



**RED ELÉCTRICA**  
CORPORACIÓN

## **Regulations of the Shareholders' Meeting**

April 13th, 2011

*This English translation is exclusively for information purposes and is based on the original, official document in the Spanish language, available in the Spanish version on the company's web site.*



## **C O N T E N T S**

<b>Article 1.</b>	<b>Purpose and entry into force of the Regulations</b>
<b>Article 2.</b>	<b>Company website</b>
<b>Article 3.</b>	<b>Powers of the Shareholders' Meeting</b>
<b>Article 4.</b>	<b>Types of Shareholders' Meetings</b>
	4.1 <b>Annual Shareholders' Meeting</b>
	4.2 <b>Special Shareholders' Meeting</b>
<b>Article 5.</b>	<b>Call</b>
<b>Article 6.</b>	<b>Shareholders' rights</b>
	6.1 <b>List</b>
	6.2 <b>Exercise of rights</b>
	6.3 <b>Limitations</b>
<b>Article 7.</b>	<b>A shareholder's right to participate</b>
	7.1 <b>Request for including items on the agenda</b>
	7.2 <b>Shareholders' proposals and suggestions</b>
<b>Article 8.</b>	<b>Shareholders' right to information</b>
	8.1 <b>Supply of information to the shareholder</b>
	8.2 <b>Request for information by a shareholder</b>
	8.3 <b>A shareholders' enquiries</b>
	8.4 <b>Shareholders' Electronic Forum</b>
<b>Article 9.</b>	<b>Right to attend</b>
<b>Article 10.</b>	<b>Representation</b>
<b>Article 11.</b>	<b>Quorum</b>
<b>Article 12.</b>	<b>Chair of the Shareholders' Meeting</b>
<b>Article 13.</b>	<b>Presiding Panel of the Shareholders' Meeting</b>
<b>Article 14.</b>	<b>Scrutineers</b>
<b>Article 15.</b>	<b>Constitution, deliberation and adoption of resolutions</b>
	15.1 <b>List of attendees</b>
	15.2 <b>Calling the meeting to order</b>
	15.3 <b>Presentations</b>
	15.4 <b>Request for information</b>
	15.5 <b>Debate</b>
	15.6 <b>Temporary adjournment</b>
	15.7 <b>Extension</b>
	15.8 <b>Vote</b>
	15.9 <b>Adoption of resolutions</b>
	15.10 <b>Closing of the meeting</b>
<b>Article 16.</b>	<b>Minutes of the Shareholders' Meeting and certificate</b>
<b>Article 17.</b>	<b>Publication</b>
<b>Article 18.</b>	<b>Interpretation</b>
<b>Article 19.</b>	<b>Publication of the Regulations of the Shareholders' Meeting</b>



## **Article 1. Purpose and entry into force of the Regulations**

These Regulations regulate the Shareholders' Meeting of Red Eléctrica Corporación, S.A., establishing the principles of its organization and operation and the rules which govern its legal and bylaw activity. They must be disseminated by the Board of Directors among the shareholders and the investing public and published on the Company website. They shall apply as from the first Shareholders' Meeting held following their approval.

They may be amended by the Shareholders' Meeting at the proposal of the Board of Directors, which shall attach a report justifying the amendment. The amendment of the Regulations shall require a majority of votes in accordance with the provisions of Article 17 of the Corporate Bylaws and Article 159 of the Corporate Enterprises Law.

## **Article 2. Company website**

As an instrument to ensure the transparency of corporate actions and at the same time to allow greater efficacy in the exercise by the shareholders of their rights, as well as to facilitate relations between the shareholders and the Company, the latter shall maintain a website, incorporating the latest technologies, which shall be regulated in accordance with the provisions of the law and the Bylaws and with these Regulations. The following, inter alia, shall be included on this website, in accordance with the applicable provisions:

1. The Corporate Bylaws;
2. The Regulations of the Shareholders' Meeting and of the Board of Directors, the Internal Code of Conduct and other provisions on corporate governance;
3. Quarterly reports for the year and annual reports for the last two years, together with reports by the external auditors;
4. The Annual Corporate Governance Report prepared by the Board;
5. The composition of the Board and of its Committees;
6. Shareholders identified with stable holdings, direct and indirect, and their representation on the Board, as well as all side agreements between shareholders which have in any way been disclosed to the Company and to the market;
7. The shareholdings of each Board member;
8. The information contained in presentations made to the different market operators and to analysts, intermediaries and significant shareholders;
9. Material facts notified to the National Securities Market Commission;
10. Resolutions adopted at the most recent Shareholders' Meetings held, indicating in detail their composition and the result of voting;
11. The current call for the next Shareholders' Meeting;



