

SPANISH NATIONAL SECURITIES COMMISSION

Att.: Mr. Antonio Mas Sirvent
Director, Markets Area
Pº de la Castellana, 19
28046 MADRID

Madrid, April 22, 2005

Dear Sir:

Pursuant to the provisions of article 82 of the Spanish Stock Exchange Act, attached please find the following relating to Red Eléctrica de España, S.A.:

RED ELÉCTRICA DE ESPAÑA, S.A.

NOTICE FOR ORDINARY GENERAL MEETING OF SHAREHOLDERS

The Board of Directors of this Corporation in a meeting held on April 21, 2005 resolved to call a Ordinary General Meeting of Shareholders, to be held on May 25, 2005 at **12:30 p.m.** in the **Teatro Auditorio Ciudad de Alcobendas**, Calle Blas de Otero 4, Alcobendas, Madrid; if necessary, a second notice is hereby issued for **May 26, 2005**, at the same time and place, for the purpose of discussing and resolving the matters listed in the following

AGENDA

One

Examination and approval, if appropriate, of the Financial Statements (Balance Sheet, Profit and Loss Statement and Memorandum) and Management Report of Red Eléctrica de España, S.A. corresponding to the fiscal year ending December 31, 2004.

Two

Examination and approval, if appropriate, of the Financial Statements (Balance Sheet, Profit and loss Statement and Memorandum) and Management Report of the Consolidated Red Eléctrica de España, S.A. Group corresponding to the fiscal year ending December 31, 2004.

Three

Examination and approval, if appropriate, of the proposed application of profits of Red Eléctrica de España, S.A. and distribution of dividends deriving from fiscal year ending December 31, 2004.

Four

Examination and approval, if appropriate, of the management carried out by the Board of Directors of Red Eléctrica de España, S.A. during fiscal 2004.

Five

Ratification and appointment, if appropriate, of the Directors of the Corporation.

Six

Modification of articles **2** (*Corporate purpose*), **5** (*Capital stock*), **17** (*Constitution of the presiding commission, form of deliberations*) and the **Sole Additional Provision** (*Special Regimen for State-Owned Industrial Holding Corporation*) and the **Second Transitory Provision** of the Articles of Association.

Seven

Re-election of the Auditors of the Corporation and its Consolidated Group.

Eight

Report to the General Meeting of Shareholders on the Annual Corporate Governance Report of Red Eléctrica de España, S.A. corresponding to fiscal 2004.

Nine

Authorization to buy back treasury stock under the terms of current law.

Ten

Delegation on the Board of Directors, with powers to sub-delegate, to fully execute the resolutions adopted by the General Meeting of Shareholders.

NOTARY INTERVENTION IN THE MEETING

The Board of Directors has resolved to order the presence of a Notary Public from the Illustrious College of Notaries of Madrid to prepare the corresponding Minutes of the General Meeting, according to the provisions of article 114 of the Companies Act and article 101 and others of the Companies' Register Regulations.

RIGHT TO ATTEND AND TO REPRESENTATION

According to the Statutes of this corporation and the Regulations of the General Meeting of Shareholders, shareholders who are current in the payment of capital calls and accrediting their ownership by certifying the registration of their name in the corporate share books, at least five days prior to the date of the Meeting.

Shareholders may request from any of the entities (Banks, Savings Banks and financial entities in general) participating in the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR) the corresponding certificate of identity or document equivalent to registration in the books of shares of the Company.

Shareholders holding the right to attend may attend the General Meeting through a representative who is another shareholder with the right to attend, subject to the terms and exceptions established in articles 106 to 108 of the Companies Act. Said representation will be conferred in writing and with the special character for this Meeting.

Except for assumptions regarding public request for representation as applicable under laws currently in effect, in accordance with the provisions of article 34 of Law 54/1997 regarding the Electrical Sector (hereinafter referred to as the Electrical Sector Act) and the articles of association, nobody may accumulate representations for a total number of votes including their own that grant them voting rights in excess of three per cent of the capital stock.

Notwithstanding the foregoing, pursuant to article 34 of the Electrical Sector Act the right to vote corresponding to shares owned by shareholders which are in an amount in excess of three (3) per cent of general capital stock will be held in abeyance and cannot vote in said General Meeting, as well as one (1) per cent of shares owned by parties active in the electrical sector and individuals or legal entities with a direct or indirect participation in the capital of same with a share interest in excess of five (5) per cent.

ELECTRONIC VOTING

The Board of Directors of the Corporation, in accordance with the provisions of current legislation, the Articles of Association and the Regulations for the General Meeting of Shareholders, in its session held April 21, 2005 approved the following rules regarding the casting of electronic votes, allowing the exercise of this right in the Ordinary General Meeting of Shareholders corresponding to fiscal 2004:

1. Electronic media

Shareholders who wish to cast an electronic vote must have in their possession an electronic user certificate issued by the Fábrica Nacional de Moneda y Timbre (FNMT-RCM) (National Currency and Stamp Manufacturer), as established in Law 59/2003 regarding Electronic Signatures, as Certification service Provider.

Shareholders will obtain the User Certificate without charge to the Corporation, and said certificate will be in effect at the time shareholder casts his vote.

The shareholder holding the corresponding User Certificate accrediting his identity may, through the electronic voting service available in the section prepared for said effect in the Corporate web page (www.ree.es), issue his vote directly, completing the *Formulario de Voto (Voting Form)* according to the instructions indicated in said Form, as well as any others appearing as specified in each of the screens of the program, and by placing his electronic signature by using the corresponding User Certificate.

2. Period for casting electronic votes and receipt of same by the corporation; verification of status as shareholder

To be effective and valid, votes issued via electronic media will be cast beginning at twelve o'clock midnight (00:00) on the sixth day prior to the day scheduled for the General Meeting first scheduled in the Notice, that is beginning midnight (00:00 hours) on May 19, 2005, and must be received by the Corporation prior to midnight (24:00 hours) of the day immediately prior to the day scheduled for the General Meeting in the first notice, that is, prior to midnight (24:00 hours) on May 24, 2005. Votes received outside the period specified will be considered not cast.

For said effect the Corporation will implement an electronic dating system through a third party and based on an objective time system (*time stamping* system) to accredit the time of receipt of the electronic vote as well as acceptance or rejection of same, as appropriate.

The purpose of establishing said period is to allow the Corporation to verify the status as shareholder of the party casting the electronic vote, as well as verifying that the number of shares corresponding to the votes issued is correct. As such the corporation will compare said information provided by each shareholder with that provided by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear), as the entity responsible for the share books and records of the Corporation.

Only electronic votes cast in compliance with the conditions of this procedure and received by the corporation within the period said for said effect will be considered valid, upon verification of the status of voter as shareholder.

