Biodiversity: preservation of birdlife -EN14-	
R&D&i projects for conservation of nature: experimental application of the bird collision detector [3]	0
Reduction of accidental spillage risk -EN26-	
Actions to improve substations for the prevention of ground contamination [2]	45
Emission control improvement –EN18-	
Control and compensation of emissions in Red Eléctrica. Improvement in the integral Management of SF_6. The REE Forest Project[2]	75
Consumption control -EN5, EN7-	
Efficiency Improvements in consumption of natural resources, water, electricity and fuel [2]	53
Relation with stakeholders	
Integration with the environment of substations in service. The School of Nature	100
Encouraging good environment practises **-EN5, EN7, EN18-**	100
Environmental awareness of the interested parties:	
Agreement with the Generalitat de Cataluña for prevention of forest fires. **-EN14-** [4]	50
Supplier environmental awareness [5]	0
Total fulfilment of the environmental programme (%)	56 [6]

(1) Continues to be out of the Environmental Programme next year (it is only pending the drafting of the procedures).
(2) Continue next year as part of the objectives of the Environmental Programme. The delay in its fulfilment is due to re-adjustments in the planning and budgets.
(3) Pluri-annual objective continues next year. The progression of the objective is adequate, although the critical level established in the programme has not been reached, therefore it cannot be rated.
(4) Only pending signature, to occur in 2010.
(5) Has not been carried out. Will be included in an objective set out for 2010: development of a specific plan for environmental training.
(6) The total fulfilment of the programme is the result of adding the total fulfilment of the different objectives, weighted according to their relevance. (Does not correspond to the average of the sum of total fulfilment).

2010 Programme

Action areas

Biodiversity -EN14-

Definition of the biodiversity strategy at Red Eléctrica.

Improvements in the control of corridor maintenance actions in areas classified as high risk of fire.

R&D&i projects for conservation of nature: birdlife.*

Landscaping -EN14-

Integration in the environment of 10 % of the buildings (new constructions).

Improvement in emission control -EN18-

Control and compensation of emissions in Red Eléctrica: improvement in the management of SF_6.
The REE Forest Project.*

Consumption control -EN5, EN7-

Efficiency Improvements in consumption of natural resources: water and electricity.

Development of REE's sustainable mobility Plan. *

Risk analysis of facilities under maintenance -EN14, EN26-

Environmental risk analysis of 180 substations.*

Reduction of accidental spillage risk -EN26-

Execution of 31 improvement actions at substations for the prevention of ground contamination. *

Relation with stakeholders

Development of Red Eléctrica's environmental training Plan. **-EN5, EN7, EN18-**

Execution of two environmental communication actions directed towards society.

*The objective marked * are pluri-annual.*

Key environmental indicators - TDE in 2009

	2007	2008	2009
Environmental objectives			
Compliance with the environmental programme	98.27 %	99.21 %	95.63 %
Effect on protected areas. Impact on Biodiversity			
Km of lines constructed in protected spaces/km of lines constructed (%).	0 %	0 %	0 %
Consumption of natural resources			
Total electricity consumption [1] (kW h)	825,865	841,724	887,218
Electricity consumption [1] (kWh/employee)	6,940	6,734	7,098
Total electricity consumption (Joules) -EN4-	$3.0 \cdot 10^{12}$	$3.0 \cdot 10^{12}$	$3.2 \cdot 10^{12}$
Total water consumption [2] (m^3) -EN8-	13,185	15,992	14,677
Water consumption[2] (m^3/employee)	111	128	117
Total fuel consumption of fleet vehicles[3] (litres)	142,618	119,240	129,891
Fuel consumption of electricity generators in substations (litres)	36	376	535.3
Total fuel consumption (Joules) [4] -EN3-	$5.1 \cdot 10^{11}$	$4.4 \cdot 10^{11}$	$4.7 \cdot 10^{11}$
Greenhouse gas emission			
Direct emissions - fuel consumption- (t CO_2 equivalent)	385.17	322.96	352.15
Indirect emissions - derived from electricity consumption - (t de CO_2 eq.)[5])	443.39	451.90	476.33
Total emissions (t CO_2 equivalent) -EN16-	828.56	774.87	828.48
Waste generated (amounts managed) kg -EN22-			
Non-hazardous			
Municipal waste	11,219	17,402	9,621
Plastic waste	324	401	439
Paper waste (cardboard, newspapers, magazines)	2,030	2,638	1,411
Hazardous			
Printer cartridges and toner [6]	193	165	141
Dry cell batteries and batteries	25	9	12.5
Sanitary goods and out-of-date medicine	2	5	4.2
Miscellaneous solids impregnated with dielectric oils	33	6	20.5

continues >

	2007	2008	2009
Accidents (oil and fuel spills) -EN23-			
Total number of environmental accidents	0	0	1
Number of environmental accidents – Oil spills	0	0	1
Number of environmental accidents – Fuel spills	0	0	0
Number of environmental accidents – Other accidents	0	0	0
Training and environmental awareness training			
Employees who have received training in environmental matters (%)	100	93	100
Number of external people who have received information in environmental areas during project execution.	1,176	0	268
Environmental communication with interested parties			
Number of environmental enquiries	1	3	3
Number of environmental claims	-	0	0
Supplier / subcontractor environmental behaviour			
Number of suppliers	15	8	16
Percentage of suppliers / contractors with SGMA certified ISO 14001		15	0 0
Sanctions and fines -EN28-			
	0	0	0
Environmental costs and investment -EN30-			
Environmental investment (USD)	-	0	0
Environmental investment / Total investment (%)	-	0	0
Environmental costs (USD)	41,663	64,263	95,213
Environmental costs / total costs (%)	0.42	0.92	0.77

(1) Data from Headquarters, regional centres of Valle Hermoso, Potosí, Oruro, Santa Cruz and the warehouse at La Maica.
(2) Data from the public water mains and wells. Used in gardens and toilets
(3) The fleet is made up of 30 vehicles.
(4) In the 2008 Report, there is an error in this data.
(5) Source of calculation: International Energy Agency 2006. Data for Bolivia, mixed generation.
(6) In units.

