



RESOLUTIONS ADOPTED BY THE BOARD OF DIRECTORS TO THE ORDINARY SHAREHOLDERS' MEETING

The resolutions proposed by the Board of Directors at the meeting held on April 14, 2010, and to be submitted to the Ordinary Shareholders' Meeting called, are as follows:

I. MATTERS FOR APPROVAL

PROPOSED RESOLUTION RELATING TO ITEM ONE ON THE AGENDA:

EXAMINATION AND APPROVAL, AS THE CASE MAY BE, OF THE FINANCIAL STATEMENTS (BALANCE SHEET, INCOME STATEMENT, STATEMENT OF CHANGES IN EQUITY, CASH FLOW STATEMENT AND NOTES TO FINANCIAL STATEMENTS) AND THE MANAGEMENT REPORT OF RED ELÉCTRICA CORPORACIÓN, S.A. FOR THE YEAR ENDED DECEMBER 31, 2009

To approve the Financial Statements (balance sheet, income statement, statement of changes in equity, cash flow statement and notes to financial statements) and the management report of Red Eléctrica Corporación, S.A. for the year ended December 31, 2009

The Financial Statements and Management Report of Red Eléctrica Corporación, S.A., the approval of which is proposed in this act, correspond to the Financial Statements and Management Report prepared by the Board of Directors at the meeting held on February 23, 2010.

PROPOSED RESOLUTION RELATING TO ITEM TWO ON THE AGENDA:

EXAMINATION AND APPROVAL, AS THE CASE MAY BE, OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONSOLIDATED BALANCE SHEET, CONSOLIDATED INCOME STATEMENT, CONSOLIDATED OVERALL INCOME STATEMENT, CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, CONSOLIDATED CASH FLOW STATEMENT AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS) AND THE CONSOLIDATED MANAGEMENT REPORT OF THE CONSOLIDATED GROUP OF RED ELÉCTRICA CORPORACIÓN, S.A. FOR THE YEAR ENDED DECEMBER 31, 2009

To approve the Consolidated Financial Statements (consolidated balance sheet, consolidated income statement, consolidated overall income statement, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements) and the Consolidated



Management Report of the Consolidated Group of Red Eléctrica Corporación, S.A. for the year ended December 31, 2009.

The Consolidated Financial Statements and Consolidated Management Report of the Consolidated Group of Red Eléctrica Corporación, S.A., the approval of which is proposed in this act, correspond to the Consolidated Financial Statements and Consolidated Management Report prepared by the Board of Directors at the meeting held on February 23, 2010.

PROPOSED RESOLUTION RELATING TO ITEM THREE ON THE AGENDA:

EXAMINATION AND APPROVAL, AS THE CASE MAY BE, OF THE PROPOSED DISTRIBUTION OF INCOME AT RED ELÉCTRICA CORPORACIÓN, S.A. FOR THE YEAR ENDED DECEMBER 31, 2009

To approve the distribution of income proposed by the Board of Directors at the meeting held on February 23, 2010, and, as a result, to distribute 2009 income, amounting to €306,469,652.23, as follows:

	<u>AMOUNT IN EUROS</u>
TO VOLUNTARY RESERVES	106,701,929.18
TO DIVIDENDS:	
INTERIM DIVIDEND	69,015,741.05
SUPPLEMENTARY DIVIDEND (calculated on basis of all shares)	130,751,982.00
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TOTAL	306,469,652.23

It is expressly resolved to pay the holders of shares entitled to a dividend a gross dividend of €1.4781 per share. Payment of the dividend shall be made on July 1, 2010, at the banks and financial institutions to be duly announced, deducting therefrom the gross amount of €0.5115 per share, paid as an interim dividend on January 4, 2010, pursuant to the Board resolution dated December 17, 2009.

PROPOSED RESOLUTION RELATING TO ITEM FOUR ON THE AGENDA:

EXAMINATION AND APPROVAL, AS THE CASE MAY BE, OF THE MANAGEMENT CARRIED OUT BY THE BOARD OF DIRECTORS OF RED ELÉCTRICA CORPORACIÓN, S.A. IN 2009



To approve the management by the Board of Directors of Red Eléctrica Corporación, S.A. in 2009.

PROPOSED RESOLUTIONS RELATING TO ITEM FIVE ON THE AGENDA:

REAPPOINTMENT AND APPOINTMENT OF DIRECTORS

- One.-** To re-appoint Mr. Francisco Javier Salas Collantes as an Independent Director of Red Eléctrica Corporación, S.A. for the four-year period stipulated in the Corporate Bylaws, pursuant to the report and proposal prepared by the Corporate Responsibility and Governance Committee.
- Two.-** To appoint Mr. Miguel Boyer Salvador as an Independent Director of Red Eléctrica Corporación, S.A. for the four-year period stipulated in the Corporate Bylaws, pursuant to the report and proposal prepared by the Corporate Responsibility and Governance Committee.
- Three.-** To appoint Mr. Rui Manuel Janes Cartaxo as an Independent Director of Red Eléctrica Corporación, S.A. for the four-year period stipulated in the Corporate Bylaws, pursuant to the report and proposal prepared by the Corporate Responsibility and Governance Committee.

PROPOSED RESOLUTION RELATING TO ITEM SIX ON THE AGENDA:

AMENDMENT OF ARTICLE 9 (“SHAREHOLDERS’ PREEMPTIVE RIGHT”) OF THE CORPORATE BYLAWS

To amend Article 9 of the Corporate Bylaws relating to the shareholders’ preemptive subscription right, which shall hereafter be worded as follows:

“Article 9.- Shareholders’ preemptive right

Where capital is increased with the issue of new ordinary or preferred shares with a charge to monetary contributions, existing shareholders may exercise, within the time period granted to them for such purpose by the Company’s Board of Directors, which shall not be less than fifteen (15) days from the date of publication of the notice of public offering published in the Official Gazette of the Mercantile Registry, the right to subscribe a number of shares proportional to the par value of the shares that they own.



Preemptive subscription rights shall be transferable on the same terms as the shares to which they relate. In the event of an increase with a charge to reserves, the same rule shall apply to the rights to allocation of the new shares for no consideration.

Where any shareholder does not exercise or transfer his preemptive subscription right in the manner stipulated in these Corporate Bylaws, the Board of Directors may offer the subscription of the corresponding shares to such third parties as it deems appropriate or declare the capital increase to be incomplete, in which case the capital shall only be increased by the amount actually subscribed.”

PROPOSED RESOLUTION RELATING TO ITEM SEVEN ON THE AGENDA:

DELEGATION TO THE BOARD OF DIRECTORS, FOR A PERIOD OF FIVE (5) YEARS, OF THE POWER TO INCREASE THE CAPITAL STOCK, AT ANY TIME, ON ONE OR MORE OCCASIONS, UP TO A MAXIMUM AMOUNT OF ONE HUNDRED AND THIRTY-FIVE MILLION, TWO HUNDRED AND SEVENTY THOUSAND EUROS (€135,270,000), EQUAL TO HALF OF THE CURRENT CAPITAL STOCK, IN THE AMOUNT AND AT THE ISSUE PRICE DECIDED ON IN EACH CASE BY THE BOARD OF DIRECTORS, WITH THE POWER TO EXCLUDE, IN WHOLE OR IN PART, THE PREEMPTIVE SUBSCRIPTION RIGHT AND WITH EXPRESS AUTHORIZATION TO REDRAFT, AS THE CASE MAY BE, ARTICLE 5 OF THE CORPORATE BYLAWS AND TO REQUEST, AS THE CASE MAY BE, THE ADMISSION, CONTINUED LISTING AND/OR DELISTING OF THE SHARES ON ORGANIZED SECONDARY MARKETS.