3. Rules of preference

1st Personal attendance at the Meeting of any shareholder who has cast an electronic vote, or his representative, will nullify his electronic vote, leaving it without effect.

2nd Notwithstanding the foregoing, in the event the representation was granted on a date prior to the date of issuance of the electronic vote and this is proven to the corporation, then this will be without effect and the electronic vote issued prevail.

3rd In the event that shares are sold or transferred prior to the celebration of the General Meeting and said operation comes to the Corporation's knowledge, then the electronic vote will be null and void.

4. Legal Entities

Shareholders who are legal entities will consult with the Red Eléctrica de España, S.A. Shareholder Attention Office regarding how to use the due guarantees (proof and sufficiency of powers), electronic voting procedure and its peculiarities.

5. Responsibility for custody of User Certificates and secure signature creation devices

Shareholder will be exclusively responsible for custody of the User Certificate as well the signature creation data and the signature creation device.

The Corporation will not be responsible for the misuse, custody or preservation of the elements listed in the foregoing paragraph.

6. Availability of service

The Corporation reserves the right to modify, suspend, cancel or restrict the electronic voting procedure when technical or security reasons prevent the assurance of quality stated in the procedure and said circumstance is duly communicated with sufficient notice by any means the Corporation deems appropriate.

The corporation will not be responsible for any prejudices the shareholder may suffer deriving from any breakdown, overload, line failures, connection failures or any other eventuality similar or equal to same, that are outside the will of the corporation and that impede use of the electronic voting procedure.

RIGHT TO INFORMATION

Pursuant to the Companies Act and according to the Articles of Association and Regulations of the General Meeting of Shareholders, shareholders so desiring may examine and obtain the following documentation at the corporate offices of the Company (Paseo del Conde de los Gaitanes, 177, 28109 Alcobendas, Madrid), in the Office for Shareholder Attention, beginning May 9, 2005, in the Hotel Aitana AC (Paseo de la Castellana, 152), from the company web site (www.ree.es) or request that said documentation be issued to them, immediately and free of charge:

1. Complete text of the Financial Statements (Balance Sheet, Profit and Loss Statement and Memorandum) and Management Report referring to fiscal 2004 for the Corporation and its Consolidated Group, complete text of the respective Auditor's Report and corresponding proposal relating to approval of the management of the Board of Directors during said period (Points One, Two and Four of the Agenda).
2. Complete text of the proposal regarding application of corporate profits and distribution of corporate dividends corresponding to fiscal 2004 (Point Three of the Agenda).
3. Complete text of the proposal to modify the articles of association and corresponding Report of the Board of Directors (Point Six of the Agenda).
4. Complete text of the proposal regarding re-election of the Auditors of the Corporation and its Consolidated Group (Point Seven of the Agenda).

5. Complete text of the Annual Corporate Governance Report for fiscal 2004 (Point Eight of the Agenda).
6. Complete text of the proposal regarding authorization for share buyback of treasury stock (Point Nine of the Agenda).
7. Complete text of the proposal regarding delegation in the Board of Directors of the corporation with powers to substitute, to fully execute resolutions adopted by the General Meeting of Shareholders (Point Ten of the Agenda).
8. Rules approved by the Board of Directors regarding the use of electronic voting in the General Meeting of Shareholders called.

Shareholders can also consult the Corporate Responsibility Report (Corporate Report) in the web page referred to above.

In accordance with the provisions of the Companies Act and the Regulations of the General Meeting of Shareholders, up to the seventh day prior to the date scheduled for the General Meeting of Shareholders, shareholders can present questions or requests for information or clarifications on the points comprising the Agenda or information accessible to the public and facilitated by the Corporation to the Spanish National Securities Commission) since May 6, 2004, the date of the last General Meeting.

GENERAL INFORMATION

Beginning May 9, a Shareholder's Attention Office will be prepared in the Hotel Aitana AC (Paseo de la Castellana, 152) open the following hours: Monday to Friday from 10:00 am to 2:30 p.m. and 4:00 p.m. to 7:30 p.m.; and Saturdays from 10:00 a.m. to 2:00 p.m. The Corporate Offices and Regional Delegations (Corunna, Barcelona, Bilbao, Seville and Valencia) will also provide the corresponding shareholder's attention offices which will be open the following hours: Monday to Thursday from 9:00 a.m. to 2:00 p.m. and 3:00 p.m. to 6:00 p.m., Fridays from 9:00 a.m. to 2:00 p.m. **For more information call the shareholder attention line: 900 100 182. E-mail: accionistas@ree.es · www.ree.es**

To facilitate access to the place where the General Meeting of Shareholders is to be held, bus service will be established leaving the Hotel Aitana AC at 11:15, 11:30, 12:00 and 12:15 on May 26, 2005.

Public Bus Service: Line 151 of the Autonomous Community of Madrid. Bus leaves the terminal at Plaza de Castilla and stops at Alcobendas, near the Teatro Auditorio Ciudad de Alcobendas.

IMPORTANT NOTICE

Shareholders are informed that the General Meeting will most likely be held on the date of the **SECOND NOTICE**, on **May 26, 2005**, at **12:30** in the Teatro Auditorio Ciudad de Alcobendas.

Alcobendas (Madrid), April 21, 2005.

Secretary of the Board of Directors

Attached is a complete text of the resolutions proposed by the Board of Directors for the General Meeting of Shareholders referred to herein (points One to Four and Six to Ten inclusive of the Agenda) and the corresponding Report of the Board of Directors relating to Point Six of the Agenda.

Sincerely,

Signed.: Esther M^a Rituerto Martínez

SCHEDULE

Complete text of the resolutions proposed by the Board of Directors for the General Meeting of Shareholders referred to herein (points One to Four and Six to Ten, inclusive, of the Agenda) and the corresponding Report of the Board of Directors relating to Point Six of the Agenda:

EXAMINATION AND APPROVAL, IF APPROPRIATE, OF THE ANNUAL FINANCIAL STATEMENTS (BALANCE SHEET, PROFIT AND LOSS STATEMENT AND MEMORANDUM) AND MANAGEMENT REPORT OF RED ELÉCTRICA DE ESPAÑA, S.A. CORRESPONDING TO THE FISCAL YEAR ENDING DECEMBER 31, 2004.

Proposed resolution regarding point one of the Agenda:

“Approve the Annual Financial Statements (Balance Sheet, Profit and Loss Statement Memorandum) and the Management Report for Red Eléctrica de España, S.A. corresponding to fiscal 2004.

The Annual Financial Statements and the Management Report for Red Eléctrica de España, S.A. approval of which are hereby proposed, correspond to those prepared by the Board of Directors at its meeting on March 11, 2005.”