12. Any information which must be made available to the shareholders along with the call notice for the Shareholders' Meeting;
13. Responses to proposals and suggestions made by shareholders;
14. Communication channels between the Company and the shareholders and the relevant explanations regarding the exercise of the right to information, indicating the postal and electronic mail addresses to which shareholders may send their questions;
15. The means and procedures for granting proxies for Shareholders' Meetings, as well as the means and procedures for casting votes remotely, with the ballots approved for doing so.
16. The Shareholders' Electronic Forum, as provided in Article 8.4 of these Regulations.

Directors shall be responsible for keeping the information on the Company website updated and for coordinating its content with that of the public Registries in accordance with the provisions of the applicable law.

### **Article 3. Powers of the Shareholders' Meeting**

The Shareholders' Meeting, duly called and legally convened, represents all the shareholders and exercises the powers and discharges the duties corresponding to it at the Company. Its resolutions, adopted in accordance with these Regulations and the Corporate Bylaws, shall be binding on all shareholders, notwithstanding the statutory right of withdrawal. The Shareholders' Meeting shall have the power to adopt all resolutions specific to its status as the Company's sovereign body. In particular, and without limitation, it is responsible for:

- a) Approving the financial statements of Red Eléctrica Corporación, S.A. and the consolidated financial statements of Red Eléctrica Corporación, S.A. and its subsidiaries, the conduct of management by the Board of Directors and the proposed distribution of income or allocation of loss;
- b) Appointing and removing Directors, (including ratification or revocation of appointments by co-optation), liquidators and auditors, as well as filing a corporate action for liability against any of them;
- c) Resolving on the amendment of the Corporate Bylaws;
- d) Resolving on capital increases and reductions;
- e) Resolving on the removal or limitation of the preemptive right of subscription;
- f) Resolving on an alteration of legal form, merger, spin-off or transfer en bloc of assets and liabilities, and transfer abroad of the registered office;
- g) Resolving on the dissolution of the Company;
- h) Approving on the final liquidation balance sheet;



i) Resolving on any other matters determined by the law, the Bylaws or these Regulations, in particular:

- i) Resolving on programs or authorizing transactions relating to treasury stock;
- ii) Approving the establishment of Directors' compensation systems linked to share value;
- iii) Resolving on the issue of debentures;
- iv) Authorizing the Board of Directors to increase capital stock in accordance with the provisions of the Corporate Enterprises Law;
- v) Approving transactions the effect of which is equivalent to the modification of the corporate purpose or the liquidation of the Company.

In exercising its powers, the Shareholders' Meeting shall not interfere with the powers and functions specific to the Board of Directors.

#### **Article 4. Types of Shareholders' Meetings**

Shareholders Meetings shall be Annual or Special.

##### **4.1. Annual Shareholders' Meeting**

The Annual Shareholders' Meeting shall meet, following a call by the Board of Directors, within the first six months of each financial year, with a view to ratifying the corporate management, approving, if appropriate, the financial statements of the previous financial year and deciding on the distribution of income or allocation of loss.

Nonetheless, the Shareholders' Meeting, even where called as an Annual Meeting, may also deliberate and decide on any matter within its powers which is submitted to its consideration, provided that such matter has been included in the call notice and all statutory requirements have been met.

The Annual Shareholders' Meeting shall be valid even where called or held after the aforesaid deadline.

##### **4.2 Special Shareholders' Meeting**

All Shareholders' Meetings other than the foregoing shall be regarded as a Special Shareholders' Meeting.

#### **Article 5. Call**

Both the Annual and the Special Shareholders' Meetings shall be called by the Board of Directors by means of a notice published in the Official Gazette of the Mercantile Registry and on the Company website or, if none exists, in one of the largest circulation newspapers in the province where its registered office is situated at least one month prior to the date set for holding the Meeting, although it shall seek to call the Meeting sufficiently in advance with



a view to making it as easy as possible for all the shareholders to be able to plan for their participation.