Key environmental indicators - REDESUR in 2009

		2007	2008	2009
Environmental objectives				
Compliance with the environmental programme		89 %	100 %	100 %
Effect on protected areas. Impact on Biodiversity				
Km of lines constructed in protected spaces/km of lines constructed (%)		0	0	0
Consumption of natural resources				
Total electricity consumption (kW h)		135,813.90	150,008.72	156,385.28
Electricity consumption (kWh/employee)		7,989.05	7,143.27	6,516.05
Total electricity consumption (Joules)-EN4-		$4.9 \cdot 10^{11}$	$5.4 \cdot 10^{11}$	$5.6 \cdot 10^{11}$
Total water consumption[2] (m^3) -EN8-		1,020.48	1,005.93	1,277.64
Water consumption (m^3/employee)		60.03	47.90	53.23
Fuel consumption of fleet vehicles (litres)		3,060.16	3,118.84	4,794.24
Fuel consumption of electricity generators in substations. (litres)		767.94	1,352.52	947.92
Total fuel consumption (Joules) [1] -EN3-		$1.4 \cdot 10^{10}$	$1.6 \cdot 10^{10}$	$2.1 \cdot 10^{10}$
Greenhouse gas emission				
Direct emissions - fuel consumption - (t CO_2 equivalent)[2]		10.34	12.07	15.50
Indirect emissions - derived from electricity consumption - (t de CO_2 eq.)[2]		26.87	29.68	30.94
Total emissions (t CO_2 equivalent) -EN16		37.20	41.75	46.44
Waste generated (amounts managed in kg) -EN-22-				
Non-hazardous				
Municipal waste		639.15	603.90	660.50
Plastic waste				
Paper waste (cardboard, newspapers, magazines)		41	90	137
Hazardous				
Printer cartridges and toner and chemical product containers	11.5	0.5	12	
Dry cell batteries and batteries		0.93	5.5	0
Sanitary goods and out-of-date medicine		2.5	1.5	0
Miscellaneous solids impregnated with dielectric oils		27.6	53.5	85

continues>

	2007	2008	2009
Accidents (oil and fuel spills) -EN23-			
	-	0	0
Training and environmental awareness programmes			
Employees who have received training in environmental matters (%)	-	54	54
Environmental communication with stakeholders			
Number of environmental enquiries	1	0	0
Number of environmental claims	1	0	0
Supplier / subcontractor environmental behaviour			
Number of suppliers	10	11	11
Suppliers / contractors with SGMA certified ISO 14001 (%)	1	1	1
Sanctions and fines			
	-	-	-
Environmental costs and investment			
Environmental costs (USD)	38,000	-	45,000
Environmental costs / total costs (%)	2.53	-	2.80

(1) In the 2008 report, there is an error in this data.
(2) Source for calculation: International Energy Agency 2006. Data for Peru, mixed generation.

08
Annexes

Report Parameters

Profile, Scope and Coverage -3.1, 3.2, 3.3, 3.8-

Based on the principle of **materiality and exhaustiveness**, this Corporate Responsibility Report aims to offer the relevant information on the social, environmental and economic impacts of the Red Eléctrica Group during the 2009 fiscal year, and its evolution over the last five years regarding the majority of the indicators. This report which Red Eléctrica has been **publishing every year since 2002**, has been drawn up and validated in accordance with the recommendations of the **Guide for drafting sustainability reports (G3, 2006 edition) and electric utility supplement** (2009 edition) edited by the Global Reporting Initiative (GRI) and for the sixth consecutive year it **has been verified in accordance with the AA1000 Standard.**

In keeping with the requirements of the G3, the team responsible for defining the contents has paid special **attention to the stakeholders**, integrating the majority of their proposals with emphasis on the contributions received from bodies and entities that disseminate and evaluate Corporate Responsibility.

With regard to the **scope and coverage**, this report includes complete information regarding the management focus, activities and results of the Group's main activity: the electricity business in Spain by means of Red Eléctrica de España, S.A.U. (REE) which represents 96% of the Group's consolidated turnover and 95% of its total assets. Regarding the rest of the Group's activities, which jointly represent 4% of the business turnover, included is the relevant information of the primary company: TDE (Bolivia), as the rest of the companies do not present significant nor real or potential sustainability impact. Nonetheless, also included are the most relevant indicators of the company REDESUR (Peru), in which there is a 33.7% stake holding, and whose impact within the set of activities pertaining to the management and operating of the Group's electricity grids are of little relevance. -3.5, 3.6, 3.7, 3.11-

Additionally, this report gathers information on some of the actions and results which demonstrate the commitment of the organisation with the compliance of and support for Human Rights and labour rights, as well as with the Millennium Development Goals. In this direction a list of the 10 Principles of the United Nation's Global Compact is included, together with the associated GRI indication and their location in the document. It should be added that this report is completed with the publication of Red Eléctrica Group's Corporate Governance Report and Annual Report which includes the Group's Corporate Management Report, and are complemented with the information published on the corporate website (www.ree.es).