EXAMINATION AND APPROVAL, IF APPROPRIATE OF THE ANNUAL FINANCIAL STATEMENTS (BALANCE SHEET, PROFIT AND LOSS STATEMENT AND MEMORANDUM) AND MANAGEMENT REPORT OF THE CONSOLIDATED GROUP OF RED ELÉCTRICA DE ESPAÑA, S.A. CORRESPONDING TO THE FISCAL YEAR ENDING DECEMBER 31, 2004.

Proposed resolution relating to point two of the Agenda:

“Approve the Annual Financial Statements (Balance Sheet, Profit and Loss Statement Memorandum) and Management Report for the Red Eléctrica de España, S.A. Consolidated Group corresponding to fiscal 2004.

The Annual Financial Statements and Management Report for the Red Eléctrica de España, S.A. Consolidated Group whose approval is hereby proposed, correspond to those prepared by the Board of Directors at its meeting on March 11, 2005.”

EXAMINATION AND APPROVAL, IF APPROPRIATE, OF THE PROPOSAL REGARDING APPLICATION OF PROFITS OF RED ELÉCTRICA DE ESPAÑA, S.A. AND DISTRIBUTION OF DIVIDENDS FROM THE FISCAL YEAR ENDING DECEMBER 31, 2004.

Proposed resolution relating to point three of the Agenda:

“Approve the application of profits proposed by the Board of Directors in its session of March 11, 2005 and as a result distribute profits from fiscal 2004 in the amount of 127,235,182.83 euros as follows:

• To dividends	82,994,718.85 euros
• To voluntary reserves	44,240,463.98 euros
TOTAL	127,235,182.83 euros

Expressly resolve to pay shares entitled to dividends the gross amount of 0.6138 euros per share. Dividends will be paid on July 1, 2005 at the banks and financial entities announced in a timely manner, deducting from said amount the gross amount of 0.2375 euros per share paid on account in the dividend of January 3, 2005, pursuant to the resolution of the Board of Directors on November 25, 2004.”

EXAMINATION AND APPROVAL, IF APPROPRIATE, OF THE MANAGEMENT OF THE BOARD OF DIRECTORS OF RED ELÉCTRICA DE ESPAÑA, S.A. DURING FISCAL 2004.

Proposed resolution relating to point four of the Agenda:

“Approve the management of the Board of Directors of Red Eléctrica de España, S.A. corresponding to fiscal 2004.”

MODIFICATION OF ARTICLES 2 (CORPORATE PURPOSE), 5 (CAPITAL STOCK), 17 (CONSTITUTION OF THE PRESIDING COMMISSION, FORM OF DELIBERATION), OF THE SOLE ADDITIONAL PROVISION (SPECIAL REGIMEN FOR STATE-OWNED INDUSTRIAL HOLDING CORPORATION) AND TRANSITORY PROVISION TWO OF THE ARTICLES OF ASSOCIATION.

Report corresponding to the Board of Directors and proposed resolution relating to point six of the Agenda:

I. JUSTIFICATION

Report issued by the Board of Directors of RED ELÉCTRICA DE ESPAÑA, S.A. for all effects of the provisions of article 144.1 a) of the Companies Act and 158 of the Companies' Register Regulations, with regard to the modification of article 2 (Corporate purpose), article 5 (Capital stock), article 17 (Constitution of the presiding commission, form of deliberation), of the Sole Additional Provision (Special Regimen for the State-Owned Industrial Holding Corporation) and the Second Transitory Provision of the articles of association, submitted to the General Meeting of Shareholders called in the first notice for May 25, 2005 and second notice for May 26, 2005 as provided in paragraph Six of the Agenda.

1) PURPOSE OF THE REPORT.

The Board of Directors of Red Eléctrica de España, S.A. (hereinafter referred to as the Company or the Corporation or RED ELÉCTRICA), in a session held on April 21, agreed to submit to the General Meeting of Shareholders under point six of the Agenda for said meeting, a proposal to modify article 2 (*Corporate purpose*), article 5 (*Capital stock*), article 17 (*Constitution of the presiding commission, form of deliberation*), the Sole Additional Provision (*Special Regimen for the State-Owned Industrial Holding Corporation*) and the Second Transitory Provision of the Articles of Association.

This report is prepared by the Board of Directors of the Company in compliance with the provisions of article 144.1.a) of the Companies Act (hereinafter referred to as LSA), which requires that the Directors prepare a written report justifying the reasons for the proposed modification to the statutes submitted to the General Meeting of Shareholders for approval for its approval under point six of the Agenda for same.

2) GENERAL JUSTIFICATION OF REFORM OF THE STATUTES

Royal Decree Law 5/2005, dated March 11 regarding urgent reforms to drive productivity and to improve public hiring - B.O.E. nº 62, dated March 14-, hereinafter referred to as RDL, introduced in its Title II (*Energy Markets*) a set of reforms including, among others, modification of Law 54/1997, dated November 27 for the electrical sector (hereinafter referred to as LSE).

Among the modifications to the LSE, article twenty-three of the RDL establishes maximum limits for possession of shares in the Company. As stated in section III of the Statement of Reasons for the RDL, the purpose of said modification is to guarantee the independence of the Corporation before companies carrying out liberalized activities in the electrical sector.

Said article twenty-three modified section 1 of article 34 of the LSE to establish that parties active in the electrical sector and individuals or entities directly or indirectly participating in the capital of said entities with a quota in excess of five per cent (5%), maximum participation percentage in operator capital will be one per cent (1%).

For all other shareholders, both individuals and other entities, the RDL has maintained the maximum limit existing for share participation, either direct or indirect, in the Company's capital as three per cent (3%), introduced by Law 53/2002 dated December 30 regarding Fiscal, Administrative and Social Order Measures. The RDL maintains for the special regimen provided in LSE for State Corporations for Industrial Participations (SEPI), a participation of not less than ten per cent (10%).

The RDL has maintained the prohibition against syndicating existing shares in the foregoing regimen, and also re-established the joint limit of forty per cent (40%) for participations of shareholders active in the electrical sector, as described in the initial draft of the LSE. The RDL also established that voting rights corresponding to shares exceeding the maximum percentages legally

established will be held in abeyance from the time said RDL enters into effect - March 15, 2005.

The powers of the National Energy Commission remain in effect to exercise legal actions designed to enforce said legal limitations. This proposal to modify the articles of association is made to the General Meeting of Shareholders at this time to comply with the mandate contained in the RDL, which establishes that the articles of association must be adapted to the new legal regimen by maximum prior to June 1, 2005.

As such the second paragraph of article 5 of the articles of association must be modified to include the legal text of article 34.1 of the LSE for effects of computing share participations in the corporation, and the fifth paragraph of article 17 modified as well as the Sole Additional Provision of said corporate text, affected by the new draft of article 34.1 of the LSE.