The call notice shall state the name of the Company, the date and time of the Meeting on first call and the agenda on which the business to be transacted shall appear. The date for the second call may also be set. A minimum period of twenty-four hours must elapse between the two calls. Where a second call is not provided for and the Shareholders' Meeting cannot be held, the Meeting must be announced in the same way as the first call, within fifteen days from the date on which it was not held and at all times eight days prior to holding the second meeting. In the call notice the Board shall endeavor to indicate the probable date of holding the Meeting on first or second call.

Shareholders' Meetings shall be held in Spain at such venue as may be decided in each case by the Board of Directors, and as shall be duly indicated in the call notice.

The call notice shall indicate the place and times at which the shareholders may consult the documents which are to be submitted for their approval at the Shareholders' Meeting, notwithstanding their right to ask to have such documents sent to them free of charge. The call notice for the Shareholders' Meeting shall also be posted on the Company website and a copy shall be sent to the stock exchanges on which the shares are listed.

The Board shall make available to the shareholders, on the terms indicated in the preceding paragraph, the complete wording of the resolutions to be adopted at the Shareholders' Meeting, where so required by the Law and, in other cases, provided that it is not prevented by imponderable circumstances. Insofar as permitted by the Law, the wording may be amended by decision of the Board of Directors where supervening circumstances so require, in which case the new wording shall be made available to the shareholders in the same way or, should this not be possible, details shall be given at the Meeting itself.

The Board must call a Special Shareholders' Meeting when shareholders holding five percent of the capital stock send a request stating the reasons and describing the business to be transacted, which must relate to matters falling within the jurisdiction of the Shareholders' Meeting. In this case the Shareholders' Meeting must be called to be held within thirty days from the date on which the Board of Directors was asked by way of a notary to call it and it shall fall to the Board of Directors to draw up the agenda, including the items indicated in the request in the manner which best suits the interests of the Company.

Shareholders representing at least five percent of the capital stock may request the publication of a supplement to the call notice for a Shareholders' Meeting, including one or more items on the agenda. This right must be exercised by giving duly authenticated notice which must be received at the registered office within five days after the publication of the call notice.

The supplement to the call notice must be published at least fifteen days prior to the date set for holding the Shareholders' Meeting. If included by the aforesaid shareholders in their request, the Board shall make available to the shareholders the complete wording of the resolutions proposed on the same terms as indicated above.

Failure to publish the supplement to the call notice by the statutory deadline shall be a ground for rendering the Shareholders' Meeting void.



If the Shareholders' Meeting is not called by the Board of Directors despite it being required to do so, it may be called, at the request of the shareholders and with the Board having been given the opportunity to be heard, by the judge having jurisdiction over the Company's registered office who, if applicable, will appoint the person to chair the Meeting.

## **Article 6.- Shareholders' rights**

### **6.1 List**

The shareholders of Red Eléctrica Corporación, S.A. have, inter alia, the following rights:

- a) the right to a share in the distribution of corporate income and in the liquidation dividend;
- b) a preemptive right to subscribe new shares or convertible debentures, unless such right has been duly excluded;
- c) the right to attend and vote at Shareholders' Meetings;
- d) the right to object to corporate resolutions and to seek, if appropriate, directors' liability;
- e) the right to information;
- f) the right to participate in corporate affairs.

The Company must afford equal treatment to shareholders who are on an identical footing.

### **6.2 Manner of exercise**

Shareholders shall exercise their rights in the manner stipulated by the Law, in the Bylaws and in these Regulations.

### **6.3 Limitations**

Shareholders' rights are subject to the limitations stipulated in Additional Provision No. 3 of Law 17/2007, of July 4, 2007 ("Law 17/2007") and in Article 34 of the Electricity Industry Law, and contained in the current Bylaws.

## **Article 7. A shareholder's right to participate**

### **7.1 Request for inclusion of items on the Agenda**

Shareholders holding five percent (5%) of the capital stock may ask the Board, prior to the call, to include an item on the Agenda of the next Shareholders' Meeting. The Board must include the items requested in the manner which best suits the corporate interest, provided that they relate to matters which are within the powers of the Shareholders' Meeting

### **7.2 Shareholders' proposals and suggestions**



Shareholders may draw up proposals in relation to the items included on the Agenda. They may also make suggestions regarding the activities and interests of the Company which, in their opinion, should be debated at the Shareholders' Meeting.