In general, the data included in previous reports has not been reformulated, except in some cases where quantitative data from previous years has been updated and in this case, it is indicated in the corresponding table. -3.10-

For any clarifications and additional information about this publication or the validation and verification report, please contact the addresses which are indicated at the end of the document. -3.4-

Independent verification -3.13-

The information systems used to provide the data and the results included in this report are subjected to different internal and external control, supervision and auditing processes. The contents of this report have been checked by an independent auditing firm and the corresponding verification process is included at the end of this chapter.
The verification process is made up of the following milestones:

- Verification of the process used to draw up the Corporate Responsibility Report based on the AA1000 AS standard.
- Verification and classification of the degree of compliance with the G3 guide proposed by the Global Reporting Initiative.

Furthermore, **the economic and environmental data** has been subjected to an **external audit** and is published in greater detail in the company's Annual Accounts and Environmental Report for 2009. -3.9-

Red Eléctrica have followed the protocol established by the GRI and has submitted its self-evaluation for verification by SGS. This was finally confirmed by the auditing firm as A+. Similarly, the report has been revised by the GRI, which awarded it with the maximum level of application A+.

GRI application level (G3)

	C	C+	B	B+	A	A+
Self-evaluation (REE)						GRI REPORT SELF DECLARED
External evaluation Independent Consultant						GRI REPORT 3rd PARTY CHECKED
GRI evaluation						GRI REPORT GRI CHECKED

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To facilitate the identification of the indicators required by the Global Reporting Initiative, in drawing up the report, references are included -X.X- corresponding to the indicator codes, as shown in this table.

Notes to the GRI indicator table

1 *Not applicable. The water consumed is obtained from authorised water withdrawal points (municipal water mains or Wells or cisterns). Therefore, no direct effect exists on the ecosystems.*

2 *In some REE buildings and substations, rain water is collected for use. At the moment there is method to determine the amount of rain water used.*

3 *Have not been quantified at the moment. This information will be included in future reports.*

4 *Not applicable. These emissions are not generated directly by the activities of the Company.*

5 *Not applicable. The Company has no dumping activities associated with productive processes.*

6 *Not applicable. Pluvial water dumping from substations (which is the only water dumping associated to the activities of REE that takes place) does not effect hydric resources nor the associated habitats.*

7 *Not applicable. Red Eléctrica does not commercialise products.*

8 *The transport of materials and people are not considered significant impacts. The impacts considered are those indicated in EN3, EN4 and EN17*

9 *The document of Red Eléctrica on general contracting conditions (available on the company website) establishes in section 19 referring to Corporate Responsibility, the respect for the Global Compact Principles and Human Rights when carrying out its activities whether they be carried out by its own personnel or subcontracted personnel.*

10 *In2009, no claims or incidents associated with discrimination were recorded.*

11 *All employees have been informed of and trained in the Code of Ethics principles which must govern their daily activity, in which are specifically included the criteria and procedures to be carried out to comply strictly with human and labour rights. Additionally, the newly incorporated staff is given the Code of Ethics along with all rest of the induction documentation. Another of the aspects on which employees have been trained is the policy and measures of anti-corruption, especially in those organisational units most involved.*

12 *The activities carried out by the Red Eléctrica Group are characterised for being intensive in highly qualified human capital making it impossible for there to appear any problems related with human rights, such as child and forced labour, or freedom of association amongst others. In addition the SA8000 Standard certification and the AENOR certification based on the RS10 guide verify that these human and labour rights are guaranteed. Additionally, Red Eléctrica de España, in compliance with the current labour legislation, recognizes the right of freedom of association of the workers and respects the regulatory framework of the collective bargaining agreements as source of rights and obligations between the parties as this is the nature it is attributed by the Spanish legislation.*

13 *There is no record that any incident related to infringements of the rights of the indigenous people has occurred.*

14 *No contributions have been made to any political parties.*

15 *No legal claims against the Red Eléctrica Group have been registered related to acts taken against the competition, anti-monopolistic legislation and monopolistic practices.*

16 *In 2009, there are no sanctions and fines, nor non-monetary sanctions derived from the non-compliance with the laws and regulations.*

17 *There has been no significant incident registered linked to the non-compliance with the legal regulation o of the voluntary codes related to the impacts of the goods and services on health, and safety during its life cycle.*

18 *Not applicable. The products of Red Eléctrica are exempt from labelling.*

19 *Red Eléctrica does not carry out any campaigns for advertising or commercial purposes.*

20 *No complaints have been filed with regards to infringements of customers´ rights to privacy or the theft and loss of personal data.*

21 *In 2009, no significant fines have been imposed due to breach of laws and provisions regulating the supply and use of products and services*

22 *Not applicable. All the activities of the Group are related with the transmission of electricity and with the operation of the electricity systems, but not with the generation of electricity.*

23 *As the electricity system operator and transmission agent, this indicator has been interpreted as the planning of the grid in accordance with the 2008-2016 Infrastructures Plan.*

24 *In Red Eléctrica, clients are regarded as the market agents. In December 2009, 408 market agents were registered in the System Operator's information system.*

25 *Not applicable. The activity of electricity transmission does not directly generate emissions and consequently they are not subject to emission quota rights of CO_2 equivalent.*

26 *The losses attributable to the transmission grid during 2009 are estimated to be 1.2% over the transmission demand.*

27 *Due to preventive and corrective measures applied, the facilities of REE do not entail a sufficiently significant loss of biodiversity to require the establishing of compensation zones. The effects generated are punctual and very specific, and in some cases compensatory measures such as the planting of trees due to the felling activity or habitat restoration measures (such as the case of the measures associated to the REMO Project and that included in the report). The comparison of the compensation habitat with the area affected is not applicable as the effects on the original habitat are practically inexistent.*