1.- Delegation to the Board of Directors, time period and quantitative limit.-

To authorize the Board of Directors, in the broadest and most effective manner permitted by law, and in use of the power of delegation provided for in Article 153.1.(b) of the Corporations Law in force and in Article 8 of the Corporate Bylaws, so that, within the maximum period of five (5) years as from the date of adoption of this resolution, and without the need for a subsequent call of or resolution by the Shareholders' Meeting, it may resolve, on one or more occasions, at the time and in the amount it so decides, to increase the capital stock by the maximum amount of one hundred and thirty-five million, two hundred and seventy thousand euros (€135,270,000), equal to half of the current capital stock of the Company, with or without a preemptive subscription right.

2.- Scope of the delegation.- Any capital increases resolved upon by the Board of Directors within the scope of this delegation shall be performed by the issue of ordinary, preferred or redeemable shares, with or without voting rights, with fixed or variable additional paid-in capital or without additional paid-in capital, the consideration for which shall consist of monetary contributions.

The Board of Directors may establish, where this delegation resolution is silent, the terms and conditions of the capital increases, including, without limitation, the power to establish (in the event that convertible debentures have been issued with a fixed conversion ratio) a formula for adjusting such ratio that enables the potential dilution of the amount of the conversion right to be offset, the characteristics of the shares, the investors and markets for which the increases are intended and the placement



procedure, as well as to freely offer any new shares not subscribed within the preemptive subscription period(s), if such right is not excluded.

The Board of Directors may also establish, where the capital increase is not fully subscribed, that the capital increase be rendered ineffective or that the capital only be increased by the amount actually subscribed, and may also redraft Article 5 of the Corporate Bylaws relating to capital stock and the number of shares in circulation, once each of the capital increases has been agreed on and executed.

3.- Calculation of the limit.- The amount of any capital increases which, as the case may be and in order to meet the conversion of debentures, bonds and other analogous fixed-income securities into new shares, or the exercise of warrants with entitlement to the delivery of new shares, have been approved pursuant to the proposal submitted for approval to the Shareholders' Meeting under item Seven on the Agenda, shall be deemed included within the aforementioned maximum limit available from time to time.

4.- Exclusion of the preemptive subscription right.- Pursuant to the provisions of Article 159.2 of the Corporations Law in force, the Board of Directors is expressly granted the power to exclude, in whole or in part, the preemptive subscription right in relation to some or all of the shares which, as the case may be, it may resolve to issue in accordance with this authorization, provided that the interests of the Company so dictate and provided that the nominal value of the shares to be issued plus any additional paid-in capital resolved upon corresponds to the fair value of the Company shares resulting from the report to be prepared, at the request of the Board of Directors, by an auditor other than the Company's auditor, appointed for such purposes by the Mercantile Registry on each occasion that the power to exclude the preemptive subscription right is exercised.

5.- Admission to listing.- The Board of Directors is also empowered to request the admission to trading, continued listing and, as the case may be, the delisting on organized secondary markets, Spanish or foreign, of any shares that may be issued pursuant to this authorization, performing the formalities and steps necessary or appropriate in each case before the competent bodies of the different securities markets, domestic and foreign, for their admission to trading, continued listing and/or, as the case may be, delisting.

6.- Delegation.- The Board of Directors is expressly empowered to delegate the powers contained in this resolution to the Chairman of the Board of Directors and/or any Board member and/or the Secretary and/or Deputy Secretary of the Board of Directors and/or any other attorney-in-fact of the Company.

PROPOSED RESOLUTION RELATING TO ITEM EIGHT ON THE AGENDA:

DELEGATION OF POWERS TO THE BOARD OF DIRECTORS, FOR A PERIOD OF FIVE (5) YEARS AND WITH A COMBINED LIMIT OF FIVE THOUSAND MILLION EUROS (€5,000,000,000), TO ISSUE, ON ONE OR MORE OCCASIONS, DIRECTLY OR THROUGH COMPANIES OF THE RED ELÉCTRICA GROUP, DEBENTURES, BONDS AND OTHER FIXED-INCOME INSTRUMENTS OR DEBT INSTRUMENTS OF AN ANALOGOUS NATURE, BOTH NONCONVERTIBLE AND CONVERTIBLE OR EXCHANGEABLE FOR SHARES OF THE COMPANY, OF OTHER COMPANIES IN THE RED ELÉCTRICA GROUP OR OF OTHER COMPANIES NOT RELATED TO SAME, INCLUDING, WITHOUT LIMITATION, PROMISSORY NOTES,



SECURITIZATION BONDS, PREFERRED PARTICIPATIONS AND WARRANTS GIVING ENTITLEMENT TO THE DELIVERY OF SHARES OF THE COMPANY OR OF OTHER COMPANIES IN THE RED ELÉCTRICA GROUP, WHETHER NEWLY-ISSUED OR IN CIRCULATION, WITH THE EXPRESS POWER TO EXCLUDE, IN WHOLE OR IN PART, THE PRE-EMPTIVE SUBSCRIPTION RIGHT; AUTHORIZATION TO ENABLE THE COMPANY TO SECURE NEW ISSUES OF FIXED-INCOME SECURITIES (INCLUDING CONVERTIBLE OR EXCHANGEABLE SECURITIES) MADE BY COMPANIES OF THE RED ELÉCTRICA GROUP; AUTHORIZATION TO REDRAFT, AS THE CASE MAY BE, ARTICLE 5 OF THE CORPORATE BYLAWS AND TO REQUEST, AS THE CASE MAY BE, THE ADMISSION, CONTINUED LISTING AND/OR DELISTING OF THE SHARES ON ORGANIZED SECONDARY MARKETS

1.- Delegation to the Board of Directors.- To delegate to the Board of Directors, in the broadest and most effective manner permitted by law and pursuant to the provisions of Article 319 of the Mercantile Registry Regulations, Chapter X of the Corporations Law in force and other rules concerning the issue of debentures, the power to issue fixed-income securities in accordance with the following conditions.

The Board of Directors may also, as the case may be, authorize the exchange or swap of existing fixed-income securities - issued (or secured) directly by the Company or through companies in the Red Eléctrica Group - or of any new securities issued (or secured) directly by the Company or, as the case may be, by companies in the Red Eléctrica Group, in both cases pending redemption, for other fixed-income securities issued or to be issued by the Company or by other companies in the Red Eléctrica Group.

2.- Securities issued.- The securities referred to in this delegation may be bonds, debentures and other fixed-income securities or debt instruments of an analogous nature, in any of the forms permitted by law, issued directly or through companies in the Red Eléctrica Group, including, without limitation, promissory notes, securitization bonds, preferred participations and warrants or other analogous securities, both nonconvertible and convertible and/or exchangeable, directly or indirectly, for new shares and/or existing shares of the Company, of other Companies in the Red Eléctrica Group or of other companies not related to same, settleable by physical delivery or in cash, as well as fixed-income securities, preferred participations and warrants that incorporate the option to subscribe new shares or acquire existing shares of the Company or of other companies in the Red Eléctrica Group.