On the other hand, the RDL in its article twenty-two also establishes certain changes in the functions assigned to the electrical system operator, including a generic responsibility for the economic operation of the system together with the market operator and, in particular, among others the direct responsibility to liquidate guarantees of supply and deviations, and the receipt of guarantees. In addition system operator is no longer defined as the party responsible for technical management of the system; and the guarantee for a continuous and safe supply of electricity and correct coordination between the production and transport system is no longer defined as its purpose, but rather as its principle function. In addition the company is charged with the function of collaborating with all operators and members of the imminent Iberian Electrical Energy Market, whose constitution is foreseen for prior to June 30, 2005.

The modification is drafted around the precepts of the articles of association affected by the entry into effect of said article twenty-three of the RDL, thus incorporating the requirements for obligatory compliance established by RED ELÉCTRICA in said legal body.

The proposed modification to the statutes intends to comply with the foregoing legal mandates, through:

1. Modification of article 2, dedicated to the corporate purpose, in order to introduce new sections 4 and 5 (renumbering the following paragraphs), which refer, the first, to economic management of the electrical system which pursuant to art. 32 and 33 of the LSE correspond both to the system operator as well as the market operator, subject to the rules established by current legislation; and the second, to the required collaboration between the system operator and all other operators and parties forming part of the Iberian Electrical Energy Market, which are required in exercising their functions as established in article 34 of the LSE.
2. The modification of article 5, dedicated to capital stock, in order to introduce the maximum limits on share participation as one per cent (1%) of capital stock of the Company for parties active in the electrical sector as well as individuals or legal entities with a direct or indirect participation in the capital

of these with a share in excess of five per cent (5%). In addition the text of the statutes regarding criteria for computing the share participation in the Company is adapted in order to include as precisely as possible the contents of the new legal text.

3. Modification of section five of article 17 (*Constitution of the presiding commission, form of deliberation*), for the purpose of adapting its text to the literal sense of article 34 LSE established by the RDL, as well as to the new draft of article 5 of the articles of association.
4. Modification of the first section of the Sole Additional provision, dedicated to the special regimen for the State-Owned Industrial Holding Corporation, for the purpose of adapting its text to the literal sense of article 34 LSE established by the RDL.
5. Modification of the Second Transitory provision in order to substitute the reference to Law 53/2002, which in this point has been surpassed by a regulations with the rage of most recent law. It proposes a generic reference to legislation applicable at any time.

For all of the above and in accordance with the provisions of article 144.1.a) LSA and 158 of the Companies' Register Regulations, the Board of directors issues this Report regarding Modification of the articles of association.

3) SPECIFIC MODIFICATIONS TO THE TEXT AND SPECIFIC REASONS FOR THE PROPOSALS

The modifications proposed affect the articles set forth below, with the explanation of the change, the reasons for the proposal and the new text proposed:

3.1. PROPOSED MODIFICATION OF ARTICLE 2. CORPORATE PURPOSE

To reflect in the articles of association the new functions attributed by the new text of the LSE to the Corporation, together with those of the market operator, regarding the economic management of the system, we believe it appropriate to include a provision regarding the corresponding article in the corporate purpose. The new text of articles 32, 33 and 34 of the LSE suppresses identification of the market operator (OMEL) as "responsible for the economic management of the system" and the system operator (RED ELÉCTRICA) as "responsible for technical management of the system". It is considered sufficient to include in the statutes the development of any function that legislation may attribute to the system operator either directly or indirectly related to the economic management of the Spanish electrical system.

The Corporation is also assigned functions to collaborate with all operators and members of the Iberian Electrical Energy Market.

As a result, it is proposed that article 2 of the articles of association be modified to include new paragraphs 4 and 5 to read as follows, and that paragraphs 6 and 7 contained in the foregoing Statutes be re-numbered.

<p align="center">Article 2. Corporate purpose Current text</p>	<p align="center">Article 2. Corporate purpose Proposed text</p>
<p>Without prejudice to the other areas of jurisdiction and functions that may be attributed by law or regulations, the purpose of the corporation will be:</p> <ol style="list-style-type: none"> 1. To perform, in the broadest sense, all class of activities related to carrying electrical energy and in particular transporting electrical energy, planning, designing, building, using, maintaining, manoeuvring, modifying, acquiring, transmitting and closing all class of carrying or auxiliary installations for carrying electrical energy. 2. To manage the Spanish electrical energy transport grid according to the terms of applicable legislation. In managing the transport grid, the Company will perform the functions or activities necessary and in particular, manage the carrying of electricity between systems using transport grids of the Spanish electrical system. 3. To perform, in the broadest sense of the word, technical management of the Electrical System in the terms legally applicable in order to guarantee the continuity and security of the electrical supply and a correct coordination between the electrical energy production and transport system, for which purpose it will perform the functions or activities appropriate in accordance with principles of transparency, objectivity and independence. 4. The Company may also perform all class of studies and provide all class of services relating to its activities, and in particular design, develop, implant and exploit services relating to the information, business organization and management of its activities. 5. Respecting the limitations established in the electrical Sector Act and in the regulations for its development, investigate, study and plan investment projects and organization of companies, as well as promote, create and develop industrial or service enterprises. Investigate, develop and exploit communications and information technologies and other new technologies in all their aspects. Provide assistance or support services to Corporations and companies in which it participates, in order to provide, to the benefit of same, the guarantees and reinforcement considered appropriate. 6. This purpose is understood to include the activities necessary or which make compliance possible and are in accordance with Law and in particular the regulations that at all times regulate electrical energy transport activities and the functioning of the Electrical System. 7. Company will develop those of the foregoing activities which at any time may be incompatible with the transport of electrical energy, operating the electrical system or managing the electrical energy transport grid, in accordance with the terms of legislation for the Electrical Sector, through the constitution or participation in corporations developing said activities, after obtaining, as appropriate, the authorizations or licenses 	<p>Without prejudice to the other areas of jurisdiction and functions that may be attributed by law or regulations, the purpose of the corporation will be:</p> <ol style="list-style-type: none"> 1. To perform, in the broadest sense, all class of activities related to carrying electrical energy and in particular transporting electrical energy, planning, designing, building, using, maintaining, manoeuvring, modifying, acquiring, transmitting and closing all class of carrying or auxiliary installations for carrying electrical energy. 2. To manage the Spanish electrical energy transport grid according to the terms of applicable legislation. In managing the transport grid, the Company will perform the functions or activities necessary and in particular, manage the carrying of electricity between systems using transport grids of the Spanish electrical system. 3. To perform, in the broadest sense of the word, technical management of the Electrical System in the terms legally applicable in order to guarantee the continuity and security of the electrical supply and a correct coordination between the electrical energy production and transport system, for which purpose it will perform the functions or activities appropriate in accordance with principles of transparency, objectivity and independence. 4. Perform, in the broadest sense of the term, the functions attributed by current legislation at all times with regard to economic management of the Electrical System. 5. Collaborate with all operators and players of the Iberian Electrical Energy Market as necessary to exercise its functions. 6. The Company may also perform all class of studies and provide all class of services relating to its activities, and in particular design, develop, implant and exploit services relating to the information, business organization and management of its activities. 7. Respecting the limitations established in the electrical Sector Act and in the regulations for its development, investigate, study and plan investment projects and organization of companies, as well as promote, create and develop industrial or service enterprises. Investigate, develop and exploit communications and information technologies and other new technologies in all their aspects. Provide assistance or support services to Corporations and companies in which it participates, in order to provide, to the benefit of same, the guarantees and reinforcement considered appropriate. 8. This purpose is understood to include the activities necessary or which make compliance possible and are in accordance with Law and in particular the regulations that at all times regulate electrical energy transport activities and the functioning of the Electrical System.