28 *In 2009, no fatal injuries or casualties have occurred among the citizens and that involved company assets.*

29 *Red Eléctrica does not carry out distribution activity, only high voltage transmission.*

30 *Not applicable. Red Eléctrica, as high voltage transmission agent, does not reach the final consumer.*

31 *Only partial data about consumption reduction are shown. Although, the initiatives put in place for energy efficiency and saving are described, and whose degree of efficiency will be measured in subsequent fiscal years.*

United Nations Global Compact -4.12-

The Red Eléctrica Group has considered, as a whole, to be adhered and support the United Nations Global Compact. The Board of Directors and senior management team consider this initiative as a high value proposition for the defence of Human rights, respect for the Environment, committed support for the social advance in all its aspects and the fight against corruption.

REE is founder member of the Spanish Global Compact Association (ASEPAM) and annually presents the Progress Report, like TDE do. The reports can be consulted on the Spanish Global Compact website (www.pactomundial.org). For the Group, supporting the Global Compact and keeping its commitments with its principles represents a key cornerstone when developing and implementing Corporate Responsibility policies.

ASPECTS GLOBAL COMPACT PRINCIPLES

	GRI Indicators
Human Rights	
1. Companies will support and respect the protection of the fundamental human rights, recognised internationally with their scope of influence.	HR1-9, LA4, LA13-14, EC5, LA6-9, PR1, SO5
2. Companies will ensure that their companies are not involved in any infringement of human rights.	HR1-2, HR6-7, SO5
Labour rights	
3. Companies will support freedom of association and the effective acknowledgement of the right to collective bargaining.	HR5, LA4, LA5, SO5
4. Companies will support the eradication of all types of forced labour or labour carried out under coercion.	HR7, EC5, SO5
5. Companies will support the eradication of child labour.	HR6, SO5
6. Companies will support the abolition of discrimination at work and in occupation.	HR4, LA13, LA14, EC7, SO5
Environment	
7. Companies will maintain a preventive approach that favours the environment.	4.11-12, EN18, EN26, SO5
8. Companies will encourage initiatives to promote greater environmental responsibility.	EN5-7, EN11, EN12-14, EN18, EN26, EC2, SO5
9. Companies will favour the development and diffusion of technologies that respect the environment.	EN6-7, EN18, SO5
Anti-corruption	
10. Companies will work towards eradication of corruption in all its forms including bribery and extortion.	SO2-SO5

The Millennium Development Goals in the Red Eléctrica Group

During 2009, the Red Eléctrica Group continued to work in order to achieve a more equitable and sustainable world by orienting its efforts towards the fulfilment of the Millennium Development Goals promoted by the United Nations.

The initiatives carried out this year have been focused especially on contributing to promoting gender equality and empowerment of women, both at an internal organisational level as well as by means of collaborations with external organisations. Other actions focused on other Objectives have also been carried out, as defined in the following table:

Millennium Goals	Key initiatives
1. Eradicate extreme poverty & hunger.	No specific initiative
2. Achieve universal primary education.	The Uralán Fund (Redesur-Perú), focused on the improvement of the education for students in schools located in the proximity of the company's electricity facilities.
3. Promote gender equality and empower women.	REE corporate volunteer Project with Maiti Nepal, NGO dedicated to the fight against child exploitation and the trafficking of girls and women.
	Obtain EFR certification (Empresa Familiarmente Responsable) in REE and putting into place new work-life balance measures. "Armonía" Programme for work-life balance (TDE)
	Approval of Equality Plan (REE)
4. Reduce child mortality	No specific initiative
5. Improve maternal health	No specific initiative
6. Combat HIV/AIDS, Malaria and other diseases	No specific initiative
7. Ensure environmental sustainability.	Renewable Energy Programme in Bolivia focused on promoting access and use of renewable energies in rural populations and on improving health and mitigating the environmental impacts caused through the use of wood stoves, replacing them with other ones more efficient and healthy.
	Collaboration with FAPAS (Fondo para la protección de los animales salvajes) in Asturias for planting of fruit trees and placing of beehives, with the aim of recuperating abandoned land and promoting sustainable employment sources.
8. Develop a Global Partnership for development	Participation in several forums and initiatives regarding corporate responsibility.

Contact -2.4, 3.4-

For any consultation, opinion or suggestion about this report, please contact:

Stakeholder attention service
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This report is only published in electronic format.

This report integrates all the activity of the Company during fiscal year 2009 and is complemented by the legal documentation (Corporate Governance Report and Consolidated Annual Report). All these documents are published, for a second consecutive year, exclusively in electronic format, in line with our commitment to reduce the use of paper.

In addition, we have published, in paper format, a summary report with all the most relevant aspects of the 2009 fiscal year. This document and those previously indicated are available on the corporate website: www.ree.es.

Nevertheless, if for any reason someone cannot access the electronic format version, they may request the delivery of a printed copy of the PDF format by contacting the DÍGAME Stakeholder attention centre.

This English version is a translation of the original and authentic Spanish text found in the "INFORME DE RESPONSABILIDAD CORPORATIVA DE RED ELÉCTRICA 2009", originally issued in Spanish. In the event of discrepancy, the Spanish-language version shall prevail.

Publishing the documents in electronic format has represented a savings of 21 tonnes of paper, with an estimated reduction in the environmental impact of:

294 trees | 38 t in CO_2 eq. | 1 million litres of water

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Verification Report

SGS

VERIFICATION REPORT

SCOPE

SGS ICS Ibérica, S.A. (hereafter **SGS**) has performed, at the request of **Red Eléctrica Corporación** (**REC** hereafter) an Independent Verification of the document **CORPORATE RESPONSIBILITY REPORT 2009**. The scope of the investigation includes the text and data in the reference document, but it does not include the information and / or referenced data and not entered in the document.