3.- Duration of the delegation.- The securities may be issued, on one or more occasions, at any time, within a maximum period of five (5) years from the date of adoption of this resolution.

4.- Maximum amount of the delegation.- The maximum aggregate amount of the security issue(s) resolved upon pursuant to this delegation shall be FIVE THOUSAND MILLION EUROS (€5,000,000,000) or its equivalent in another currency at the time of issue.



For the purposes of calculating the above limit, in the case of warrants, the sum of the warrant premiums and exercise prices of each issue resolved upon under this delegation shall be taken into account. In the case of promissory notes or analogous instruments, the outstanding balance of same shall be taken into account for the purposes of calculating the limit.

It is placed on record that, pursuant to the provisions of Article 111 *bis* of the Securities Market Law in force, the quantitative limit for the issue of debentures or other securities that recognize or create debt established in Article 282 of the Corporations Law in force does not apply to the Company.

5.- Scope of the delegation.- The delegation referred to in this resolution shall extend, as broadly as may be required by law, to the establishment of the different economic terms, regime, aspects and conditions of each issue. In particular and without limitation, the Board of Directors of the Company shall be responsible for determining, for each issue, its amount (always within the quantitative limit stipulated in subsection 4 above), the place of issue (whether in Spain or abroad), the currency of issue and, where it is a foreign currency, its equivalent in euros; its denomination, be it bonds, debentures or any other instrument permitted by law (including subordinated instruments); the issue date(s); where the securities are not convertible, whether they can be exchanged, in whole or in part, for preexisting shares of the Company, of other companies in the Red Eléctrica Group or, as the case may be, other companies not related to same- and whether they are to be converted or exchanged necessarily or voluntarily and, in this latter case, at the choice of the holder of the securities or of the Company or according to an objective criterion – or of incorporating a purchase or subscription option over such shares; the interest rate, date and procedure for payment of the coupon; their perpetual or redeemable nature and, in this latter case, the redemption period and the maturity date(s); the redemption price, premiums and batches; the issue security, including mortgages, given directly by the Company or by companies belonging to the Red Eléctrica Group; the type of representation, by certificates or book entries; the number of securities and their par value which, in the case of convertible and/or exchangeable securities, shall not be less than the par value of the shares; the applicable legislation, whether Spanish or foreign; requesting, as the case may be, the admission to trading on official or unofficial secondary markets, organized or otherwise, Spanish or foreign, of the securities issued in compliance with the requirements and conditions of the legislation in force in each case; as the case may be, designating the trustee of the corresponding syndicate of holders of the securities that may be issued and approving any fundamental rules that must regulate the legal relationships between the Company and said syndicate which, if deemed appropriate, may exist; and, in general, any other condition of the issue and performing all such steps as may be necessary or advisable for the execution of the specific issues resolved upon under this delegation.

The delegation also includes the conferral on the Board of Directors of the power to decide on the conditions for redemption of the securities issued in use of this authorization, and any conditions provided for in this respect in the Corporations Law in force may be used for such purpose.



The Board of Directors is also empowered to modify the terms and conditions of such securities, where it sees fit, subject to obtainment of any official authorization that may be required and, as the case may be, the agreement of the assemblies of the corresponding syndicates of holders of the pertinent securities that may be issued in use of this authorization.

6.- Basis and methods of conversion or exchange.- In the case of issues of fixed-income securities convertible into new shares of the Company or of companies belonging to the Red Eléctrica Group or exchangeable for existing shares of the Company, of companies belonging to the Red Eléctrica Group or, as the case may be, companies not related to same, and for the purposes of determining the basis and methods of conversion or exchange, it is resolved to establish the following criteria:

1.- The securities issued under the scope of this resolution may be convertible into new shares of the Company or of companies belonging to the Red Eléctrica Group, exchangeable for existing shares of the Company, of companies belonging to the Red Eléctrica Group or, as the case may be, companies not related to same, or enable the conversion or exchange according to the circumstances and on the conditions established in the issue resolution, in accordance with a fixed (determined or determinable) or variable conversion or exchange ratio, with it being up to the Board of Directors to determine whether they are convertible or exchangeable or both at the same time, and to determine whether they are necessarily or voluntarily convertible or exchangeable and, where voluntary, whether it is at the election of their holder or the issuer, with the frequency and during the time period established in the issue resolution, a period which may not exceed fifteen (15) years from the date of issue.

2.- Where the issue is convertible and exchangeable, the Board of Directors may establish that the Company reserves the right to choose at any time between the conversion into new shares or the exchange for existing shares, specifying the nature of the shares to be delivered upon conversion or exchange, and may even choose to deliver a combination of new and preexisting shares. In all cases, the Company must respect equality of treatment among all holders of fixed-income securities that are converted or exchanged on the same date.

3.- For the purposes of conversion and exchange, the debentures, bonds or fixed-income securities shall be valued at their par value. Shares shall be valued at the exchange ratio determined in the resolution by the Board of Directors, which may be (i) fixed and determined in the resolution itself; (ii) fixed and to be determined on the date(s) indicated in the resolution; or (iii) variable. The fixed ratio to be determined or the variable ratio may be determined either in accordance with the market value of the Company shares on the date(s) or in the period(s) established as a reference, or according to any other criterion set by the Board of Directors. The Board of Directors may also determine an exchange ratio with or without a premium or discount, which may be different for each date of conversion and/or exchange of each issue (or, as the case may be, each tranche of an issue).



4.- Where the conversion or exchange goes ahead, any share fractions to be delivered to the holder of the fixed-income securities shall be rounded down to the nearest whole number and each holder shall receive any difference that may arise due to such circumstance in cash.

5.- In the issue of debentures, bonds or other fixed-income securities of an analogous nature which are convertible into new shares, the value of the share for the purposes of the conversion ratio may not be less than its par value under any circumstances.

6.- Pursuant to the provisions of Article 292.3 of the Corporations Law in force, debentures, bonds or other fixed-income securities may not be converted into shares when the par value of the debentures, bonds or fixed-income securities to be converted is less than the par value of the shares into which they are to be converted. Nor shall it be possible to issue debentures, bonds or fixed-income securities that are convertible at a value lower than their par value. The same rules shall also apply in the case of redemption of preferred participations with delivery of new shares.

7.- When approving an issue of convertible debentures under the scope of this authorization by the Shareholders' Meeting, the Board of Directors shall issue a report explaining and specifying, on the basis of the above criteria, the basis and methods of conversion specifically applicable to the issue. The report shall be accompanied by the corresponding auditor's report, all of the foregoing in accordance with the provisions of Article 292.2 of the Corporations Law in force.

7.- Rights of the holders of convertible debentures.- The holders of convertible or exchangeable securities and warrants shall enjoy all such rights as are granted to them under the legislation in force.

8.- Exclusion of the preemptive subscription right in convertible securities and capital increases.- The delegation to the Board of Directors provided for herein shall also include, without limitation, the following powers:

1.- The power of the Board of Directors, pursuant to the provisions of Article 293.3 of the Corporations Law in force, to exclude, in whole or in part, the preemptive subscription right of convertible debentures held by shareholders, when so justified in the interests of the Company.