In both cases they may make these proposals and suggestions through the Shareholder Service Office, after furnishing proof of their identity as shareholders, subject to due verification.

## **Article 8. Shareholders' right to information**

### **8.1 Supply of information to shareholders**

Once the call notice for a Shareholders' Meeting has been published, the documentation and information relating to the Meeting agenda, and at least the following documentation, shall be made available to the shareholders, free of charge, both at the Shareholder Information Office and on the Company website:

- a) call notice for the Shareholders' Meeting with the proposed resolutions and related reports of the Board of Directors;
- b) financial statements of Red Eléctrica Corporación, S.A., consolidated financial statements and the proposed distribution of income or allocation of loss;
- c) management report of Red Eléctrica Corporación, S.A. and consolidated management report for the fiscal year;
- d) auditors' reports on the consolidated financial statements and on the financial statements of Red Eléctrica Corporación, S.A.;
- e) Annual Corporate Governance Report;
- f) Annual Corporate Responsibility Report, if any;
- g) Environmental Report, if any;
- h) report on Directors' and senior executives' compensation;
- i) any other report the inclusion of which is obligatory or is determined by the Board of Directors.

On the date on which the Shareholders' Meeting is held, the necessary documentation shall be furnished to shareholders at the venue of the Meeting.

### **8.2 Requests for information by shareholders**

Shareholders may also request in writing, on the terms established in the Law, prior to the Shareholders' Meeting or orally during the Meeting, such documentation, reports or clarifications as they deem relevant to the items on the agenda.



Shareholders may also request information, clarifications or pose questions in writing concerning publicly available information furnished by the Company to the National Securities Market Commission since the last Shareholders' Meeting was held.

The Board of Directors must furnish the shareholders with the documentation requested unless, in the Chairman's opinion, it could harm the interests of the Company. This exception shall not apply where the request is supported by shareholders who represent at least one fourth of the capital stock.

If the information requested cannot be furnished at the Shareholders' Meeting itself, and may not be refused, the reports and documentation requested must be sent to the shareholders within seven days from the conclusion of the Shareholders' Meeting.

### **8.3 Shareholders' inquiries**

Shareholders may pose questions in writing concerning publicly available information or information which has been disclosed to the relevant authorities.

Shareholders may make their inquiries through the Shareholder Information Office, after furnishing proof of their identity as shareholders, subject to due verification. The Company shall disseminate such replies as it may decide on the website, individually or collectively, and if the Board of Directors deems it appropriate the matters shall be addressed at the Shareholders' Meeting.

The Board of Directors shall be obliged to provide the appropriate response to these questions unless public disclosure of the information could harm the interests of the Company.

Information may not be refused when the request is supported by shareholders who represent at least twenty-five percent of the voting capital stock.

### **8.4 Shareholders' Electronic Forum**

While provided for in the legislation in force, and pursuant to the development of such legislation technically and legally, a Shareholders' Electronic Forum shall be set up on the Company website, and may be accessed with due safeguards by individual shareholders and by any voluntary associations that may be formed, with a view to facilitating their communication prior to the holding of Shareholders' Meetings. Proposals that are intended to be submitted as a supplement to the agenda announced in the call notice, requests for seconding such proposals, initiatives for achieving a sufficient percentage to exercise a minority right provided for in the law, or offers or solicitations for voluntary proxies, may be posted on the Forum. The Board of Directors of the Company shall determine the rules which are to govern, from time to time, the operation of the Forum set up for the Shareholders' Meeting, and which shall be publicly disclosed on the Company website.

### **Article 9. Right to attend**

Shareholders may attend the Shareholders' Meeting if they are up to date in the payment of calls on unpaid capital and prove their ownership, by means of a certificate issued in their



name on the accounting record of book entries five days before the date on which the Meeting is to be held.

Shareholders shall ask the Entity in charge of the accounting record to issue the appropriate certificate of entitlement or equivalent document from the accounting record of book entries of the Company's securities, in order to obtain, where necessary, the appropriate attendance card from the Company.

Attendance cards must be issued bearing the holder's name to shareholders who prove that their shares were entered on the accounting record at least five days prior to the first call. The Entity in charge of the accounting record must send Red Eléctrica Corporación, S.A., before the date set for holding the Shareholders' Meeting, the list of cards it has issued at the request of its respective clients. The registration of attendance cards shall commence two hours prior to the time set for holding the Shareholders' Meeting.