INDEPENDENCE

The information contained in the verified document and its preparation is responsibility of **REC. SGS** has not participated or advised in the preparation of the verified document. **SGS** only acts as an Independent Verifier, and checks the accurately of the contents. The content of this Verification Report and the opinions contained therein are the sole responsibility of **SGS**.

Policy Independence, Impartiality and Integrity

SGS ICS recognizes the importance of an Evaluation which is absolutely impartial and independent from the management systems of its Customers. It is therefore **SGS ICS** aim to ensure the maintenance of such impartiality and independence at all levels: strategic and political decisions concerning the Assessment and Certification. To that end, several controls have been established.

Steering Team Members and Team Tester should be guided by the following rules:
a).- They are absolutely prohibited from participating in the Process of Verification / Certification of an Organization if during the two years preceding the date of their possible roles have provided any related consulting service.
b).- They are forbidden from commenting on their activities with any other member of **SGS ICS** staff not directly involved in the process of Certification of an Organization, as it is incorporated in the Confidentiality Agreement / No Broadcast signed at the beginning of the job, unless the Organization particularly specified otherwise.
The appointment of Members of the Evaluation Team will take into account possible conflicts with current or past jobs. Those who have or have had employment as consultants or employees of the same in the last two years, or have family in the first or second degree leadership positions within that Organization, will not be appointed as Evaluation Team members.

In the event that any **SGS** company has performed any consulting work related to an Organization wishing to obtain a Certificate from **SGS ICS, SGS ICS** Assessors involved in the process may not belong to that company.

All Assessors, Auditors and Technical Experts being staff or subcontractors on behalf of **SGS ICS**, must sign the Confidentiality Agreement / No Diffusion. This agreement requires the concerned person to declare before taking charge of the Assessment of any commercial or other kind interest that might have on the audited Organization. It also undertakes to maintain confidentiality.

Advisory Committee Members **SGS ICS** to make decisions regarding Certification or Assessment are governed by the same rules as the Audit Team.

Recognizing the importance of ensuring that the Management of **SGS ICS** has no financial interests in products or services that may be assessed, **SGS ICS** requires its Managers to the statement of any other economic or financial activity besides those directly related to his work at **SGS ICS**.

Also **SGS ICS** staff has committed to the observance of a Conduct Code which can be resumed as follows:
- Do not give in to pressure from Clients in one area of our business in order to obtain positive treatment in another area.
- Do not accept a duty or position in the company of a Competitor or Client, except in the exercise of their functions in **SGS**.
- Do not have any interest in a Supplier, Customer or Competitor of **SGS**, except in the case of publicly traded securities, and to an extent which can not significantly influence or create undue dependence.
- Do not accept an office or employment outside of **SGS** without having obtained prior authorization.
- Do not accept any personal benefit for themselves or their relatives, which might

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influence or appear to influence their opinion or shares when exercising their functions to **SGS**.
- Do not obtain personal advantage of business opportunities from **SGS**, and do not use ownership or company resources for personal purposes.
- Refrain from disclosing any confidential fact that they might have knowledge in the exercise of their functions.

SGS ICS has full authority over its Evaluation and Certification activity and this activity is absolutely independent of any other activity into the **SGS** companies in Spain.

SGS ICS is committed to properly analyze any new activity to assess their impact in meeting the requirements of ENAC.

VERIFICATION

Methodology and Equipment Controller

It has been used Verification Methodology established by **SGS**, which consists of procedures according to ISO 19011 Audit and Verification mechanisms according to GRI Guidelines: G3 (2006), the Electricity Sector Supplement (2009) and the Standard AA1000 Assurance Standard (2008), among these are:
- Interviews with staff responsible for obtaining and preparing data.
- Review of documents and records (both internal and public).
- Testing and validation of data with the sources themselves.

In particular, in this Verification economic area data were evaluated in accordance with the Certification Audit of annual accounts of the Company, carried out by an independent external auditor.

There has been reviewing the degree of progress and achievement of Corporate Responsibility commitments for 2009, raised in the Corporate Responsibility Report for 2008.

An addendum to the **Corporate Responsibility Report 2009,** there are references to GRI ratio, relating to the checked values. Any mistake or significant absence have been noticed after our review.
The team consisted of **Staff Verifier of SGS:**

D. Fco.-Javier Gª.-Consuegra y Zamorano
Ms. Isabel López Guerrero

This was configured based on their knowledge, experience and qualifications to perform this task.

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AREAS FOR IMPROVEMENT

* In economic data, appearing on page 9, we see a decline in certain ratios, 2008 (EBITDA / Revenues), without the development of the grounds. However, these data correspond to the previous year that covered by this Report and explained in the previous Report.

* It has also decreased the spending on R & D (from 7.01 million of Euros in 2008 to 6.78 in 2009). It would be desirable to specify the reasons for this reduction.

* The report only refers to INELFE society (50% owned with his French counterpart, RTE) on pages 17 and 87 to mention the strengthening of international interconnections (with France), describing the profile of the Company. It is considered an opportunity for improvement, the possibility of expanding the data offered in different vectors of sustainability that are offered on the joint venture by 33, 7%, REDESUR (Peru). Likewise, references to the activities of RC that promotes **REC** with REN (Portugal) and INELFE (Hispanic - French) should be included.