necessary according to current legislation.

9. Company will develop those of the foregoing activities which at any time may be incompatible with the transport of electrical energy, operating the electrical system or managing the electrical energy transport grid, in accordance with the terms of legislation for the Electrical Sector, through the constitution or participation in corporations developing said activities, after obtaining, as appropriate, the authorizations or licensees necessary according to current legislation.

3.2. PROPOSAL TO MODIFY ARTICLE 5. CAPITAL STOCK

In accordance with the provisions of current article twenty-three of Royal Decree Law 5/2005 dated March 11 modifying section 1 of article 34 of Law 54/1997 dated November 27 regarding the Electrical Sector, the purpose of the proposal to modify article 5 of the corporation statutes is to introduce a new maximum limit of one per cent (1%) participation in the capital stock of Red Eléctrica de España, S.A. for parties active in the electrical sector and for individuals or entities with a direct or indirect participation in the capital of these in an amount over five per cent (5%).

It also incorporates a maximum limit for total participation in the capital stock of the Company owned by parties active in the electrical sector, setting this amount at forty per cent (40%). In addition it introduces in accordance with the requirements of the RDL, an express prohibition against syndicating shares of the Company, adapting the text relating to computing the share participation in the Company to include the text of the LSE.

We therefore propose that article 5 of the articles of association be modified to the following text, which includes the foregoing modifications:

<p align="center">Article 5. Capital stock Current text</p>	<p align="center">Article 5. Capital stock Proposed text</p>
<p>1. Capital stock of the Company is two hundred seventy million forty thousand (270.540.000) euros, represented by one hundred thirty five million two hundred seventy thousand (135.270.000) shares, all in one class and series and with a face value of two (2) euros each, fully subscribed and paid in and represented by accounting registries.</p> <p>2. In accordance with the provisions with the Electrical Sector Act:</p> <p>1) Total participation, either direct or indirect, in the capital stock of the company held by any individual or legal entity at any time cannot exceed three per cent of the capital stock or voting rights in the company, except when authorized otherwise by law.</p> <p>2) For effects of the provisions of section 2 of this Article, ownership of shares, securities or rights possessed or acquired by virtue of any form of ownership will be considered as indirect participation, for:</p> <p>(a) Entities that are direct shareholders of the partner, in agreement with Article 42 of the Commercial Code.</p> <p>(b) Entities belonging to the same group, as defined in Article 4 of the Spanish Stock Exchange Act.</p> <p>(c) In particular:</p> <ul style="list-style-type: none"> • Individuals acting in their own name but for the shareholder, either as agreed or forming one decisive unit, understanding that members of the Board of directors will always act in this way. • Partners together with whom the shareholder exercises control over a dominated entity. 	<p>1. Capital stock of the Company is two hundred seventy million forty thousand (270.540.000) euros, represented by one hundred thirty five million two hundred seventy thousand (135.270.000) shares, all in one class and series and with a face value of two (2) euros each, fully subscribed and paid in and represented by accounting registries.</p> <p>2. In accordance with the provisions with the Electrical Sector Act:</p> <p>1) Total participation, either direct or indirect, in the capital stock of the company held by any individual or legal entity at any time cannot exceed three per cent of the capital stock or voting rights in the company, except when authorized otherwise by law.</p> <p>These shares cannot be syndicated for any effect. Maximum percentage of shares of capital stock of the company owned by parties active in the electrical sector and individuals or legal entities with a direct or indirect participation in the capital of these in excess of five per cent will not surpass one per cent. Total participations, direct or indirect, of parties active in the electrical sector cannot exceed forty per cent.</p> <p>2) For effects of computing the participation of each shareholder, in addition to the shares and other securities possessed or acquired by the entities belonging to the same group will be attributed to a single individual or legal entity as defined in Article 4 of La 24/1988 dated July 28 regarding the Stock Exchange, said individual or entity will also be attributed with ownership of the following:</p> <p>(a) Individuals acting in their own name but for the shareholder, either as agreed or forming one decisive unit, understanding that members of the Board of directors will always act in this way.</p> <p>(b) Partners together with whom the shareholder exercises control over a dominated entity.</p> <p>In any event, proprietary ownership of shares and other securities will be taken into account, including rights to vote enjoyed under any form of ownership.</p>

<p>3. Without prejudice to the terms established in paragraph 2 of Article 6 of these Statutes, violation of the limits indicated in section 2.1) of the foregoing Article 5 or terms at any time established by current law will bear all legal consequences determined by same, including as appropriate imposition of sanctions and the conditions set forth in these Statutes and specifically in the Second Transitory Provision.</p>	<p>3. Without prejudice to the terms established in paragraph 2 of Article 6 of these Statutes, violation of the limits indicated in section 2.1) of the foregoing Article 5 or any provisions established at any time by current law will bear all legal consequences determined for same, including as appropriate imposition of sanctions and the conditions set forth in these Statutes and specifically in the Second Transitory Provision.</p>
<p>4. As an exception to the general rule and based on the singular regimen attributed by the Electrical Sector Act to the State-Owned Industrial Holding Corporation, participation and voting rights of this corporation will be ruled by the provisions contained in the Sole Additional Provision of these Statutes.</p>	<p>4. As an exception to the general rule and based on the singular regimen attributed by the Electrical Sector Act to the State-Owned Industrial Holding Corporation, participation and voting rights of this corporation will be ruled by the provisions contained in the Sole Additional Provision of these Statutes.</p>

3.3. PROPOSAL TO MODIFY ARTICLE 17. CONSTITUTION OF THE PRESIDING COMMISSION, FORM OF DELIBERATION

In accordance with the terms of Article twenty-three of Royal Decree Law 5/2005 dated March 11 modifying section 1 of Article 34 of Law 54/1997 dated November 27 regarding the electrical sector and the new draft of Article 5 of the articles of association, it is appropriate that section five of Article 17 of said corporate text be modified for the purpose of adapting the exercise of voting rights of the shareholders to the limitations established by current standards for share participations in the Capital stock of the Company.