In any case, should the Board of Directors decide to eliminate the preemptive subscription right of shareholders in relation to any specific issue of convertible securities that may be made pursuant to this authorization, it shall issue, on approval of the issue and pursuant to the provisions of Article 293 of the Corporations Law in force, a report by the Board of Directors giving specific details of the company interests that justify the measure and must obtain the mandatory report from the auditor containing a technical opinion on the reasonableness of the data contained in the report by the Board of Directors and the suitability of the conversion ratio and, as the case may be, of the adjustment formulas to offset any



potential dilution of the economic holding of the shareholders. These reports shall be made available to shareholders and notified to the first Shareholders' Meeting held after the corresponding issue resolution.

2.- Pursuant to Article 153.1b) of the Corporations Law in force, the power to increase capital in the amount necessary to meet requests for conversion of convertible securities issued under this delegation. This power may only be exercised to the extent that the Board of Directors does not exceed, with such increases, combined with any other capital increases that may be performed under this or other delegations to increase capital stock it may have, the limit of one half of the capital stock as provided for in Article 153.1.b) of the Corporations Law in force.

This authorization to increase capital stock to meet the conversion of securities or the exercise of warrants includes the power to issue, on one or more occasions, the shares representing same that are necessary to perform the conversion or exercise and, in accordance with Article 153.2 of the Corporations Law, the power to redraft Article 5 of the Corporate Bylaws in relation to the capital stock figure and the number of shares in circulation and, as the case may be, to annul any part of the capital increase that was not necessary to convert the securities into shares or to exercise the warrants.

Pursuant to Article 159.4 of the Corporations Law in force, in the capital increase performed by the Board of Directors to meet such requests for conversion or exercise, the preemptive subscription right of Company shareholders shall not apply.

3.- The power to explain and specify the basis and methods of conversion and/or exchange, bearing in mind the criteria established in section 6 above and, in general and on the broadest terms, the determination of all such matters and conditions as may be necessary or appropriate for the issue.

The Board of Directors, at the successive Shareholders' Meetings held by the Company, shall report to the shareholders on any use made up to that time of the delegation to issue convertible and/or exchangeable fixed-income securities.

9.- Warrants.- The rules provided for in sections 6 to 8 above shall apply, in analogous situations, in the case of the issue of warrants or other analogous securities that may give rise, directly or indirectly, to the entitlement to subscribe new shares of the Company or of companies belonging to the Red Eléctrica Group, and the delegation includes the broadest powers, with the same scope as the previous sections, to decide on all matters it deems appropriate in relation to this type of securities.

10. Admission to trading.- The delegation to the Board of Directors provided for herein also includes the request for admission to trading, where the Board of Directors deems it appropriate to trade, on secondary markets, official or unofficial, organized or otherwise, Spanish or foreign, the debentures, bonds, preferred participations, warrants and any other securities that are issued or secured by virtue



of this delegation, and the Board of Directors is also empowered to perform the formalities and steps necessary or appropriate for admission to listing before the competent bodies of the different securities markets, Spanish and foreign, providing all such guarantees or undertakings as may be required by the legal provisions in force.

For the purposes of the provisions of Article 27 (b) of the Stock Exchange Regulations, it is expressly placed on record that, in the event a subsequent request is made to delist the securities issued by virtue of this delegation, it shall be adopted with the same formalities referred to in said Article and, in such case, the interest of any shareholders or holders of debentures that oppose or abstain from voting on the resolution shall be guaranteed, in compliance with the requirements established in the Corporations Law and other related provisions, all of the foregoing in accordance with the provisions of the Stock Exchange Regulations, the Securities Market Law and its implementing regulations.

11.- Guarantee of issues of fixed-income securities made by companies in the Red Eléctrica Group.- The Board of Directors of the Company shall also be empowered to secure, in the name of the Company, in any of the forms permitted by law, within the abovementioned limits, any new issues of securities (including convertible or exchangeable securities) that may be made by companies belonging to the Red Eléctrica Group during the period this resolution remains in force.

12.- Delegation.- The Board of Directors is expressly empowered to delegate the powers contained in this resolution to the Chairman of the Board of Directors, and/or any of its members and/or the Secretary and/or Deputy Secretary of the Board of Directors and/or any other attorney-in-fact of the Company.

13.- Revocation.- This delegation revokes and replaces, rendering it ineffective, the previous delegation resolved upon by the Ordinary Shareholders' Meeting held on May 21, 2009.

PROPOSED RESOLUTIONS RELATING TO ITEM NINE ON THE AGENDA:

AUTHORIZATION GRANTED TO BOARD OF DIRECTORS FOR THE DERIVATIVE ACQUISITION OF TREASURY STOCK

The Shareholders' Meeting held on May 21, 2009 authorized the Board of Directors, in accordance with the provisions of Article 75 and related provisions of the Corporations Law to make, directly or indirectly and to the extent deemed to be advisable under the circumstances, derivative acquisitions of shares of Red Eléctrica Corporación, S.A. The duration of this authorization was 18 months as from the date of the Shareholders' Meeting that granted it.



As is the custom, and since the period of validity of the resolution adopted by the Shareholders' Meeting held on May 21, 2009 is nearing an end, it is necessary to propose to the Shareholders' Meeting the adoption of a new resolution to replace the previous resolution and render it ineffective, in order to prevent any overlap in time with the resolutions proposed for approval in this document.

Moreover, there were new legislative developments in 2009 with the approval of Law 3/2009, of April 3, 2009, on Structural Modifications to Commercial Companies, which entered into force on July 4, 2009 and entailed the transposition of Directive 2006/68/EC of the European Parliament and of the Council of September 6, 2006, amending the Second Directive (Council Directive 77/91/EEC) as regards companies.

Among other issues, Law 3/2009 amended Article 75 of the Corporations Law, extending to five years the period of the authorization granted by the Shareholders' Meeting to the Board of Directors, bringing such period into line with delegation resolutions on other matters.

With the extension of this period, a longer period of authorization can be obtained, obviating the need to request authorization each year from the Shareholders' Meeting to make derivative acquisitions of treasury stock on similar terms and conditions already agreed by the Company.

Furthermore, Law 3/2009, in accordance with the extension of limits under EU Law, has increased the maximum limit on treasury stock for listed companies from 5% to 10% of their capital stock.

Another new feature, in line with the new accounting regime, is the requirement that the acquisition not lead to the net worth being less than the capital stock figure plus the legal reserves or restricted reserves pursuant to the bylaws.

The new legal regime establishes the nullity of the acquisition by the Company of partially paid-in treasury stock unless the acquisition is for no consideration.

Bearing in mind the legislative changes, it is hoped, for another year running, that the Shareholders' Meeting will renew the authorization granted last year, enabling, from the date of the Meeting, the treasury stock of the Company to be directly delivered to employees and Executive Directors of the Company and of the companies making up its consolidated group, as compensation, and a Compensation plan to be established for the managers and Executive Directors of Red Eléctrica Corporación, S.A., also extendable to those of the companies making up its consolidated group. Approval of this Plan requires a resolution containing certain legally established conditions.