Company Directors and executives must attend Shareholders' Meetings.

In general, in order to promote the widest dissemination of proceedings and the resolutions adopted, the media shall be allowed access to Shareholders' Meetings. Furthermore, in order to facilitate such dissemination, the Meeting may be recorded in audiovisual form.

#### **Article 10. Representation**

Shareholders who are entitled to attend may be represented at the Shareholders' Meeting by another shareholder who is entitled to attend, in the manner established by law and in the Bylaws. The proxy must be granted in writing and specifically for each Shareholders' Meeting.

Except in cases of representation following a public request, which shall be subject to the statutory provisions in force in each case, no person may accumulate proxies which, together with his own votes, confer on him voting rights exceeding three percent (3%) of the capital stock.

Proxies may be granted by means of postal or electronic correspondence or by any other means of remote communication, provided that the identity of the individual granting the proxy is duly guaranteed, pursuant to the provisions of the applicable legislation and subject, if appropriate, to the provisions of Articles 15 and 17 bis of the Corporate Bylaws and Article 15.8 of these Regulations on the casting of votes by the aforesaid means, insofar as this is not incompatible with the nature of the proxy granted.

Personal attendance of the Shareholders' Meeting by the shareholder represented shall be deemed to revoke the proxy granted.

Attendance shall have the same effect on votes cast absentee, as indicated in Article 15.8 of these Regulations.

The shareholder's representative may appoint a substitute to cast the vote where there is a conflict of interests.



---

## **Article 11. Quorum**

The Shareholders' Meeting shall be validly convened on first call when the shareholders, attending in person or by proxy, hold at least twenty-five percent of the subscribed voting capital stock.

On second call the Shareholders' Meeting shall be validly convened regardless of the capital stock attending thereat.

In order for an Annual or Special Shareholders' Meeting to be able to validly adopt a resolution for a capital increase or reduction or any other amendment of the Corporate Bylaws, the issue of debentures, the removal or limitation of the preemptive right of acquisition of new shares, or an alteration of legal form, merger, spin-off or transfer en bloc of assets and liabilities, or the transfer abroad of the registered office, shareholders holding at least 50 percent (50%) of the subscribed voting capital stock must attend in person or by proxy on first call. On second call, the attendance of 25 percent (25%) of said capital stock shall be sufficient.

When shareholders representing less than fifty percent (50%) of the subscribed voting capital stock attend, the resolutions referred to in the previous paragraph may only be adopted validly with the affirmative vote of two thirds of the capital stock attending in person or by proxy at the Meeting.

Non-voting shares and those whose holders are not up to date in the payment of calls on unpaid capital, shall not be counted as present at any Shareholders' Meeting.

Shareholders entitled to attend and vote and who cast their votes remotely, in the manner provided for in Article 15.8 of these Regulations, must be counted as present for the purposes of convening the Shareholders' Meeting.

## **Article 12. Chair of the Shareholders' Meeting**

The Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors and, in his absence, by the relevant Deputy Chairman, according to rank or to seniority in the office, and, in their absence, by the person designated by the Board of Directors and, in the absence of such designation, by such Director or shareholder as is freely designated by the shareholders attending each Shareholders' Meeting.

The Secretary or Deputy Secretary of the Board of Directors shall act as Secretary of the Shareholders' Meeting. In the absence of both, such Director or shareholder as is freely designated by the shareholders attending each Shareholders' Meeting shall act as Meeting Secretary.

The Chairman shall be responsible for directing and establishing the order of deliberations and speeches; for deciding on the form taken by the vote on resolutions; for resolving any doubts, making clarifications or handling complaints which are raised in relation to the Agenda, the list of attendees, ownership of shares, delegation of authority or proxies, the requirements for valid constitution and adoption of resolutions by the Shareholders' Meeting, or regarding the Bylaw limit on the right to vote; and for granting the floor to any shareholders requesting it, withdrawing it or refusing it and ending debates when he considers the matter being debated to have been sufficiently discussed.



---

### **Article 13. Presiding Panel of the Shareholders' Meeting**

The Presiding Panel of the Shareholders' Meeting shall be formed by the Board of Directors.

On an auxiliary basis there shall be sufficient personnel to carry out the duties of collecting cards, counting, receiving documentation, requesting the floor and all other matters which may arise in the course of the Shareholders' Meeting. Such personnel shall work with the Notary, when his presence has been requested.