We therefore propose that section five of Article 17 of the articles of association be modified to read as follows, including the modifications pursuant to the foregoing:

<p>Article 17. Constitution of the presiding commission form of deliberation Current text</p>	<p>Article 17. Constitution of the presiding commission, form of deliberation Proposed text</p>
<p>The General Meeting of Shareholders will be presided by the President of the Board of Directors, and in his absence if there are Vice Presidents, by the Vice President with said rank or the one with most seniority in said position if no rank has been established; or in his defect by the person appointed by the Board of Directors and, if no such appointment has been made by the Director or shareholders freely appointed by the shareholders attending, for each Meeting.</p>	<p>The General Meeting of Shareholders will be presided by the President of the Board of Directors, and in his absence if there are Vice Presidents, by the Vice President with said rank or the one with most seniority in said position if no rank has been established; or in his defect by the person appointed by the Board of Directors and, if no such appointment has been made by the Director or shareholders freely appointed by the shareholders attending, for each Meeting.</p>
<p>The Secretary of the Board of Directors will act as Secretary of the Meeting, or in his absence the Vice Secretary will so act, if existing. In the absence of both, then the Director or shareholder freely appointed by the shareholders attending will act, for each Meeting.</p>	<p>The Secretary of the Board of Directors will act as Secretary of the Meeting, or in his absence the Vice Secretary will so act, if existing. In the absence of both, then the Director or shareholder freely appointed by the shareholders attending will act, for each Meeting.</p>
<p>The President will direct and establish the order of deliberations and interventions; decide the form of the</p>	<p>The President will direct and establish the order of deliberations and interventions; decide the form of the</p>

<p>vote on resolutions; resolve any questions, clarifications or claims arising with regard to the agenda, the list of attendees, ownership of shares, delegations or representations, requirements for a quorum and adoption of resolutions by the Meeting, or over any statutory limit to rights to vote; and will grant the right to speak to shareholders so requesting, removing or not granting same and ending the debates when he deems the matter has been sufficiently discussed.</p> <p>Each share has the right to one vote. Resolutions will be adopted by a majority of votes, except resolutions where the Law requires a superior majority.</p> <p>Nobody in their own right or in representation of another, can exercise voting rights exceeding three per cent of the capital stock, except as described in the provision on public request for representation set in the last paragraph of the foregoing Article 15.</p> <p>The legal limitation on share participation in the company will also apply to the maximum number of votes that can be issued, either jointly or separately, by two or more shareholders, one of whom possesses indirect participations in the capital stock of the Company (as defined in Article 5).</p> <p>Limitations on voting rights stated in the Act and these Statutes will operate with respect to all matters subject to vote in the General Meeting, including the right to proportional representation referred to in Article 137 of the Companies Act, but will not prevent shares to which it applies from being computed as concurrent capital with the right to vote for effects of calculating the quorum necessary to constitute the Meetings.</p>	<p>vote on resolutions; resolve any questions, clarifications or claims arising with regard to the agenda, the list of attendees, ownership of shares, delegations or representations, requirements for a quorum and adoption of resolutions by the Meeting, or over any statutory limit to rights to vote; and will grant the right to speak to shareholders so requesting, removing or not granting same and ending the debates when he deems the matter has been sufficiently discussed.</p> <p>Each share has the right to one vote. Resolutions will be adopted by a majority of votes, except resolutions where the Law requires a superior majority.</p> <p>Nobody in their own right or representing another can exercise voting rights exceeding the limits of share participation established in Article 5 of the corporation statutes, except as described in the provision on public request for representation contained in the foregoing article 15.</p> <p>The legal limitation on share participation in the company will also apply to the maximum number of votes that can be issued, either jointly or separately, by two or more shareholders, one of whom possesses indirect participations in the capital stock of the Company (as defined in Article 5).</p> <p>Limitations on voting rights stated in the Act and these Statutes will operate with respect to all matters subject to vote in the General Meeting, including the right to proportional representation referred to in Article 137 of the Companies Act, but will not prevent shares to which it applies from being computed as concurrent capital with the right to vote for effects of calculating the quorum necessary to constitute the Meetings.</p>
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3.4. PROPOSAL TO MODIFY SOLE ADDITIONAL PROVISION. SPECIAL REGIMEN FOR STATE-OWNED INDUSTRIAL HOLDING CORPORATION.

In accordance with the provisions of Article twenty-three of Royal Decree Law 5/2005 dated March 11, modifying section 1 of Article 34 of Law 54/1997 dated November 27 regarding the electrical sector, it is appropriate that section one of the Sole Additional Provision to the Articles of Association relating to the special regimen of capital stock for the State-Owned Industrial Holding Corporation be modified, to adapt its current text to the literal text established in Article 34 of said legislation.

As such, we propose that section one of the Sole Additional Provision of the articles of association be modified to read as follows; with the modifications described above:

Sole Additional Provision Current text	Sole Additional Provision Proposed text
<p>1. By virtue of the provisions contained in the Ninth Transitory Provision of the Electrical Sector Act, the limitations established in Article 34.1 of said act will not apply to share participation in the Company, nor will the limitations established in these Statutes to voting rights in the General Meeting. The State-Owned Industrial Holding Corporation will maintain a share participation of at least 10 per cent.</p>	<p>1. By virtue of the provisions of the Electrical Sector Act, the limitations established in Article 34.1 of said act for share participation in the Company will not apply to the State-Owned Industrial Holding Corporation, nor will the limitations established in these Statutes for voting rights in the General Meeting. The State-Owned Industrial Holding Corporation will, in all cases, maintain a share participation not less than 10 per cent.</p>

3.5. PROPOSAL TO MODIFY SECOND TRANSITORY PROVISION.

The purpose of the proposal to modify the Second Transitory Provision of the articles of association is to substitute the existing reference to a specific Act (Law 53/2002) with a generic reference to current legislation, to the extent that for effects of the contents of this Article, the provisions of the act mentioned have been included in a more recent legal text.

