



**RED ELÉCTRICA**  
CORPORACIÓN

***Board of Directors***

*February 24, 2011*

Procedure for proxies, voting and information by remote means at the 2010 Annual Shareholders' Meeting



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## I. BACKGROUND

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The Board of Directors of the Company, pursuant to the applicable legislation and internal regulations<sup>1</sup> approved, for the first time, a procedure for the use of electronic voting at the Annual Shareholders' Meeting held on May 26, 2005. Such procedure, which was used satisfactorily, made the Company one of the first listed companies to implement an electronic voting mechanism for its shareholders.

Following the Company's policy of continuing to adopt the best national and international practices in the area of Corporate Governance, once the practical, technical and legal uncertainties existing to date were overcome, and in view of the positive experience of other listed companies, on March 23, 2006, the Board of Directors established a procedure which, in addition to electronic voting, regulated, as its main new feature, the use of remote proxies, the option of voting by postal correspondence and of issuing duplicates of the attendance, proxy and voting card, as well as the possibility of requesting information by electronic means, all in accordance with the Corporate Bylaws and the Shareholders' Meeting Regulations.

The procedure was a success, with 164 shareholders holding 27,825 shares voting and/or delegating their vote electronically at the Annual Shareholders' Meeting of the Company held on May 26, 2006.

In line with the ongoing policy of providing shareholders with advanced telematic means of exercising their rights, the Board meeting held on April 25, 2007 approved the rules regarding voting and proxies by remote means and the exercise of the right to information by electronic means for the 2006 Annual Shareholders' Meeting. The procedure was very satisfactory yet again, as 322 shareholders holding 53,186 shares voted and/or delegated their vote electronically.

The Board Meeting held on April 17, 2008 approved the rules for proxies and voting by remote means and the exercise of the right to information by electronic means for the 2007 Annual Shareholders' Meeting, which incorporated as a new feature the possibility of using the electronic national identity card. The procedure was a success once again: 315 shareholders holding 64,670 shares voted and/or delegated their vote electronically, exceeding the 53,186 votes cast and/or delegated electronically at the 2007 Shareholders' Meeting.

In 2009, the Board meeting held on March 26 approved the rules for proxies and voting by remote means and the exercise of the right to information by electronic means for the 2008 Annual Shareholders' Meeting. Use of the electronic voting procedure continued to improve, with 379 shareholders holding 133,711 shares having voted and/or delegated their vote electronically.

Lastly, the Board meeting held on April 14, 2010 approved the rules for proxies and voting by remote means and the exercise of the right to information by electronic means for the 2009

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<sup>1</sup> Legislative Royal Decree 1564/1989, of December 22, 1989, approving the Revised Corporations Law (the "Corporations Law"), Securities Market Law 24/1988, of July 28, 1988 (the "Securities Market Law") as amended by Law 26/2003 (the "Transparency Law"), Electronic Signature Law 59/2003 of December 19, 2003, Law 56/2007, of December 28, 2007, on Measures to Boost the Information Society, and Articles 17 bis of the Corporate Bylaws and 15.8 of the Shareholders' Meeting Regulations.



Annual Shareholders' Meeting. The use of electronic voting at the Shareholders' Meeting held on May 20, 2010 was a success yet again given that 695 shareholders holding 198,562 shares exercised their right to vote or delegate their vote electronically. This meant that 14% of the 4,829 shareholders present in person or by proxy at the Meeting participated in the Meeting by electronic means.

In view of the above considerations, it is proposed to the Board of Directors to approve the following rules for proxies and voting by remote means and the exercise of the right to information by electronic means at the 2010 Annual Shareholders' Meeting, a procedure which is substantially similar to the one for the previous year, given that no new technical mechanisms have been detected that could be offered to shareholders with the suitable legal safeguards at this time. Notwithstanding the imminent implementation of the Shareholder's Electronic Forum for the next Annual Shareholders' Meeting, the specific Operating Rules of which are the subject of another different proposal from the Corporate Governance and Responsibility Committee, to be elevated to the Board of Directors.

## II. PROCEDURE

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### 1. PROXIES AND VOTING BY REMOTE MEANS

#### 1.1. Proxies by remote means

The means of remote communication that are valid for granting proxies at the Shareholders' Meeting are: (i) electronic and (ii) delivery or postal correspondence.

##### 1.1.1. *Electronic means*

Shareholders wishing to use the electronic proxy must be in possession of an electronic national identity card or of an electronic user certificate issued by the Spanish Royal Mint (FNMT-RCM), in accordance with Electronic Signature Law 59/2003, in its capacity as a Certificate Services Provider.

The user certificate will be obtained by the shareholder, at no cost to the Company, and must be in force when the proxy is granted.

Shareholders who have an electronic national identity card or user certificate evidencing their identity may, through the remote proxies, voting and information service available in the section provided for such purpose on the Company's website ([www.ree.es](http://www.ree.es)), grant the proxy by completing the "proxy form" according to the instructions indicated on such form, as well as any others that may be specified on each of the relevant screens of the computer application, and must effect the electronic signature by using their electronic national identity card or user certificate.