### **Article 14. Scrutineers**

The Shareholders' Meeting may decide, if appropriate, to appoint two shareholders as scrutineers from among those attending. Such scrutineers shall assist the Presiding Panel in checking the list of attendees and, if appropriate, in counting votes and in such other auxiliary functions as serve to facilitate the actions of the Presiding Panel and as the latter may entrust to them.

### **Article 15. Convening of meeting, deliberation and adoption of resolutions**

#### **15.1 Attendance list**

Before discussing the first item on the agenda, the list of attendees shall be drawn up, indicating the nature or representation of each one and the number of shares, of their own or of others, with which they attend.

At the end of the list the number of shareholders attending in person or by proxy shall be determined, as well as the amount of capital stock they own, specifying that belonging to shareholders with voting rights, by way of summary, verified by the Secretary's Office.

The list of attendees may also be drawn up by means of a file or included on a computerized medium. In such cases the means used shall be recorded in the minutes and the appropriate identification note, signed by the Secretary and countersigned by the Chairman, shall be affixed to the sealed cover of the file or of the medium.

#### **15.2 Calling the meeting to order**

After the meeting is called to order, the Secretary shall read the information concerning the call and attendance on the basis of the list of attendees. In light of the list of attendees the Chairman shall, if appropriate, declare the Shareholders' Meeting to be validly convened. If a notary asked by the Company to draw up the minutes of the Shareholders' Meeting is present, he shall ask the attendees whether there are any reservations or protests regarding the information concerning the attendance of shareholders and capital stock stated by the Chairman.

Any shareholder who expresses reservations must display his attendance card to the personnel assisting the Presiding Panel and, if appropriate, the attending notary.



Before opening the debate on the agenda, the Chairman shall ask shareholders who wish to address the Shareholders' Meeting to approach the personnel assisting the Presiding Panel, displaying their attendance card, with a view to establishing the order in which they may take the floor.

### **15.3 Presentations**

At the Annual Shareholders' Meeting, the Chairman shall inform the Shareholders' Meeting of the most significant aspects of the fiscal year and of the Board's proposals, and his presentation may be completed by persons authorized by him. The Chairman of the Audit Committee shall be at the disposal of the Shareholders' Meeting to answer such questions as may be raised thereat by the shareholders on the matters within its jurisdiction.

### **15.4 Request for information**

While the Shareholders' Meeting is being held, shareholders may orally request such reports or explanations as they deem appropriate concerning the items on the agenda. If this right cannot be satisfied at that time, the Board of Directors must provide the information in writing within seven days after the holding of the Shareholders' Meeting.

Directors must provide the information requested except in cases in which, in the Chairman's opinion, the public disclosure of the information requested could harm the interests of the Company. Information may not be refused where the request is supported by shareholders who represent at least twenty-five percent (25%) of the capital stock.

### **15.5 Debate**

When the appropriate presentations have been concluded, the Chairman shall grant the floor to shareholders who have so requested, directing and coordinating the debate, and seeking to follow the established agenda, except as provided for in Articles 223.1 and 238 of the Corporate Enterprises Law.

The Chairman shall organize the manner in which replies are to be given to shareholders who have made any request or clarification in their oral exposition. In particular, he may decide that a joint reply be given to the speeches of shareholders at the end of their turn to speak.

The Chairman shall bring the debate to a close when the matter has, in his opinion, been sufficiently debated and the proposed resolutions shall be read by the Secretary. The reading of proposals may be summarized by decision of the Chairman, provided that the shareholders representing the majority of the subscribed voting capital stock present at the Shareholders' Meeting do not object to it.

In exercising his powers to organize the proceedings of the Shareholders' Meeting, and notwithstanding other actions, the Chairman may, whenever he deems it appropriate and having regard to the existing circumstances:

- (i) redistribute the time assigned to each shareholder;
- (ii) ask speakers to clarify or expand on the issues they have set forth;



- (iii) call shareholders addressing the Meeting to order so that they limit their speech to matters specific to the Shareholders' Meeting and refrain from making inappropriate comments;
- (iv) withdraw the use of the floor from speakers who abuse their right or have used up the time assigned;
- (v) expel from the premises those who are disorderly and disrupt the normal proceedings of the Shareholders' Meeting, with the necessary ancillary measures.

