



RED
ELÉCTRICA
CORPORACIÓN

Board of Directors

23 February 2016

Annual General Meeting of
Shareholders: Report and proposal
of ratification and appointment as a
Proprietary Director of Mr. José
Ángel Partearroyo Martín



1. Explanation and background

In accordance with the proposal made by Sociedad Estatal de Participaciones Industriales (SEPI) and the report issued by the Appointments and Remuneration Committee dated on 14 December 2015, the Board of Directors of the company at the meeting held on 22 December 2015 unanimously adopted, inter alia, the following resolution:

In accordance with the provisions of articles 244 and 529 decies of the Spanish Corporate Enterprises Act, 20 and 24 of the Bylaws and 7, 16, 19, 20 and 21 of the Board of Directors Regulations, and in view of the proposal made by Sociedad Estatal de Participaciones Industriales (SEPI), to appoint Mr. José Ángel Partearroyo Martín as a Proprietary Director of Red Eléctrica Corporación, S.A. representing Sociedad Estatal de Participaciones Industriales (SEPI), until the first General Meeting convenes, to cover the only vacancy existing on the Board of Directors, occurring as a result of the resignation submitted by Mr. Francisco Ruiz Jiménez of his position as a Proprietary Director representing Sociedad Estatal de Participaciones Industriales (SEPI), for which he was appointed for a term of four years by resolution of the Annual General Meeting of Shareholders held on 19 April 2012, whose resignation was accepted by the Board of Directors at the meeting held on 24 November 2015.

In accordance with the provisions of article 529 decies.6 of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital, or "LSC"), and articles 16, 19 and 21 of the Board Regulations, proposals for appointment of proprietary directors, including those by way of co-option, will be approved by the Board of Directors, after a report from the Appointments and Remuneration Committee and, if they are appointed by co-option, will remain in this position until the date of the first General Meeting, which may ratify them or appoint other directors.

Given the fact that it is contemplated that the Board of Directors at this same meeting held on 23 February 2016 will call the Annual General Meeting of Shareholders of the company corresponding to the 2015 financial year, and given the fact that the term of the position as a Proprietary director of Mr. José Ángel Partearroyo Martín (for and on behalf of Sociedad Estatal de Participaciones Industriales (SEPI)) ends on the date of holding the aforesaid General Meeting (he was appointed by the Annual General Meeting of Shareholders of 19 April 2012), contemplated for 14 and 15 April 2016 (on first and second calls, respectively), it is necessary that the Board of Directors submits to the next General Meeting the proposal of ratification and appointment as a Proprietary Director of Mr. José Ángel Partearroyo Martín, after analysis of the corresponding legal conditions and circumstances, and those contemplated in the company's corporate rules, in view of the Appointments and Remuneration report.

In this regard it is to be noted that the Appointments and Remuneration Committee, at a meeting held on 17 February 2016, reported favourably to the Board of Directors in relation to the proposed ratification and appointment of Mr. José Ángel Partearroyo Martín as a Proprietary Director of Red Eléctrica Corporación, S.A. in representation of Sociedad Estatal de



Participaciones Industriales (SEPI), for the term of four years fixed in the Bylaws, for submission to the Annual General Meeting of Shareholders.

In compliance with the provisions of subsections 4 and 5 of article 529 decies of the LSC, the Board of Directors prepares this report and proposal for ratification and appointment of Mr. José Ángel Partearroyo Martín as a member of the Board of Directors of the company, as a Proprietary Director representing Sociedad Estatal de Participaciones Industriales (SEPI), for submission to the next Annual General Meeting of Shareholders.

2. Analysis of the profile of the director

To prepare this report the Board of Directors again has followed a general matrix of skills that sets forth the criteria defining the profile and the requirements that are considered to be appropriate in order to serve as a director of the company, and has analysed the qualities, skills and experience the director should have in order to hold the position. In addition, the Board of Directors has followed the procedure established in the corporate rules for the appointment of proprietary directors, after analysing the corporate criteria established by the Appointments and Remuneration Committee and by the Board of Directors to define the profile and the requirements that are considered to be appropriate in order to serve as a director of the company. It has also considered the favourable report issued by the Appointments and Remuneration Committee, at a meeting held on 17 February 2016, which evaluates the circumstances, career and professional profile of the current Proprietary Director, Mr. Partearroyo Martín, before approving this report and making the corresponding proposal to ratify and appoint him as a Proprietary Director, in representation of Sociedad Estatal de Participaciones Industriales (SEPI), for submission to the Annual General Meeting of Shareholders.