As a result, we propose that the Second Transitory Provision of the articles of association be modified to read as follows; showing the modifications described above:

Second Transitory Provision Current text	Second Transitory Provision Proposed text
<p>Voting rights corresponding to shares or other securities which upon entry of Law 53/2002 dated December 30 regarding Fiscal, Administrative and Social Measures, exceeding the limit established in Article 5 of these Statutes, will be held in abeyance until adapted to said limit.</p> <p>Shares or other securities whose voting rights are held in abeyance will be taken into account when calculating the quorum to constitute the corresponding General Meetings, and on contrary will not be included in computing the majorities to adopt resolutions.</p>	<p>Voting rights corresponding to shares or other securities which according to the provisions at any given time of current legislation, exceed the limit established in Article 5 of these Statutes, will be held in abeyance until adapted to said limit.</p> <p>Shares or other securities whose voting rights are held in abeyance will be taken into account when calculating the quorum to constitute the corresponding General Meetings, and on contrary will not be included in computing the majorities to adopt resolutions.</p>

II. PROPOSED RESOLUTIONS

“Modify the Articles of Association in the terms stated in the report prepared by the directors pursuant to Articles 144.1.a) of the Companies Act and 158 of the Companies’ Register Regulations, consisting of:

A) Modify **Article 2 (Corporate purpose)** to read as follows:

Article 2. Corporate purpose

Without prejudice to the other areas of jurisdiction and functions that may be attributed by law or regulations, the purpose of the corporation will be:

- 1) *To perform, in the broadest sense, all class of activities related to carrying electrical energy and in particular transporting electrical energy, planning, designing, building, using, maintaining, manoeuvring, modifying, acquiring, transmitting and closing all class of carrying or auxiliary installations for carrying electrical energy*
- 2) *To manage the Spanish electrical energy transport grid according to the terms of applicable legislation.*

To manage the transport grid, the Company will perform the functions or activities necessary and in particular, manage the carrying of electricity between systems using transport grids of the Spanish electrical system.

- 3) *To perform, in the broadest sense of the word, technical management of the Electrical System in the terms legally applicable in order to guarantee the continuity and security of the electrical supply and a correct coordination between the electrical energy production and transport system, for which purpose it will perform the functions or activities appropriate in accordance with principles of transparency, objectivity and independence.*
- 4) *Perform, in the broadest sense of the term, the functions attributed by current legislation at all times with regard to economic management of the Electrical System.*
- 5) *Collaborate with all operators and players of the Iberian Electrical Energy Market as necessary to exercise its functions.*
- 6) *The Company may also perform all class of studies and provide all class of services relating to its activities, and in particular design, develop, implant and exploit services relating to the information, business organization and management of its activities.*
- 7) *Respecting the limitations established in the Electrical Sector Act and in the regulations for its development, investigate, study and plan investment projects and organization of companies, as well as promote, create and develop industrial or service enterprises. Investigate, develop and exploit communications and information technologies and other new technologies in all their aspects. Provide assistance or support services to Corporations and*

companies in which it participates, in order to provide, to the benefit of same, the guarantees and reinforcement considered appropriate.

- 8) *This purpose is understood to include the activities necessary or which make compliance possible and are in accordance with Law and in particular the regulations that at all times regulate electrical energy transport activities and the functioning of the Electrical System*
- 9) *Company will develop those of the foregoing activities which at any time may be incompatible with the transport of electrical energy, operating the electrical system or managing the electrical energy transport grid, in accordance with the terms of legislation for the Electrical Sector, through the constitution or participation in corporations developing said activities, after obtaining, as appropriate, the authorizations or licenses necessary according to current legislation.*

B) Modify **Article 5 (Capital stock)** to read as follows:

Article 5. Capital stock

1. *Capital stock of the Company is two hundred seventy million forty thousand (270.540.000) euros, represented by one hundred thirty five million two hundred seventy thousand (135.270.000) shares, all in one class and series and with a face value of two (2) euros each, fully subscribed and paid in and represented by accounting registries.*
2. *In accordance with the provisions with the Electrical Sector Act:*
 - 1) *Total participation, either direct or indirect, in the capital stock of the company held by any individual or legal entity at any time cannot exceed three per cent of the capital stock or voting rights in the company, except when authorized otherwise by law.*

These shares cannot be syndicated for any effect. For parties active in the electrical sector and individuals or legal entities with a direct or indirect participation in the capital of these in excess of five per cent, the maximum percentage of shares in the capital stock of the company will be one per cent. Total participations, direct or indirect, of parties active in the electrical sector cannot exceed forty per cent.

2) For effects of computing the participation of each shareholder, in addition to the shares and other securities possessed or acquired by the entities belonging to the same group will be attributed to a single individual or legal entity as defined in Article 4 of La 24/1988 dated July 28 regarding the Stock Exchange, said individual or entity will also be attributed with ownership of the following:

(a) Individuals acting in their own name but for the shareholder, either as agreed or forming one decisive unit, understanding that members of the Board of directors will always act in this way.

(b) Partners together with whom the shareholder exercises control over a dominated entity.

In any event, proprietary ownership of shares and other securities will be taken into account, including rights to vote enjoyed under any form of ownership.

- 3) *Without prejudice to the terms established in paragraph 2 of Article 6 of these Statutes, violation of the limits indicated in section 2.1) of the foregoing Article 5 or terms at any time established by current law will bear all legal consequences determined by same, including as appropriate imposition of sanctions and the conditions set forth in these Statutes and specifically in the Second Transitory Provision.*
- 4) *As an exception to the general rule and based on the singular regimen attributed by the Electrical Sector Act to the State-Owned Industrial Holding Corporation, participation and voting rights of this corporation will be ruled by the provisions contained in the Sole Additional Provision of these Statutes.*

C) **Modify Article 17 (Constitution of the presiding commission, form of deliberation)** to read as follows:

Article 17. Constitution of the presiding commission, form of deliberation

The General Meeting of Shareholders will be presided by the President of the Board of Directors, and in his absence if there are Vice Presidents, by the Vice President with said rank or the one with most seniority in said position if no rank has been established; or in his defect by the person appointed by the Board of Directors and, if no such appointment has been made by the Director or shareholders freely appointed by the shareholders attending, for each Meeting.

The Secretary of the Board of Directors will act as Secretary of the Meeting, or in his absence the Vice Secretary will so act, if existing. In the absence of both, then the Director or shareholder freely appointed by the shareholders attending will act, for each Meeting.

The President will direct and establish the order of deliberations and interventions; decide the form of the vote on resolutions; resolve any questions, clarifications or claims arising with regard to the agenda, the list of attendees, ownership of shares, delegations or representations, requirements for a quorum and adoption of resolutions by the Meeting, or over any statutory limit to rights to vote; and will grant the right to speak to shareholders so requesting, removing or not granting same and ending the debates when he deems the matter has been sufficiently discussed.

Each share has the right to one vote. Resolutions will be adopted by a majority of votes, except resolutions where the Act requires a superior majority.

Nobody in their own right or in representation of another, can exercise voting rights exceeding the limits of share participation established in Article 5 of the corporation statutes, except as described in the provision on public request for representation contained in the foregoing article 15.