* The I Financial Analyst Level has been reduced (from 7.9 in 2007 to 6.9 in 2009). Actions taken should be indicated.

* Review the adequacy of treatment or diffusion that has given the Ethics Code as during the years 2008 and 2009 alone there have been two complaints.

* Although it is stated that most employees and managers are recruited in their home countries, do not specify any data, in Spain, regarding recruitment of the province or autonomous region that develops **REC** activities.

* As an area for improvement, CO_2 emissions could be considered as a result of staff movements of **REC**, and its subcontractors, the usual activities associated with travel to offices and business trips.

STRENGTHS

* It is remarkable the excellent involvement and willingness of all staff interviewed.

* The clarity in drafting the Report. Should be noticed the structure of the Report and the clarity of information and technologist facilities for its location.

* Manual on Corporate Responsibility Management is under development / revision.

* Internal Audit Management System for Corporate Responsibility has been undertaken in 2009.

* it is remarkable the grand transparency that is the nominal inclusion of all Members of the Board providing all the information about type (executive, independent, sunday) and even the annual fee.

* In 2009, we see a significant increase in participation in the capital of the Organization, the shareholding of foreign institutional origin (from 58 to 77%) as well as Retailers (from 9 to 11%), constituting a good indicator of reliability **REC** image transmitted.

* **REC** has the following Awards, Qualifications and National and International Recognition:
- Dow Jones Sustainability World Index: Included for the fourth consecutive year in the index, reaching a score of 74 points in 2009.
- FTSE4Good: Stay in the index since 2008.
- FTSE4Good IBEX: Remaining in the index since its launch in 2008.
- Ethibel Excellence: Stay in the index since 2008.
- Global Challenges Index: Selected as the second best in the business enterprise with a grade of B "Prime".
- ECPI Ethical Index ECPI Ethical Index Global and EMU: Included in both indices in 2009.
- Monitoring of CSR: First place for the fourth consecutive year.
- Monitoring of CSR: First position in the first, third and fourth editions.
- MERCO (Spanish Monitor of Markets Companies): mercoEmpresas → position 55; mercoLÍDERES: → position 54; mercoPERSONAS: → position 28.

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- SAM Sustainability Yearbook 2010: Distinction "Bronze Class", **REC** is among the 15 best companies of the world in the division "utilities".
- Storebrand Investments SRI Selected as one of 14 leading companies in its sector, Distinction "Best In Class".
- Goldman Sachs: Included since 2008, Leader in 2009 in quality management and return on capital.
- Spanish Association of Minority Shareholders of Listed Companies Award AEMEC the "Best initiative for retailers Minority Shareholders" 2009.
- Chamber of Commerce, Industry and Navigation of Barcelona: Honourable Mention merits of expository clarity and comprehensiveness of the information made available to shareholders and the market.

* on the writing of the report, **REC** has taken into account the indications of the Guide for Preparing G3 Sustainability Reporting (ed. 2006) and supplements, specifically for companies in the electricity sector, published by GRI in the year 2009.

* It shows a continued growth of interest from Shareholders and Investors in the use and development of new technologies (web, electronic voting, Internet monitoring by the General Meeting of Shareholders) powered by **REC** in the interests of greater clarity and transparency of their actions.

* The creation of the Ombudsman of Interest Groups.

* Reinforcement of the call center "DIGAME" with the addition of a 2nd operator.

* **REC** has the best value on the IBEX-35, according to the Monitor Center of CSR, both in terms of Policy and Management and results in overall grade.

* The creation of the Sustainability Laboratory.

* The publication and distribution of the "Catalogue of Good Practices in Corporate Responsibility."

* The support of the development of the economy of the regions where **REC** is situated and the commitment to society.

* Reinforcement of the CECRE.

* The System of Integrated Risk Management.

* Project Active Demand Management (GAD).

* The quarterly issue of the Bulletin of the Shareholder.

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Evaluation of compliance with the principles of AA1000AS

The **2009 Corporate Responsibility Report** has been assessed following the principles of AA1000AS Assurance Standard. The application of the principle of RELEVANCE, COMPLETENESS AND RESPONSE CAPABILITY provides the Corporate Responsibility Report **REC** credibility and quality of information provided.

- Materiality or Significance.- the **2009 Corporate Responsibility Report REC** provides a fair and balanced representation of important points about economic performance, social and environmental.
- Completeness.- **REC** has mechanisms and systems that allow you to meet the expectations of Interest Groups and identify information of relevance to include the Corporate Responsibility Report **REC**
- Response Capability.- **REC** has effective processes to manage and report the answer to the expectations of its Stakeholders.

CONCLUSIONS

Based on its verification, the Verification Team from **SGS** considers that:

- The **CORPORATE RESPONSIBILITY REPORT 2009 of REC** contains reliable information and data that consistently represent activities and results for the period reflected, and has been prepared in accordance with the requirements of the Guide for Preparing G3 Sustainability Reporting 2006 Global Reporting Initiative (GRI), the Electricity Sector Supplement (2009) and the AA1000 Assurance Standard (2008)

- The GRI Application Level declared by **REC**: **(A +)** is appropriate.

- After the assessment, the Assessment Team confirms that the level of assurance according to AA1000AS 2008 is Type 2 Level High, coinciding with the type and level of the work requested by **REC** to **SGS.**

-**REC** has implemented management systems to identify and reply to the social, economic and environmental impacts of their activities, including identify and response to the points of view of interested parties.

F.-Javier G^a.- Consuegra y Zamorano
21 March 2010
SGS ICS Ibérica, S.A.