As a result, the following resolutions are proposed for submission to the Shareholders' Meeting:



One.- Authorization for the derivative acquisition of treasury stock by the Company or by the companies of the Red Eléctrica Group, and for the direct delivery of treasury stock to employees and Executive Directors of the Company and of the companies of the Red Eléctrica Group, as compensation

To authorize, pursuant to the provisions of Article 75 and related provisions of the Corporations Law and other applicable legislation, the derivative acquisition of treasury stock of Red Eléctrica Corporación, S.A. by the Company itself and by the companies in the Red Eléctrica Group, directly or indirectly, and to the extent that the Board of Directors deems it advisable under the circumstances, provided that the following conditions are met:

- (i) The maximum number of shares to be acquired does not exceed the established legal limit, provided that the other applicable legal requirements can also be fulfilled.
- (ii) Acquisitions cannot be made for consideration higher than the market value of the shares at the time of acquisition, or for consideration lower than 50% of the market price at that time.
- (iii) The methods of acquisition may consist of sale and purchase, swap or any other type of transaction for consideration or for no consideration, according to what the circumstances dictate. In the case of acquisition for no consideration, pursuant to the provisions of Article 75.4 of the Corporations Law, the shares acquired may be partially paid-in.
- (iv) Pursuant to the provisions of Article 75.1.2 of the Corporations Law, the acquisition, including any shares previously acquired by the Company and held as treasury stock, may not lead to the net worth being less than the capital stock figure plus the legal reserves or restricted reserves pursuant to the bylaws

For these purposes, net worth shall be the amount classed as such pursuant to the criteria used to prepare the financial statements, reduced by the amount of income attributed directly to same and increased by the amount of the uncalled subscribed capital stock, as well as by the nominal amount and additional paid-in capital of the capital stock registered for accounting purposes as shareholders' equity.

In accordance with paragraph three of Article 75.1.1 of the Corporations Law, the Board of Directors of the Company may use some or all of the treasury stock acquired under this authorization and the treasury stock already owned by the Company on the date of approval of this resolution to implement compensation programs consisting of the direct delivery of shares to employees and Executive Directors of the Company and those of the companies belonging to the RED ELÉCTRICA Group.

For all of the foregoing, authorization as broad as may be necessary is granted to the Board of Directors to request all such authorizations and adopt all such resolutions as



may be necessary or appropriate for compliance with the legislation in force, and the implementation and successful outcome of this resolution.

The duration of this authorization shall be five (5) years as from the date of this Shareholders' Meeting.

Two.- Approval of a Compensation Plan for managers and the Executive Directors of the Company and of the companies of the RED ELÉCTRICA Group

To approve the participation of managers and Executive Directors of the Company and companies belonging to the Red Eléctrica Group in a compensation system whereby part of their compensation may be awarded in the form of Company shares.

The main characteristics of this system are as follows:

- Beneficiaries: Managers and Executive Directors of the Company and managers of companies belonging to the Red Eléctrica Group.
- Voluntary nature: Adhesion to the compensation plan is voluntary for participants.
- Maximum limit: the maximum amount of compensation that may be received in shares is €12,000 per participant, per year.
- Delivery date: the delivery of the shares shall take place within the period of validity of this authorization.
- Number of shares to be received by each participant: calculated according to the amount of the compensation, with a maximum limit of €12,000 per year, and the price of the share at the close of trading on the delivery date.
- Maximum number of shares authorized: the maximum total number of shares to be delivered shall be that resulting from the share value at the close of trading on the delivery date and the amount of the total compensation paid using this method of all participants, with the aforementioned limit of €12,000 per participant, per year.
- Share value: the share price of Red Eléctrica Corporación, S.A. at close of trading on the delivery date.
- Origin of the shares: The shares shall come from treasury stock, new or existing, either directly or through companies of the Red Eléctrica Group.
- Duration: this compensation system shall apply for approximately the next eighteen (18) months.



Three.- Revocation of previous authorization

To revoke and thus render ineffective the authorization to make derivative acquisitions of treasury stock granted to the Board of Directors by the Shareholders' Meeting held on May 21, 2009.

PROPOSED RESOLUTIONS RELATING TO ITEM TEN ON THE AGENDA:

COMPENSATION OF THE BOARD OF DIRECTORS

One.- Approval of the report on the compensation policy for the Board of Directors of Red Eléctrica Corporación, S.A.

The report on the compensation policy for the Board of Directors, reproduced below, is submitted to the Shareholders' Meeting for approval.

I. BACKGROUND AND SUBJECT MATTER OF THE REPORT

The compensation of the managing and governing bodies at listed companies has awakened particular interest in recent years.

Both the Unified Good Governance Code approved by the National Securities Market Commission on May 19, 2006 and the European Commission Recommendation of December 14, 2004, for the fostering of an appropriate regime for the remuneration of directors of listed companies, advise that the Boards of Directors of such companies should adopt resolutions relating to the Board compensation policy, at the proposal of the corresponding Appointments and Compensation Committees.

In establishing the annual compensation to be received by Company Directors, the Corporate Responsibility and Governance Committee of Red Eléctrica Corporación, S.A. ("Red Eléctrica" or the "Company") has taken these recommendations into consideration, although none of them are mandatory.

The purpose of this report is to comply with the recommendations and inform shareholders of the criteria, rules and parameters used to establish the compensation of the Board of Directors of Red Eléctrica. It also offers detailed information on the amount of said compensation, both in aggregate form and broken down by Director.

II. GENERAL CONSIDERATIONS ON THE COMPENSATION POLICY OF R

1. Introduction

In line with the above, Article 27 of the Board Regulations of Red Eléctrica establish that, within the limits stipulated by law and in the Corporate Bylaws, and without prejudice to the powers of the Shareholders' Meeting, it shall be the Board, at the



proposal of the Corporate Responsibility and Governance Committee, that shall establish the Directors' compensation system applicable each year and the criteria for distribution of said compensation.

Equally, the Board Regulations establish that the Corporate Responsibility and Governance Committee shall prepare an annual report on the Directors' compensation policy to be submitted each year by the Board of Directors to the Ordinary Shareholders' Meeting, following the recommendations of the Unified Good Governance Code.

On the basis of the report, the Board of Directors of Red Eléctrica Corporación, S.A., at the proposal of the Corporate Responsibility and Governance Committee, has adopted a general resolution concerning the Company's compensation policy in 2009 and a resolution relating to the Board compensation program for 2010, set out below.

All of the foregoing without prejudice to the ratification by the Shareholders' Meeting of the aspects falling under its jurisdiction.

2. Role of the Corporate Responsibility and Governance Committee in preparing the compensation policy

The policy contained in this report was proposed by the Corporate Responsibility and Governance Committee at its meeting of December 15, 2008 and approved by the Board of Directors at its meeting of December 17, 2009.

The Directors' compensation policy of Red Eléctrica was established by the Corporate Responsibility and Governance Committee following an in-depth analysis, since its publication in 2006, of the recommendations of the Conthe Code with a view to adjusting the Directors' compensation system to best corporate governance practices and principles.

The Committee met on 11 occasions in 2009, for the most part to address compensation matters relating to the Company's Board and senior management.

3. Principles of the Red Eléctrica compensation policy

The Board of Directors of Red Eléctrica has a majority of External Directors (Nominee and independent) and a single Executive Director (Chairman).

The corporate governance recommendations issued in relation to the different structure that ought to be given to the compensation of the Executive Director with respect to the other Directors have been taken into account and this has been established in the general policy described below.