### **15.6 Temporary adjournment**

- (i) Exceptionally, if disturbances occur which substantially disrupt the orderly progress of the meeting, or any other extraordinary circumstance arises which temporarily prevents the normal proceedings of the Shareholders' Meeting, the Chairman of the Shareholders' Meeting may resolve the adjournment of the session for such period of time as he deems adequate, under no circumstances exceeding two hours, in order to seek to reestablish the conditions necessary for its continuation. The Chairman of the Shareholders' Meeting shall take such additional measures as he deems appropriate to guarantee the safety of those present and to avoid the repetition of circumstances which could again disrupt the orderly progress of the meeting.
- (ii) If, after the meeting is resumed, the situation which gave rise to the adjournment persists, the Chairman may, after consulting the Presiding Panel of the Shareholders' Meeting, resolve an extension for the following day. If the resolution regarding the extension is, for any reason, not adopted by the Presiding Panel, the Chairman shall immediately bring the session to a close.

### **15.7 Extension**

- (i) At the proposal of the Chairman, after consulting the Presiding Panel, or at the request of shareholders who represent at least one fourth of the capital stock present at the Shareholders' Meeting, those attending may decide to extend its sessions for one or more consecutive days.
- (ii) After the holding of the Shareholders' Meeting has been extended, it shall not be necessary at successive sessions to repeat compliance with the requirements stipulated by the Law or in the Corporate Bylaws in order for it to be validly convened. If any shareholder included on the list of attendees drawn up at the beginning of the meeting subsequently fails to attend successive sessions, the majorities necessary for the adoption of resolutions shall continue to be those determined at the sessions having regard to information derived from that list.

### **15.8 Voting**

Each share confers the right to one vote pursuant to the Bylaws, subject to the limitations contained therein in accordance with the mandate under the Electricity Industry Law and under Additional Provision No. 3 of Law 17/2007.



The Chairman shall put to a separate vote those matters which are substantially independent, so that the shareholders can express their voting preferences separately. In particular, the following shall be put to a separate vote:

- (i) the appointment, ratification or removal of each Director; and
- (ii) in the event of an amendment of the Bylaws, each Article or group of Articles which are substantially independent.

The Chairman shall decide on the most appropriate method for voting in each case, which he shall announce publicly at the Shareholders' Meeting sufficiently in advance of the vote.

However, the following deductive methods may be adopted to expedite voting:

(i) In voting on the Board's proposals relating to items included on the agenda, to treat as votes for those of all shares present, except for votes against, blank votes and any abstentions which were expressly declared by notification to the Secretary of the Shareholders' Meeting, or, if appropriate, to the notary present at the Meeting, in such manner as may be decided by the Chairman.

(ii) In voting on proposed resolutions relating to items not included on the agenda or alternative proposals to those of the Board, to treat as votes against those of all shares present, except for votes for, blank votes and any abstentions which were expressly declared by notification to the Secretary of the Shareholders' Meeting, or, if appropriate, to the notary present at the Meeting, in such manner as may be decided by the Chairman.

In the foregoing two cases, the declaration or casting of votes by notification to the Secretary or, if appropriate, to the notary, may be done individually in relation to each of the items on the agenda, or collectively for some or all of them. The Secretary shall furnish the Chairman with the list of the scrutineers drawn up together with the notary, if the latter was involved, with the result of the vote on each proposal. The list of votes counted must record all votes, indicating the voter's identity, the capacity in which he cast the vote (shareholder or proxy-holder) and whether he voted for or against or, if appropriate, his abstention. The notary, if any, shall record this in the minutes in the same way.

Shareholders entitled to attend and vote may cast their vote on the proposals relating to items included on the agenda by postal or electronic correspondence or by any other means of remote communication, provided that the identity of the individual exercising his right to vote is duly guaranteed, in accordance with the provisions of the applicable legislation, as well as of the Corporate Bylaws, the Regulations of the Shareholders' Meeting and such supplemental rules and rules implementing the aforementioned Regulations as may be approved by the Board of Directors.

Votes by postal correspondence shall be cast by sending the Company a document in which the vote is recorded, accompanied by the attendance card issued by the entity or entities in charge of keeping the record of book entries or, if appropriate, by the Company.

Votes by electronic communication shall be cast using a recognized electronic signature or such other kind of safeguard as the Board of Directors considers suitable to ensure the authenticity and the identity of the shareholder exercising the right to vote.