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Executive summary of the Code of Ethics Management Annual Report

The objective of Red Eléctrica's Code of Ethics is to set out the collection of principles and recommendations related to professional conduct, and whose take up and application shall contribute to an ethical and responsible management in the development of the activities of the Group, or in the relations established with the different stakeholders.

The Code of Ethics is incumbent upon all the people of the Red Eléctrica Group in the execution of their duties and responsibilities within the entire scope of activities of the Company. Consequently it is applicable to all; administrators, management and employees.

An internal monitoring system of the commitments set out in the Code of Ethics has been established, as well as a procedure for reporting infringements which is managed by the Ethics Manager, designated to this effect, with the backing of the Board of Directors and the rest of the organisation.

In the 2009 fiscal year, numerous conferences and presentations were scheduled and given to members of the Company with the objective of disseminating the scope of the Code of Ethics, as well as explaining the procedure for managing enquiries and claims. In said presentations, carried out by the Ethics Manager with the support of the person responsible for the Corporate Responsibility and Quality Department, as well as in those carried out with stakeholders via the dialogue platforms, the values on which the principles of the Red Eléctrica Group are based have been highlighted with the objective of giving an appropriate response to the relations of professionals of the Group with the stakeholders in the three essential areas regarding said relations: with the people, with the environment, and with the businesses and the markets.

During the 2009 fiscal year, response has been given to the enquiries made, which in general were related to the scope of the commitments contained in the Code of Ethics and to the guidelines on how to act in specific situations. Regarding the infringements to the Code of Ethics within the said fiscal year, two claims were received and processed by the Ethics Manager. At the end of the fiscal year, one had been resolved and another was pending resolution.

Internal audit report

INFORME EJECUTIVO DE LA AUDITORÍA INTERNA DEL SISTEMA DE GESTIÓN DE LA RESPONSABILIDAD CORPORATIVA EN RED ELÉCTRICA DE ESPAÑA (AÑO 2009)

Objeto y alcance

Verificar el sistema de gestión de la responsabilidad corporativa en las actividades desarrolladas por Red Eléctrica de España en el año 2009, comprobando si los requisitos de la norma RS-10 y los propios de la organización están adecuadamente implementados y son eficaces.

Metodología

Los métodos utilizados para la realización de esta auditoría han sido: realización de entrevistas con el personal que realiza alguna función dentro del sistema, observación de evidencias, revisión de documentación y registros internos y externos de carácter público. Esta auditoría ha supuesto una dedicación de 170 horas, realizándose 29 reuniones de trabajo.

Conclusiones

El sistema de gestión de la responsabilidad corporativa está adecuadamente implantado.

Anomalía

No se ha obtenido evidencia de la cualificación de los dos técnicos de gestión de responsabilidad corporativa y grupos de interés, como especifica el procedimiento GP03 Cualificación del personal operativo.

Puntos fuertes

1. El fuerte compromiso y liderazgo de la alta dirección en el sistema de la responsabilidad corporativa, destacando entre otros: la constitución de la Comisión de Gobierno y Responsabilidad Corporativa del Consejo de Administración y la muy alta implicación de los miembros de la Comisión Directiva de la Responsabilidad Corporativa.

2. Alta participación de la plantilla en los proyectos de responsabilidad corporativa, especialmente en los relativos al voluntariado corporativo.

3. Sensibilización e implicación de Red Eléctrica en el desarrollo de la gestión de la ética (en los dos últimos años se han realizado 57 cursos en esta materia impartidos por el Gestor Ético de la compañía, que además es el Director de Asesoría Jurídica y Secretario del Consejo de Administración).

4. La buena comunicación y colaboración entre el centro de atención a todos los grupos de interés externos de Red Eléctrica, DÍGAME (Despacho de Información a Grupos de interés y Atención Multiservicio Externa) y las unidades organizativas responsables de contestar y resolver las demandas de su responsabilidad (recibidas directamente o trasladadas por el centro DÍGAME).

5. El fuerte compromiso de Red Eléctrica con el desarrollo sostenible, destacando

entre otras actuaciones, la constitución de un laboratorio de sostenibilidad (proyecto incluido en el programa anual 2009 de responsabilidad corporativa). Éste es concebido como un instrumento para desarrollar un diálogo permanente con los grupos de interés e identificar sus expectativas en las funciones básicas de la compañía reflejadas en su visión y estrategias.

6. Las buenas prácticas de gobierno corporativo en relación con la Junta General de Accionistas y el Consejo de Administración. En 2009 se han realizado dos proyectos que afectan al gobierno corporativo: el sistema de información permanente para los consejeros a través de la web corporativa (portal del consejero) y el programa formativo para los consejeros sobre la compañía.

Observaciones y aspectos de mejora

1. A fecha de emisión de este informe, las nuevas ediciones de la Política y del Manual de Responsabilidad Corporativa, están pendientes de aprobación por Presidencia.

2. Realizar un mayor seguimiento de las acciones correctoras abiertas en el sistema corporativo correspondiente.

3. Finalizar el nuevo tipo de revisión anual del sistema de gestión de la responsabilidad corporativa por la alta dirección.

4. Actualizar las condiciones generales de contratación de Red Eléctrica, para cumplir con las exigencias de Ley Orgánica de Protección de Datos. En una auditoría interna realizada en 2008, se detectó la siguiente incidencia que está pendiente de resolución: el acceso de los suministradores de servicios a los datos por cuenta de terceros está regulado en un contrato de prestación de servicios incompleto en este aspecto.

5. Actualizar el informe que detalla la metodología del cuadro de mando integral de la responsabilidad corporativa y los indicadores de 2009.