To be effective and valid, the electronic proxy must be granted as from **zero (00:00) hours on March 28, 2011** and must be received by the Company **before twenty-four (24:00) hours on the day immediately preceding the day on which the Shareholders' Meeting is scheduled to be held on first call, that is, before twenty-four (24:00) hours on April 11, 2011**. Proxies received outside this period will be deemed not granted.



For these purposes, the Company will implement an electronic dating system, through a third party and based on an objective time source (a time stamping system) to evidence the time of receipt of the electronic proxy, as well, as the case may be, of the acceptance or rejection of such proxy.

The reason for establishing the above-mentioned period is to enable the Company to verify the shareholder status of the person granting the proxy electronically and that the number of shares corresponding to the proxy granted is correct; for such purpose, the Company will check the information furnished by each shareholder against that which is furnished to it by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR), in its capacity as the entity in charge of the accounting register of book entries representing the Company's shares.

Shareholders who grant a proxy electronically must notify the designated proxy-holder of the proxy granted. Where the proxy is granted to a Director, the notice will be deemed served when the Company receives the electronic proxy.

To be effective and valid, electronic proxies must be accepted by each proxy-holder, for which purpose they must be printed, signed and presented by the designated proxy-holder in each case to the Company personnel in charge of the share register, no later than **up to one hour before the start of the Shareholders' Meeting, on first or second call**, with the exception of those granted to a Director, which will be deemed accepted once they are received by the Company.

Electronic proxies that meet all of the conditions established in this procedure and are granted and received by the Company within the time period established for such purpose will only be deemed valid once the shareholder status of the person granting the proxy is verified.

### **1.1.2. Delivery or postal correspondence**

Shareholders wishing to use this form of proxy must complete and sign the "proxy" section of the attendance, proxy and voting card issued by the relevant depositaries of their shares or by the Company through the mechanism established for such purpose on its website in the section on proxies, voting and information by remote means.

Proxies must be accepted by the proxy-holder, therefore, unless they are granted to a Director, they must be signed by each proxy-holder to indicate acceptance; the person to whom the vote is delegated may only cast it by attending the Meeting in person.

The relevant card, duly completed and signed, must be sent by postal correspondence to the registered office of the Company or through the shareholder information service.

In addition, the proxy card, duly completed and signed, may also be submitted by the proxy-holder who physically attends the Meeting, to the personnel in charge of the shareholder register on the day and at the venue of the Shareholders' Meeting, **within the hour immediately prior to the time the Meeting is scheduled to begin, on first and second call, respectively.**

## **1.2 Voting by remote means**



Shareholders may use the following means to vote remotely: (i) electronic and (ii) delivery or postal correspondence:

### **1.2.1. Electronic means**

Shareholders wishing to vote electronically must be in possession of an electronic national identity card or of an electronic user certificate issued by the Spanish Royal Mint (FNMT-RCM), in accordance with Electronic Signature Law 59/2003, in its capacity as a Certificate Services Provider.

The user certificate will be obtained by the shareholder, at no cost to the Company, and must be in force when the vote is cast.

Shareholders who have an electronic national identity card or user certificate evidencing their identity may, through the electronic voting service provided for such purpose on the Company's website ([www.ree.es](http://www.ree.es)), cast their vote by completing the "vote form" according to the instructions indicated on such form, as well as any others that may be specified on each of the relevant screens of the computer application, and must effect the electronic signature by using their electronic national identity card or user certificate.

To be effective and valid, votes cast electronically must be cast as from **zero (00:00) hours on March 28, 2011** and must be received by the Company **before twenty-four (24:00) hours on the day immediately preceding the day on which the Shareholders' Meeting is scheduled to be held on first call, that is, before twenty-four (24:00) hours on April 11, 2011**. Votes received outside this period will be deemed not cast.

As with the electronic proxy and for the same purpose, the Company will implement an electronic dating system to evidence the time of receipt of the electronic vote, as well, as the case may be, of the acceptance or rejection of such vote.

Votes cast electronically that meet the conditions established in this procedure and are received by the company within the time period established for such purpose will only be deemed valid once the shareholder status of the voter is verified.

### **1.2.2. Delivery or postal correspondence**

To cast a remote vote by delivery or postal correspondence, shareholders must complete and sign the "voting by remote means" section of the attendance, proxy and vote card issued on paper, either by the relevant depositaries, or by the Company through the mechanism established for such purpose on its website ([www.ree.es](http://www.ree.es)) in the section on proxies, voting and information by remote means.

The duly completed and signed card must be delivered or sent to the Company, either to its registered office – Paseo del Conde de los Gaitanes, 177, 28.109 Alcobendas, Madrid – or through the shareholder information service.