A vote cast by any of the means described in the previous two paragraphs must be received by the Company before midnight (24:00) on the day immediately prior to that set for holding the Shareholders' Meeting on first call. Otherwise, the vote shall be deemed not to have been cast.

The Board of Directors, having regard to the technical and legal bases making it possible and duly guaranteeing the identity of the individual exercising his right to vote, is authorized to implement the foregoing provisions by establishing the appropriate rules, means and procedures according to the state of the art with a view to instrumenting the casting of votes and the grant of proxies by electronic means, in compliance with any legislation which may be made for this purpose.

In particular, the Board of Directors may regulate the use of alternative safeguards to the electronic signature for the casting of an electronic vote and reduce the advance period for the Company's receipt of votes cast by postal or electronic correspondence or by any other means of remote communication, in accordance with the provisions of the previous paragraphs.

In any event the Board of Directors shall take the necessary measures to avoid duplications and to ensure that the person who cast the vote was duly entitled to do so in accordance with the provisions of Article 15 of the Corporate Bylaws.

Any implementing provisions adopted by the Board of Directors under the provisions of this Article, as well as the means, procedures and forms established for granting a proxy and exercising the right to vote remotely shall be posted on the Company website.

Personal attendance at the Shareholders' Meeting by the shareholder or by his proxy-holder shall constitute the revocation of the vote cast by postal or electronic correspondence or by any other means of remote communication.

### **15.9 Adoption of resolutions**

Resolutions shall be adopted by a majority of the votes, unless the Law requires a greater majority.

### **15.10 Closing of the meeting**

Once all the items on the agenda have been debated and any relevant voting held, the Chairman shall bring the Meeting to a close.

## **Article 16. Minutes of the Shareholders' Meeting and certificate**

The matters debated and the resolutions adopted at Shareholders' Meetings shall be recorded in minutes, which may be approved by the Shareholders' Meeting itself immediately after it has been held or, otherwise, within fifteen days, by the Chairman of the Shareholders' Meeting and two tellers, one representing the majority and the other representing the minority.

Regardless of the number of sessions over which the Shareholders' Meeting is held, it shall be considered a single Shareholders' Meeting and a single set of minutes shall be drawn up for all sessions.



Corporate resolutions may be implemented as from the date of approval of the minutes recording them.

If the Shareholders' Meeting has been held in the presence of a notary required by the Board of Directors to draw up minutes in accordance with Article 203 of the Corporate Enterprises Law, the notarial minutes shall be regarded as the minutes of the Shareholders' Meeting and shall therefore not have to be approved, and the resolutions recorded in them may be implemented as from the date of their completion.

The Directors shall require a notary to be present whenever this is requested by shareholders who represent at least one percent of the capital stock five days prior to the date set for holding the Shareholders' Meeting.

The minutes shall be entered in the Company's Minutes Book kept in accordance with the legal formalities.

Resolutions adopted at Shareholders' Meetings, as recorded in the Minutes Book, shall be evidenced by the appropriate certificates issued in accordance with the provisions of the Law and of Chapter Three, Section Three and other provisions of the Mercantile Registry Regulations.

#### **Article 17. Publication**

Notwithstanding the registration at the Mercantile Registry of all resolutions capable of being registered and the applicable statutory provisions governing the publication of corporate resolutions, on the same day on which the Shareholders' Meeting is held or on the next business day the Company shall send the wording of the approved resolutions to the National Securities Market Commission, in the appropriate notice of a significant fact. The wording of the resolution may also be accessed on the Company's website. Furthermore, at the request of any shareholder or of whoever represented him at the Shareholders' Meeting, the Secretary shall issue a certificate of the resolutions or of the Minutes of the Shareholders' Meeting.

#### **Article 18. Interpretation**

These Regulations shall be interpreted in accordance with the corporate legislation in force and the Company's Bylaws. If any discrepancy exists between the provisions of these Regulations and the Corporate Bylaws, the provisions of the Bylaws shall prevail at all times.

#### **Article 19. Publication of the Regulations of the Shareholders' Meeting**

Following their approval, these Regulations of the Shareholders' Meeting may be accessed on the Company's website, the legal framework in which Shareholders' Meetings are to be conducted thus being made public for the information of shareholders and investors, notwithstanding the provisions of the Corporate Bylaws and the legislation in force.