Both the Committee and the Board of Directors have taken into consideration the financial crisis currently affecting the capital markets worldwide, leading to the approval of the proposal that the global compensation for all Board and Board Committee items established for 2008 be maintained in 2009 with no changes whatsoever.



Pursuant to the provisions of Article 20 of the Corporate Bylaws, reproduced below, Company Directors shall receive, for the performance of their functions as members of the managing body, an amount established each year according to two compensation criteria: attendance fees and compensation linked to Company results. The overall, annual compensation for the entire Board and for the above items may not exceed 1.5% of the net income of the Company, as established in Article 20 of the Corporate Bylaws.

Directors who are members of any of the Board Committees shall receive additional compensation for their membership of such Committees.

The amount of the compensation shall be proposed by the Corporate Responsibility and Governance Committee each year.

4. Main compensation items and criteria

Article 22 of the Corporate Bylaws states that *“The Board shall act in plenum or in committees which may be set up on a permanent basis or for a specific matter, with delegated and executive powers, or powers to research, advise or propose. Pursuant to the law and to these Bylaws, the Board must have an Audit Committee and an Appointments and Compensation Committee (now called the Corporate Responsibility and Governance Committee) ...”*.

Accordingly, the members of both Committees receive compensation for their attendance at and dedication to such Committees and such amounts must be established annually by the Board when it approves its compensation, within the limits established by the law, the Bylaws and the regulations.

Pursuant to the Bylaws and the regulatory framework that regulates the compensation of the Board of Directors, the compensation items and criteria are as follows:

1. Fixed fees for attendance at and dedication to the Board.
2. Compensation linked to the annual profits of the Company.
3. Compensation for dedication to the Board Committees.
4. Bylaw limit on the overall, annual compensation for the entire Board: 1.5% of the net income of the Company approved by the Shareholders' Meeting.
5. Within the limits established in the law, the Bylaws and the regulations, the Board of Directors is responsible for distributing the amount of its annual compensation among all of the above items and among its members in the manner, at the time and in the proportion it so determines. This decision is adopted by the Board of Directors, at the proposal of the Corporate Responsibility and Governance Committee.
6. Possibility of compensation plans consisting of the delivery of Company shares. Such plans are provided for in the Corporate Bylaws although they have not been



used, except in the case of the Executive Director, in an amount similar to the rest of the executive team, since 2006, with an annual limit of €12,000.

The main principles guiding the compensation of the Company's Board of Directors are:

- Moderation
- Alignment with habitual practices at listed companies.
- Link to the Company's performance.
- Transparency.
- Link to actual dedication.
- To act as an incentive but without conditioning Directors' independence (particularly in the case of Independent Directors).
- Compatible with, and independent from, the habitual risk coverage established by the Company for attendance at meetings and performance of their functions by Directors.

5. Self-regulatory framework

Provisions regarding the compensation of the members of the Board of Directors are contained in Article 20 and in the Sole Additional Provision of the Bylaws, as well as in Article 27 of the Board Regulations.

These provisions are set forth below:

5.1. Corporate Bylaws:

- Article 20:

"...The compensation of the Board of Directors shall consist of a fixed monthly fee for the attendance of Board meetings and a share in the Company's income. Overall annual compensation for the entire Board and for the above items shall be 1.5 percent of the Company's net income, approved by the Shareholders' Meeting. The above compensation is, in all cases, a maximum figure and the Board itself shall be in charge of allocating the amount among the aforesaid items and among the Directors in such manner, at such time and in such proportion as it freely determines. Pursuant to Article 130 of the Corporations Law, compensation in the form of a share in income may only be received by the Directors after the requirements of the legal and Bylaw reserves have been met and after a minimum dividend of 4% has been paid to shareholders.

Compensation consisting of the award of shares or stock options or compensation linked to the share value shall require a resolution of the Shareholders' Meeting, which must state the number of shares to be awarded, the exercise price of the



options, the share value taken as a reference and the term of such compensation system.

The compensation contemplated in this Article shall be compatible with and independent of salaries, compensation, indemnification, pensions or compensation of any kind established in general or specifically for those members of the Board of Directors who hold an ordinary or special senior management employment relationship or an independent professional relationship with the Company, which relationships shall be compatible with the status of member of the Board of Directors...".

- Sole Additional Provision, second paragraph:

Where a Director who is an individual holds office on behalf of the shareholder referred to in Transitional Provision Nine in relation to Article 34.1 of the Electricity Industry Law, his compensation must be in keeping with the applicable provisions on incompatibility in the public sector, notwithstanding any compensation that may accrue to such public shareholder, either because it has been directly appointed as a member of the Board of Directors or because of the services provided to the Board or its delegate Committees by the individuals representing such public holder of shares in the capital of the Company, and which exceed any compensation to which he may be personally entitled under such legislation, all of the foregoing, pursuant to Transitional Provision Nine, while such ownership situation is maintained".

5.2. Board Regulations (Article 27):

It should be noted that the new Board Regulations approved at the Board meeting held on January 28, 2010, consolidated the Board compensation policy, since the previous text relating to Board compensation was retained with no changes whatsoever. Thus:

"1. Directors shall be entitled to obtain such compensation as is established by the Shareholders' Meeting and by the Board of Directors in accordance with the provisions of the Corporate Bylaws and those contained in these Regulations.

2. The compensation policy approved by the Board of Directors shall cover at least the following matters:

a) The amount of the fixed compensation items, itemizing any fees for attending Board and Committee meetings, with an estimate of the annual fixed compensation to which they give rise.

b) Variable compensation items, including, in particular:

- i) The types of Director to which they apply, with an explanation of the relative weighting of variable to fixed compensation items;*
- ii) Criteria for evaluating results on which any right to compensation is based.*



- iii) *Fundamental parameters and the basis for any system of annual bonuses or other benefits not paid in cash.*
- iv) *An estimate of the absolute amount of the variable compensation arising from the proposed compensation plan, depending on the degree of compliance with the assumptions or objectives taken as a reference.*

This shall also include the technical safeguards necessary to ensure that such variable compensation is in line with the professional performance of its beneficiaries and is not merely the result of the general performance of the markets or of the industry in which the Company operates, or other similar circumstances.

c) *The principal characteristics of the corporate welfare systems, with an estimate of their amount or equivalent annual cost.*

d) *Conditions that must be observed in the contracts of those exercising senior management functions as Executive Directors, including term, advance notice periods and any other clauses relating to signing bonuses, as well as indemnification for early termination or termination of the contractual relationship between the Company and the Executive Director.*

3. *Compensation by way of the award of Company shares, on the terms authorized by the Shareholders' Meeting, variable compensation linked to the Company performance and corporate welfare systems shall be reserved to Executive Directors.*

4. *Compensation linked to the Company's earnings shall take into account any qualifications stated in the external auditor's report that reduce such income.*

5. *Directors' compensation shall be transparent. For such purpose, the Corporate Responsibility and Governance Committee shall prepare an annual report on Directors' compensation, which shall include:*

a) *An individual breakdown of the compensation obtained by each Director, to include, where appropriate:*

- i) *Any attendance fees and other fixed compensation as Director.*
- ii) *Additional compensation as a member of any Board Committee.*
- iii) *Any compensation in the form of a share in income or premiums, and the reason for which it is granted.*
- iv) *Contributions on behalf of Executive Directors to fixed-contribution pension plans, or any increase in the vested rights of Executive Directors in the case of contributions to fixed-benefit plans.*



- v) *Any severance agreed or paid in the event of termination of their functions.*
- vi) *Any compensation received as a Director of other Group companies.*
- vii) *Compensation for the performance of senior management functions by Executive Directors.*
- viii) *Any other compensation item other than those listed above, regardless of its nature or the Group company that pays it, especially where it is deemed a related-party transaction or where its omission distorts the true and fair view of the compensation received by the Director.*

b) An individual breakdown of any award of shares to Executive Directors, on the terms authorized by the Shareholders' Meeting.

c) Information on the relationship, in the preceding year, between the compensation obtained by Executive Directors and the earnings or other performance indicators of the Company."