The legal limitation on share participation in the company will also apply to the maximum number of votes that can be issued, either jointly or separately, by two or more shareholders, one of whom possesses indirect participations in the capital stock of the Company (as defined in Article 5).

Limitations on voting rights stated in the Act and these Statutes will operate with respect to all matters subject to vote in the General Meeting, including the right to proportional representation referred to in Article 137 of the Companies Act, but will not prevent shares to which it applies from being computed as concurrent capital with the right to vote for effects of calculating the quorum necessary to constitute the Meetings.

- D) Modify **section one** of the **Sole Additional Provision (Special Regimen for State-Owned Industrial Holding Corporation)** to read as follows:.

Sole Additional Provision. Special Regiment for State-Owned Industrial Holding Corporation.

1. By virtue of the provisions of the Electrical Sector Act, the limitations established in Article 34.1 of said act for share participation in the Company will not apply to the State-Owned Industrial Holding Corporation, nor will the limitations established in these Statutes for voting rights in the General Meeting. The State-Owned Industrial Holding Corporation will, in all cases, maintain a share participation of not less than 10 per cent.

- E) Modify the **Second Transitory Provision** to read as follows:

Second Transitory Provision

Voting rights corresponding to shares or other securities which according to the provisions at any given time of current legislation, exceed the limit established in Article 5 of these Statutes, will be held in abeyance until adapted to said limit.

Shares or other securities whose voting rights are held in abeyance will be taken into account when calculating the quorum to constitute the corresponding General Meetings, and on contrary will not be included in computing the majorities to adopt resolutions.

- RE-ELECTION OF AUDITORS OF THE CORPORATION AND ITS CONSOLIDATED GROUP.

Proposed resolution relating to point seven of the Agenda:

“Re-elect KPMG Auditores, S.L. as auditors of Red Eléctrica de España, S.A. and its Consolidated Group, for fiscal year 2005, as established in Article 204 of the Companies Act.”

- INFORMATION FOR THE GENERAL MEETING OF SHAREHOLDERS REGARDING THE ANNUAL CORPORATE GOVERNANCE REPORT OF RED ELÉCTRICA DE ESPAÑA, S.A., CORRESPONDING TO FISCAL 2004.

“With regard to point eight of the Agenda, it is proposed that the General Meeting receive a summary of the contents of the Annual Corporate Governance Report, corresponding to fiscal 2004, as follows:

In accordance with the terms of Article 39 of the Regulations of the Board of Directors, it is hereby reported that the Board of Directors in the session held April 21, 2005 unanimously resolved to approve the Annual Corporate Governance Report of Red Eléctrica de España, S.A., corresponding to fiscal 2004.

The report has been provided to the Spanish National Securities Commission (Comisión Nacional del Mercado de Valores or CNMV) as relevant and is available on the web page of the corporation -www.ree.es-. It has also been included in the documentation for the general meeting placed at the provision of the shareholders.

The Report constitutes the firm, decided and priority concern that RED ELÉCTRICA has felt since its inception to adopt best Corporate Governance practices, not just complying with the letter of legal norms and the most extensive national and international recommendations regarding these matters, but also implanting, on a voluntary basis, a complete series of measures and procedures forming the nucleus of the most important matters of legitimate concern to shareholders and any other company listed.

Since 1999, the date in which the company was listed on the stock exchange, the Company has adopted a series of measures in the area of Corporate Governance for the purpose of achieving greater effectiveness, transparency, Independence, representativeness, security and quality in exercising the functions of the Government bodies, which has placed RED ELÉCTRICA in a leadership position in this sphere.

The main purpose of the report is not to limit itself solely and exclusively to complying with the requirements established by judicial provision in Law 26/2003 dated July 17; Order 3772/2003 dated December 26 regarding the Ministry of the Economy and Circular 1/2004 dated March 17 regarding the CNMV, it rather attempts to reflect, completely and in detail, the ownership and administration structure of the Corporation; the risk control

systems implemented; information on the General Meeting of Shareholders, degree of compliance with Corporate Governance recommendations established by the Olivencia and Aldama Reports and in general, those matters that shareholders, investors and markets may consider relevant for a better understanding of the company.

Said information is complemented permanently with publications in the matter in the web site of the corporation, www.ree.es, where as I have already noted, the Annual Corporate Governance Report for 2004 is at the provision of all shareholders.”

- AUTHORIZATION TO BUY BACK TREASURY STOCK IN ACCORDANCE WITH THE LEGAL CONDITIONS FOR SAME.

Proposal for a resolution relating to point nine of the Agenda:

One

“Authorize the Board of Directors of the Corporation, in accordance with the terms of Article 75 and others agreeing and the First Additional Provision of the Companies Act and other applicable norms, directly or indirectly and to the extent that it deems advisable according to circumstances, to buy back shares of Red Eléctrica de España, S.A. Maximum number of shares to be acquired will not surpass the legal limit established, and will comply fully with all other applicable legal requirements. No acquisitions will be carried out at a price in excess of that listed on the Exchange.

Acquisitions may be in the form of purchase-sale, exchange, or any other business form for onerous title, according to the circumstances.

For the effective execution of this resolution and compliance with the legal limits established, shares acquired under this authorization may be sold or transferred at any time as circumstances require, at a price not less than this listed on the Exchange.

The Board of Directors is authorized for said purposes as broadly as necessary to request as many authorizations and adopt as many resolutions as may be necessary or convenient to comply with current legal standards, execute and successfully complete this resolution.

This authorization will remain in effect for 18 months beginning the date of the General Meeting.”

Two

“To revoke and leave without effect the authorization to buy back treasury stock granted to the Board of Directors by the General Meeting of Shareholders held May 6, 2004.”

DELEGATION OF POWERS IN THE BOARD OF DIRECTORS OF THE CORPORATION, WITH POWERS TO SUBSTITUTE, FOR FULL EXECUTION OF THE RESOLUTIONS ADOPTED BY THE GENERAL MEETING OF SHAREHOLDERS.

Proposal for resolution relating to point ten of the Agenda:

“Without prejudice to the authorizations conferred by the General Meeting of Shareholders in the foregoing resolutions, the Board of Directors of this corporation is hereby delegated the broadest powers to perform, execute and inscribe each and all of the resolutions adopted by this General Meeting of Shareholders, including signature of the corresponding contracts and documents, with the clauses and conditions it deems convenient as well as to interpret, cure and complete said resolutions and record them as notarized documents, based on their effects and the observations of any organism or authority, in particular verbal or written qualification of the Mercantile Registrar, performing the acts they deem appropriate or convenient for said purposes and in particular to record those recordable in the Mercantile Registry .

The Board of Directors of the Corporation is authorized to delegate all the powers conferred upon it in this resolution.”