## **1.3. Issuance of duplicates of the attendance, proxy and voting card**

Shareholders who do not have the appropriate attendance, proxy and voting card on paper, either to be able to physically attend the Shareholders' Meeting or to be able to grant a proxy or vote by postal correspondence, may obtain a duplicate of the card through the section



provided for such purpose on the Company's website ([www.ree.es](http://www.ree.es)) in the section on proxies, voting and information by remote means.

In order to guarantee the security of the system used and the identity of the shareholder wishing to use this option, the issuance of duplicate cards will require the shareholder to have an electronic national identity card or the relevant user certificate issued by the Spanish Royal Mint, subject to the same conditions established in this procedure for electronic proxies and voting.

## **2. REQUEST FOR INFORMATION BY ELECTRONIC MEANS**

Notwithstanding the usual communication and information channels that the Company makes available to its shareholders, through ordinary e-mail and the shareholder information service, shareholders may exercise their right to information by electronic means through mechanism specially established by the Company on its website ([www.ree.es](http://www.ree.es)) in the section on proxies, voting and information by remote means relating to the Shareholders' Meeting.

Shareholders wishing to use this procedure must have an electronic national identity card or the relevant user certificate issued by the Spanish Royal Mint (referred to above) for the same purposes of guaranteeing authenticity and identification of each shareholder.

The Company may attend to the request for information by replying to the e-mail address designated by the requesting shareholder or by delivering or sending the response by mail to the address indicated by the shareholder.

## **3. RULES ON ORDER OF PRIORITY**

The basic rules on the order of priority among proxies and voting by remote means and attendance in person or by proxy at the Shareholders' Meeting are as follows:

1. Attendance in person at the Shareholders' Meeting by the shareholder who has voted by remote means or by his or her proxy-holder, regardless of whether the proxy was granted to the latter on paper or electronically, will revoke a vote cast by any remote means.
2. Notwithstanding the foregoing, where the proxy was granted on a date prior to that on which the vote was cast by remote means and the Company has a record of this, the proxy will be rendered void and will be deemed revoked in favor of the vote validly cast by remote means.
3. If a shareholder validly grants proxies by remote means on paper and electronically, the proxy on paper will prevail, unless the Company has a record of the date on which both proxies were granted, in which case the proxy granted later in time will prevail.
4. Likewise, if a shareholder has cast his or her vote by electronic correspondence and at the same time on paper, the vote on paper will prevail, unless the Company has a record of the date on which both votes were cast, in which case the vote cast later in time will prevail.
5. Duplicate attendance, proxy and voting cards that are issued at the request of shareholders will render null and void any original or duplicate card issued previously.



6. Proxies granted and votes cast by remote means will be rendered void by the disposal, of which the Company is aware, of the shares in question before the Shareholders' Meeting is held.

## **4. OTHER MATTERS**

### ***4.1. Legal entities***

Shareholders that are legal entities must consult with the shareholder information service of the Company on how to use the appropriate safeguards (verification and validation of powers of attorney), the procedure for proxies, voting and information requests by remote means and its special features.

### ***4.2. Responsibility for safekeeping user certificates and signature-creation devices***

Shareholders will be solely responsible for the safekeeping of the user certificate, as well as of the signature-creation data and of the signature-creation device. The Company takes no responsibility for the misuse, safekeeping or storage of the aforementioned elements.

### ***4.3. Availability of the service***

The Company reserves the right to modify, suspend, cancel or restrict this procedure for proxies, voting and information requests by remote means where technical or security reasons prevent it from guaranteeing the safeguards indicated in the procedure and such circumstance is made public in the proper manner and sufficiently in advance by any means the Company may consider appropriate.

The Company will not be liable for any damage caused to shareholders as a result of malfunctions, overloads, line failures, failed connections or any other contingency of the same or a similar nature, beyond the control of the Company, that hinders the use of the procedure for proxies, voting and information requests by remote means.

### ***4.4. Personal Data Protection***

In accordance with Personal Data Protection Organic Law 15/1999, of December 13, 1999, the Company informs its shareholders that the personal data obtained throughout the procedure for proxies, voting and information requests by remote means, whether they originate from electronic user certificates or from any other data storage and retrieval device on shareholder computer terminals, with or without their involvement, or whether such data is furnished by the shareholder directly, will be included in a filing system controlled by the Company, for the purpose of managing the procedure for proxies, voting and information requests by remote means at the 2010 Annual Shareholders' Meeting and, in particular, to monitor, verify and validate the proxies granted and votes cast by remote means, the duplicate cards issued and the information requests made electronically by the shareholders at such Shareholders' Meeting.

Shareholders also expressly consent to the processing and disclosure of their personal data exclusively for the purpose described above, to authorized certificate service providers and to any of the companies forming part of the Red Eléctrica Group and operating in the electricity industry.



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Data subjects are informed that the consent given above is revocable and that they may exercise their rights of access, rectification, objection and cancellation by writing to the registered office of the Company, located at Paseo del Conde de los Gaitanes, 177, 28109 Alcobendas, Madrid, through the shareholder information service or through the Company's website ([www.ree.es](http://www.ree.es)).