III. COMPENSATION OF THE BOARD OF DIRECTORS IN 2009

1. Application of the compensation policy

In application of the abovementioned Bylaw provisions, the Board of Directors, at its meeting of December 17, 2009, agreed to maintain the compensation for all Board and Board Committee items established for 2008 in 2009 with no changes whatsoever to the amount or conditions thereof, thus continuing the policy initiated in 2004 to reduce the weighting of Board compensation on the Company's results.

The 2009 compensation items are the same as those established in 2008 (attendance fees for Board meetings, amounts for dedication to Board Committees and compensation linked to the annual net income of the Company).

The amount of the compensation for all items, excluding the compensation of the Executive Director for his labor relationship with the Company, amounted to 0.57% of the net income of the Red Eléctrica Group, compared to 0.66% in 2008, and 0.78% in 2007.

The following table gives a comparison of the amount of the related compensation in the last five years:

Year	2005	2006	2007	2008	2009
Percentage	1.18%	0.91%	0.78%	0.66%	0.57%

The portion of the Board compensation linked to 2009 results shall be paid, in the corresponding amount in accordance with the above paragraph, once the 2009 financial statements have been approved by the Shareholders' Meeting to be held in May 2010.



The possibility remains in force, authorized by the Shareholders' Meeting held on May 21, 2009, that the managers and Executive Directors of the Company and the managers of companies belonging to its consolidated Group may request that part of their compensation, up to an annual limit of €12,000, be awarded in the form of Company shares, and the extension of this possibility for a further eighteen months has been submitted for approval to the Shareholders' Meeting to be held in May 2010 under the corresponding proposal included on the Meeting agenda.

2. Breakdown of the compensation policy by item, type of Director and Director

The compensation of the Board of Directors in 2009 is set out below, in thousands of euros, by compensation item, by type of Director and by Director.

2.1. By compensation item:

Fixed compensation	387
Variable compensation	1,286
Attendance fees	808
Pension funds and plans: contributions	6
Life insurance premiums	6
Total	2,493

2.2. By type of Director:

Executive (1 Director)	789
External Nominee (3 Directors)	518
External Independent (7 Directors)	1,186
Total	2,493

2.3. By Director

	FIXED COMPENSATION	VARIABLE COMPENSATION	ATTENDANCE FEES FOR BOARD MEETINGS AND DEDICATION TO COMMITTEES	CONTRIBUTIONS TO LIFE INSURANCE AND PENSION PLANS	TOTAL
Luis Maria Atienza Serna	387	306	84	12	789
Antonio Garamendi Lecanda	-	98	85	-	183
Manuel Alves Torres (1)	-	98	84	-	182
Rafael Suñol Trepal	-	98	56	-	154
María de los Ángeles Amador Millán	-	98	84	-	182
Francisco Javier Salas Collantes	-	98	84	-	182
Martín Gallego Málaga	-	98	56	-	154
José Folgado Blanco	-	98	56	-	154
Arantza Mendizabal Gorostiaga	-	98	84	-	182
José Rodrigues Pereira Dos Penedos (2)	-	98	51	-	149
María Jesús Álvarez (1)	-	98	84	-	182
Total compensation accrued	387	1,286	808	12	2,493

(1) Amounts received by the State-owned Industrial Holdings Company (SEPI)

(2) He stood down as a Director in December 2009



In his capacity as member of the Board of Directors of REN, the Executive Director received compensation of €30,000 in 2009 (€30,000 in 2008). At the request of the Executive Director himself, this amount was deducted from his annual fixed compensation.

In 2009, it was decided to establish a compensation plan for executives (2009-2013 ("*Plan Extraordinario 25º aniversario*")), linked to the 25th anniversary of the Company, as management tool and as an incentive for fulfilling the five-year Strategic Plan. Compliance with the plan, which includes the Executive Director, will be assessed at the end of its term in 2014. According to the level of achievement of the targets set, the overall assessment for the five years may be up to 1.8 times the fixed annual compensation.

There are safeguard or golden parachute clauses in favor of the Executive Director to cover dismissal or changes in control. This agreement was proposed by the Company's Appointments, Compensation and Corporate Governance Committee and approved by the Board of Directors in 2004. Said clauses are in line with standard market practices and cover the termination of the employment relationship, providing for indemnification of one year's salary, unless the applicable legislation provides for a higher amount.

At December 31, 2009, there were no loans, advances or guarantees established by the Company in favor of members of the Board of Directors reflected on the balance sheet. Nor were there any pension liabilities incurred vis-à-vis members of the Board of Directors at that date.

In 2009, the members of the Board of Directors did not engage in any transactions with the Company or Group companies, whether directly or through persons acting on their behalf, that were outside the ordinary course of business or were not performed at arm's length.

IV. REFERENCE TO THE SENIOR MANAGEMENT COMPENSATION POLICY

In 2009, compensation, and life insurance and pension plan contributions for the three senior executives amounted to €962,000 and €31,000, respectively.

There were no loans or advances to executives at December 31, 2009.

There are safeguard or golden parachute clauses in favor of two executives. These clauses are in line with standard market practices and cover the termination of the employment relationship, providing for indemnification of up to two years' salary, unless the applicable legislation provides for a higher amount. The agreements containing these clauses were approved by the Appointments, Compensation and Corporate Governance Committee and they were duly notified to the Board of Directors

In 2009, a compensation plan for executives (2009-2013 ("*Plan Extraordinario 25º aniversario*")) was established, linked to the 25th anniversary of the Company, as a management tool and an incentive for fulfilling the five-year Strategic Plan. Compliance with the plan, which includes the executives, will be assessed at the end of its term in 2014. According to the level of achievement of the targets set, the overall assessment for the five years may be up to 1.8 times the fixed annual compensation.

V. BOARD COMPENSATION IN 2010



In relation to the compensation for 2010, the Board of Directors, at the meeting held on December 17, 2009, agreed, at the proposal of the Corporate Responsibility and Governance Committee, that the attendance fees for Board and Board Committee meetings established for 2009 be maintained in 2010 with no changes whatsoever to the amount or conditions thereof, without prejudice to the overall compensation for all items in 2010 which, pursuant to the provisions of the Bylaws, will be established in due course by the Board of Directors.

The above compensation shall be applied as from January 1, 2010.

VI. PROVISIONS FOR FUTURE YEARS

In light of the extraordinary circumstances brought about by the worldwide economic and financial crisis, the Company will continue to analyze market performance and the progress of the crisis in order to adopt the decisions concerning Board compensation that are most in keeping with the corporate interest and the interests of its shareholders, following the policy of moderation and contained growth adopted in previous years.