Having analysed the CV of the Proprietary Director Mr. José Ángel Partearroyo Martín, which is published on the company's website (www.ree.es) and has not undergone significant change by reference to the one that was reviewed last December 2015, the Board of Directors, based on the report prepared by the Appointments and Remuneration Committee, concludes that the profile of the proposed director continues to be appropriate to cover the vacancy occurring on the date of holding the next General Meeting, and meets the requirements of the Board of Directors Regulations and the LSC for serving as a Proprietary Director. The principal elements of his CV are noted below.

Mr. José Ángel Partearroyo Martín, who was a Proprietary Director of the company from 25 February 2014 until 29 July of that year, was born on 16 February 1974 and holds a law degree from the Universidad de Salamanca. Currently he is General Manager of Sociedad Estatal de Participaciones Industriales (SEPI), formerly having been Director of Investees in the Communication's Division of that Company. His professional career as an attorney is notable, having worked with first-tier firms. He began his professional career as an attorney specialising in mergers and acquisitions, corporate law and contracting with KPMG Abogados, S.L. Thereafter he worked with GOÑI Y CAJIGAS Abogados, S.L. and RAMÓN Y CAJAL ABOGADOS (in



alliance with Mayer Brown). It is also notable his work with the BIRD & BIRD (Spain) LLP law firm, as a Corporate and M&A specialist.

In the academic field he has been an adjunct professor of Commercial Law in the Law School of the Colegio Universitario Cardenal Cisneros (associated with Universidad Complutense de Madrid) and the Law School of Universidad Rey Juan Carlos I de Madrid.

Having reviewed his professional career, the Board of Directors emphasises his experience in the supervision and control of groups of companies, his solid training and experience in the legal field of commercial law, his knowledge of institutional relations, in particular with the Administration and regulatory agencies, and his broad experience in teaching at top-tier institutions.

In conclusion, having analysed the professional career of Mr. Partearroyo Martín, the Board of Directors concludes that the legal and regulatory requirements applicable to a Proprietary Director are satisfied, and his profile is appropriate to fill the vacancy that will occur at the next General Meeting, fulfilling the requirements of recognised solvency, experience and competence, recommended by the Board of Directors Regulations, in order to act as a Proprietary External Director.

3. Category assigned to the director

From the information available to the Board of Directors, and in view of current legislation and the Board of Directors Regulations, Mr. José Ángel Partearroyo Martín must be classified as a Proprietary Director, in representation of Sociedad Estatal de Participaciones Industriales (SEPI), also satisfying the requirements of those Board of Directors Regulations, in article 7.2.b thereof, and in the LSC, in its article 529 duodecies, subsection 3.

Before his re-election Mr. Partearroyo Martín must renew his declaration that he is not affected by legal, regulatory or corporate rule incompatibilities for his service as a Proprietary Director of the company.

4. Favourable report and proposal for ratification and appointment

Accordingly, the analysis having been concluded, and without prejudice to the required renewal of the formal declaration of Mr. Partearroyo Martín as to the absence of incompatibilities for serving as a Proprietary Director, the Board of Directors concludes that Mr. José Ángel Partearroyo Martín satisfies the conditions required to fit the profile for serving in the position of a Proprietary Director on the Board of Directors of the company, for which reason it issues a favourable report in relation to his proposed ratification and appointment as a Proprietary Director, for submission to the next Annual General Meeting of Shareholders.



Having reviewed the foregoing report, and in accordance with the provisions of article 529 decies, subsections 4 and 5, of the LSC, article 24 of the Bylaws and articles 7, 16, 19 and 21 of the Board of Directors Regulations, the following proposed resolution is referred to the Annual General Meeting of Shareholders:

To ratify the appointment of Mr. José Ángel Partearroyo Martín as a Proprietary Director of Red Eléctrica Corporación, S.A., representing the company Sociedad Estatal de Participaciones Industriales (SEPI), which was resolved by the Board of Directors at the meeting held on 22 December 2015 and, as a result, to proceed with his appointment as a Proprietary Director of Red Eléctrica Corporación, S.A., representing the company Sociedad Estatal de Participaciones Industriales (SEPI), for the term of four years fixed in the Bylaws, in accordance with the provisions of article 529 decies of the Spanish Corporate Enterprises Act.