6. Fomentar la contratación de personal con discapacidad en la plantilla. Red Eléctrica ha optado por las medidas alternativas que ofrece la ley, pero sería recomendable fomentar la contratación de este personal por encima del 2% estipulado por la Ley.

7. Registrar, en el sistema corporativo, las no conformidades que surjan con motivo de auditorías externas de certificación de efr 1000-1 y efr 1000-3.

8. Se están analizando desde Presidencia las posibles soluciones a implantar para dar respuesta a la previsión de las necesidades de espacio en Moraleja-Albatros para los próximos años.

Madrid, a 12 de Marzo de 2010.

Beatriz Cordero Márquez
Auditora Interna

Manuel Sánchez Gómez
Jefe del Departamento de Auditoría Interna y Gestión de Riesgos

Internal control over Financial Reporting

The new business community environment demands from companies ever increasing commitments regarding the protection of the interests of its shareholders, clients, employees, creditors, suppliers and the society as a whole.

These new demands, take form, amongst other aspects, in the establishment, on behalf of the companies, of specific measures to reinforce the confidence in the information of all types that is provided externally.

Recently, in Spain, an Internal Control over Financial Reporting Working Group (GTCI) has been formed, as proposed by the National Commission of the Securities Market (CNMV), with the aim of preparing a set of recommendations in this field. The work of the GCTI has been centred on achieving three basic objectives:

1. Review the Spanish regulatory framework in matters regarding internal control over financial information.

2. Establish a reference framework of principles and best practices related to these internal control systems, including the monitoring of its activity.

3. Contribute to improving the transparency of the information that listed companies issue to the securities markets regarding their internal control system.

At present, this document is the object of public consultation.

Red Eléctrica, within this context, carried out in the 2007 fiscal year the «Revision of its Internal Control of Financial Reporting» project. The aim of this project was to obtain improvements in the efficiency and security of the company's economic-financial information drafting process, as well as to be one step ahead in anticipation of the new regulatory requirements regarding internal control and corporate governance, voluntarily adopting the best international practices.

The reference framework used by Red Eléctrica in the definition of its Internal Control of Financial Reporting System is that set out in the Internal Control Integrated Framework, Published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This system is characterised by the existence of a set of components associated to aspects such as; internal control environment, establishment of objectives, identification of events, evaluation and response to risks, control activities, information and communication, and the supervision of the model. All these aspects as a whole allow the adequate functioning of the System.

This model has been operative since 2008 and is submitted to an annual external evaluation by the external consultants, concluding that Red Eléctrica maintains, in all the significant aspects, an effective internal control system for the generation of financial information.

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Al Consejo de Administración de Red Eléctrica Corporación, S.A.:

1. Hemos examinado la efectividad del sistema de control interno sobre la generación de la información financiera contenida en las cuentas anuales consolidadas de Red Eléctrica Corporación, S.A. y Sociedades Dependientes ("la Sociedad") al 31 de diciembre del 2009. El objetivo de dicho sistema es contribuir a que se registren fielmente, bajo los principios y normas contables que le son de aplicación, las transacciones realizadas, y a proporcionar una seguridad razonable en relación a la prevención o detección de errores que pudieran tener un impacto material en la información financiera. Dicho sistema está basado en los criterios y políticas definidos por la Dirección de la Sociedad, correspondiendo a ésta la responsabilidad de mantenerlo efectivo. Nuestra responsabilidad se limita a expresar una opinión sobre su efectividad, basándonos en el trabajo que hemos realizado.

2. Nuestro trabajo se ha realizado siguiendo las normas profesionales españolas y, en consecuencia, incluye: la comprensión del sistema de control interno sobre la generación de la información financiera, la evaluación del riesgo de que puedan existir errores materiales en la misma, la ejecución de pruebas y evaluaciones sobre el diseño y la efectividad operativa de dicho sistema, y la realización de aquellos otros procedimientos que hemos considerado necesarios. Entendemos que nuestro examen ofrece una base razonable para nuestra opinión.

3. Un sistema de control interno de reporte financiero es un proceso diseñado para proporcionar una seguridad razonable sobre la fiabilidad de la información financiera, de acuerdo con los principios contables y normas que le son de aplicación. Un sistema de control interno de reporte financiero incluye aquellas políticas y procedimientos que: (i) permiten el mantenimiento de una forma precisa, y a un razonable nivel de detalle, de los registros que reflejan las transacciones realizadas, (ii) garantizan que éstas transacciones se realizan únicamente de acuerdo con las autorizaciones establecidas, (iii) proporcionan una seguridad razonable de que las transacciones se registran de una forma apropiada para permitir la preparación de la información financiera, de acuerdo con los principios y normas contables que le son de aplicación y (iv) proporcionan una seguridad razonable en relación con la prevención o detección a tiempo de adquisiciones, uso o venta no autorizados de activos de la compañía que pudiesen tener un efecto material en la información financiera.

4. Dadas las limitaciones inherentes a todo sistema de control interno, pueden producirse errores, irregularidades o fraudes que pueden no ser detectados. Igualmente, las proyecciones a períodos futuros de la evaluación del control interno está sujeta a riesgos, tales como que dichos controles internos resulten inadecuados a consecuencia de cambios futuros en las condiciones aplicables, o que se pueda reducir en el futuro el nivel de cumplimiento de las políticas o procedimientos establecidos.

5. En nuestra opinión, la Sociedad mantenía al 31 de diciembre de 2009, en todos los aspectos significativos, un sistema de control interno efectivo sobre la generación de la información financiera contenida en las cuentas anuales consolidadas, el cual está basado en los criterios y políticas definidos por la Dirección de la Sociedad.

DELOITTE, S.L.

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