(End of the report on the compensation of the Board of Directors)

Two.- Ratification of the resolutions of the Board of Directors of Red Eléctrica Corporación, S.A., establishing its compensation for 2009

According to the provisions of Article 20 of the Corporate Bylaws, the Board of Directors is responsible for distributing the amount of the annual compensation among the different items established (fixed fees for attendance at and dedication to the Board of Directors, compensation linked to the annual profits of the Company, and compensation for dedication to Board Committees) and within the annual, overall limit established in said Article for the entire Board of 1.5% of the Company's net income, as approved by the Shareholders' Meeting. This decision is adopted by the Board annually, at the proposal of the Corporate Responsibility and Governance Committee.

As in previous years, the Board of Directors has agreed to submit the resolutions establishing the Board compensation in 2009 to the Ordinary Shareholders' Meeting for ratification.

As a result, the following resolution is proposed, for submission to the shareholders' Meeting:

To ratify, with effect from January 1, 2010, the resolutions adopted by the Board of Directors at the meeting held on December 17, 2009, establishing its compensation in 2009 and 2010, pursuant to the provisions of Article 20 of the Corporate Bylaws, at the proposal in both cases of the Corporate Responsibility and Governance Committee, the essential terms of which are as follows:



1) Global compensation for all items:

To maintain in 2009, the compensation for all Board and Board Committee items established in 2008, with no changes whatsoever to the amount or conditions thereof.

2) Attendance fees for Board and Board Committee meetings:

Without prejudice to the global compensation for all items in 2010 to be set in due course by the Board of Directors pursuant to the provisions of the Bylaws, the attendance fees for Board and Board Committee meetings shall be maintained in 2010 at the same amounts and on the same conditions as in 2009, with no change whatsoever.

Directors' travel expenses that are managed directly by the Company shall not be deemed Board compensation under any circumstances. Consequently, they shall be borne by the Company, subject to approval by the Board Chairman or Secretary and, in the latter case, the Secretary must report regularly to the Chairman on the approved expenses.

Pursuant to Article 20 of the Corporate Bylaws, the above amounts are compatible with and independent of salaries, remuneration, indemnification, pensions or compensation of any kind established in general or specifically for those members of the Board of Directors who hold an ordinary or special senior management employment relationship or an independent professional relationship with the Company, which relationships shall be compatible with the status of member of the Board of Directors

PROPOSED RESOLUTION RELATING TO ITEM ELEVEN ON THE AGENDA:

DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO FULLY IMPLEMENT THE RESOLUTIONS ADOPTED AT THE SHAREHOLDERS' MEETING

In order to implement the above resolutions which may be adopted by the Shareholders' Meeting, the following resolution is proposed for submission to the Shareholders' Meeting:

Without prejudice to the authorizations expressly conferred by the Shareholders' Meeting on the Board of Directors, the broadest powers are delegated to the Chairman and to each member of the Company's Board of Directors, as well as the Secretary and Deputy Secretary of the Board, so that they may exercise them, individually, with a view to the implementation, execution and registration of each and every one of the resolutions adopted by this Shareholders' Meeting, including the signature of the corresponding contracts and documents, with the clauses and conditions they deem appropriate, and interpret, remedy and complete the aforementioned resolutions and have them notarized, according to



their effectiveness and the comments of any body or authority, in particular the oral or written comments of the Mercantile Registrar, performing all such steps as may be necessary or appropriate to ensure their successful outcome and, in particular, to ensure the registration at the Mercantile Registry of the registrable resolutions.

II. ITEMS OF INFORMATION

MATTER RELATING TO ITEM TWELVE ON THE AGENDA:

INFORMATION TO THE SHAREHOLDERS' MEETING ON THE 2009 ANNUAL CORPORATE GOVERNANCE REPORT OF RED ELÉCTRICA CORPORACIÓN, S.A.

The Shareholders' Meeting is informed that pursuant to the provisions of Article 38 of the Board Regulations, the Board of Directors, at the meeting held on February 23, 2010, has agreed to unanimously approve the 2009 Annual Corporate Governance Report of Red Eléctrica Corporación S.A. This report has been notified to the National Securities Market Commission as a material event.

In addition, the Annual Corporate Governance Report is available on the Company website (www.ree.es) and in the documentation for Shareholders' Meeting made available to shareholders.

MATTER RELATING TO ITEM THIRTEEN ON THE AGENDA:

INFORMATION TO THE SHAREHOLDERS' MEETING ON THE ITEMS CONTAINED IN THE MANAGEMENT REPORT RELATING TO ARTICLE 116 *BIS* OF THE SECURITIES MARKET LAW

The Shareholders' Meeting is informed of the items contained in the 2009 management report related to Article 116 *bis* of the Securities Market Law, on the following terms:

The Company has fully incorporated, as a Schedule to the 2009 Annual Corporate Governance Report, in compliance with the requirements of Article 116 *bis* of the Securities Market Law, the documents made available to shareholders, together with the rest of the documentation for the Shareholders' Meeting, and which are available on the Company website (www.ree.es).

In relation to the aforementioned report required under Article 116 *bis* of the Securities Market Law, it is stated that the sections relating to capital structure, significant shareholders, restrictions on voting rights, side agreements and rules



governing the appointment and removal of Directors are explained in detail in the Annual Corporate Governance Report.

MATTER RELATING TO ITEM FOURTEEN ON THE AGENDA:

INFORMATION TO THE SHAREHOLDERS' MEETING ON THE AMENDMENTS MADE TO THE BOARD REGULATIONS

The Shareholders' Meeting is informed of the amendments made to the Board Regulations on the following terms:

In 2009, the Corporate Responsibility and Governance Committee carried out a review of the Board Regulations following the restructuring of the companies of the Red Eléctrica Group and in light of the Board's commitment to constantly adapt to the best corporate governance practices. At the Board meeting held on January 28, 2010, the Board of Directors approved a new set of Board Regulations. The main amendments approved were as follows:

- The corporate name of the parent company has been changed to Red Eléctrica Corporación, S.A., following the restructuring of the Red Eléctrica Group.
- The Appointments, Compensation and Corporate Governance Committee has been renamed the Corporate Responsibility and Governance Committee and its powers in the area of corporate responsibility have been extended.
- The powers of the Board of Directors concerning the Red Eléctrica Group have been extended.
- Board and Committee meetings can now be called and held by telematic means.
- Authorization by the Board of Directors is required for related-party transactions that must be notified to the securities markets, subject to a report by the Audit Committee and information on the related-party transactions that, while not requiring authorization, the Audit Committee considers the Board should be made aware of.
- The number of positions that may be held by Independent Directors on the boards of other listed companies has been limited to two.
- A new function has been attributed to the Board of Directors concerning the approval of financial transactions.
- The Board Regulations have been brought into line with the new obligations established in the Internal Code of Conduct on the Securities Market following the approval of its amendment in June 2009.
- Certain amendments relating to the conclusions of the Board Self-Evaluation Report have been incorporated into the Board Regulations.



- A new Article has been introduced concerning breach of the corporate governance rules by Directors.
- Various technical adjustments have been made in light of the experience gained in implementing the Regulations

The new Regulations have been notified to the CNMV and were registered at the Mercantile Registry on February 23, 2010.