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**Complete text of the resolutions Passed by the General Meeting of Shareholders held on the 26<sup>th</sup> of May 2005, as submitted by the Board of Directors of Red Eléctrica de España, S.A.**

**- REVIEW AND APPROVAL, IF IN ORDER, OF THE ANNUAL FINANCIAL STATEMENTS (BALANCE SHEET, PROFIT AND LOSS ACCOUNT AND ANNUAL REPORT) AND MANAGEMENT REPORT OF RED ELÉCTRICA DE ESPAÑA, S.A. FOR THE YEAR ENDED DECEMBER 31st, 2004.**

**First Point in the Agenda:**

“Approval of the Annual Financial Statements (Balance Sheet, Profit and Loss account and Annual Report) and Management Report issued by Red Eléctrica de España, S.A. for year 2004.

The Annual Financial Statements and Management Report issued by Red Eléctrica de España, S.A., which are hereby proposed for approval, have been drafted by the Board of Directors for the meeting held on March 11th, 2005.”

**- REVIEW AND APPROVAL, IF IN ORDER, OF THE ANNUAL FINANCIAL STATEMENTS (BALANCE SHEET, PROFIT AND LOSS ACCOUNT AND ANNUAL REPORT) AND MANAGEMENT REPORT ISSUED BY RED ELÉCTRICA DE ESPAÑA, S.A., CONSOLIDATED GROUP FOR THE YEAR ENDED DECEMBER 31st, 2004.**

**Second Point in the Agenda:**

“Approval of the Annual Financial Statements (Balance Sheet, Profit and Loss account and Annual Report) and Management Report issued by Red Eléctrica de España, S.A., Consolidated Group, for 2004.

The Annual Financial Statements and Management Report issued by Red Eléctrica de España, S.A. Consolidated Group, submitted hereby for approval, are found to match those drafted by the Board of Directors during the meeting held on March 11th, 2005.”

**- REVIEW AND APPROVAL, IF IN ORDER, OF RED ELÉCTRICA DE ESPAÑA, S.A., PROPOSED PROFITS ALLOCATION AND DIVIDENDS TO BE PAID OUT FOR THE YEAR ENDED DECEMBER 31st, 2004.**

**Third Point in the Agenda:**

“Approval of the profits allocation submitted by the Board of Directors during the meeting held on March 11th, 2005, to assign the year 2004 profits, which amount to Euros 127,235,182.83, as follows:

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

Payment of a Euros 0.6138 gross dividend, per each profit-earning share, is explicitly resolved hereby Payment of the approved dividend, on July 1st 2005, at banks and financial institutions, will be duly notified. The interim gross dividend, paid on January 3, 2005, pursuant to the Resolution of the Board of Directors dated November 25th, 2004, which amounted to Euros 0.2375, must be deducted from the first mentioned dividend.

**- REVIEW AND APPROVAL, IN THE EVENT, OF RED ELÉCTRICA DE ESPAÑA, S.A., MANAGEMENT AS IMPLEMENTED BY ITS THE BOARD OF DIRECTORS DURING 2004.**

Fourth Point in the Agenda:

“Approval is requested of Red Eléctrica de España, S.A., management implemented by its Board of Directors during 2004”.

**- RATIFY AND APPOINT, IF IN ORDER, THE UTILITY’S DIRECTORS.**

Fifth Point in the Agenda:

**First**

“The appointment by the Board of Directors of Luis M<sup>a</sup> Atienza Serna and Rafael Suñol Trepas, as Directors of Red Eléctrica de España, S.A., during the meetings held on the 24th of June and on the 16th of December 2004, respectively, is hereby ratified as approved for in Article 138 of the Companies Law. The mentioned Parties have been appointed to replace Pedro Mielgo Álvarez and Enrique Lacalle Coll, who have resigned from their positions. The first mentioned Directors are appointed for the term established in the Byelaws, based on the report and proposal submitted by the Board of Directors and once the Appointments and Remunerations Committee views had been duly heard.”

**Second**

“María de los Ángeles Amador Millán has been appointed Director of Red Eléctrica de España, S.A., for the four-years term established in the Byelaws based on the report and proposal submitted by the Board of Directors and once the Appointments and Remunerations Committee views were duly heard.”

**- CHANGES IMPLEMENTED IN THE FOLLOWING ARTICLES: 2 (CORPORATE PURPOSE); 5 (CAPITAL STOCK); 17 (PRESIDING COMMITTEE AND DELIBERATION PROCEEDINGS) AND THE SOLE ADDITIONAL PROVISION (SPECIAL LEGAL SYSTEM OF THE PUBLIC CORPORATION FOR INDUSTRIAL STAKES HOLDING) AND SECOND INTERIM PROVISION IN THE ARTICLES OF ASSOCIATION.**

Sixth Point in the Agenda:

"The Articles of Association are modified as stated in the report drafted by the Directors pursuant to Articles 144.1.a) of the Companies Act and 158 of the Trade and Companies Register Regulations:

A) **Article 2 (Corporate purpose)** to be amended as follows:

**Article 2. Corporate purpose**

*Notwithstanding any other jurisdictions and functions that might be assigned to the Utility by law or regulations, the corporate purpose will be as follows:*

- 1) *The performance, understood in its broadest sense, of any activities related to electricity transmission and, more specifically, the transmission of electrical energy, planning, design, building, operation, maintenance, handling, modifying, procurement, transmission and closing down facilities of every description and auxiliary systems intended for electricity transmission.*
- 2) *Management of Spain's electricity transmission grid, as required by the applicable legislation.*

*For the transmission grid management, the Utility must carry out the required functions or operations and, more specifically, it has to manage the electricity flowing between systems through the Spanish transmission grid.*

- 3) *The Utility has to implement, in its broadest sense, the technical management of the Electricity System as required by law to ensure not only continuity and security of the electric power supply, but proper coordination, too, of the electricity generation and transmission system. To such purpose, all the appropriate functions or operations must be carried out while the transparency, objectivity and independent action principles are fully met.*
- 4) *The functions assigned by the effective legislation in the event must be implemented to the fullest extent for the Electricity System financial management.*
- 5) *The Utility has to cooperate with all the operators and agents of the Iberian Electricity Market as might be required for its functions performance.*
- 6) *The Utility can engage too in studies and render services of every description required for its operations and, specially, design, develop,*

- implement and operate information, management and corporate setup services related to the business purpose.*
- 7) *While meeting strictly the provisions of the Electricity Industry Act and the regulations for its development, the Utility is authorised to examine, study and plan investment projects, establish companies, and promote, set up and develop industrial, trading or service businesses. It can as well engage in research, development and operation of communications, information technologies or new ones in any areas. The Utility can render as well assistance or support services to the companies and businesses wherein it holds a stake and, to such purpose, guarantees and bonds can be furnished, as deemed in order.*
  - 8) *The stated purpose is understood to enclose all the actions that might be required or helpful to meet and are in line with the effective legislation and, specially, the regulations applicable at the time to the transmission and operation of the Electricity System.*
  - 9) *For engaging in the aforesaid operations, which might not be compatible at the time with either the transmission of electricity, or the electrical system operation or management of the electricity transmission grid and as provided in the Electricity Industry legislation, the Utility can set up or hold stakes in those companies that carry out such operations, once the required licenses or permits, as established in the current legislation, are secured.*

**B) Article 5 (Capital stock) to be amended as follows:**

**Article 5. Capital stock**

1. *The Capital stock stands at Euros two hundred and seventy million five hundred and forty thousand (270.540.000) broken down in one hundred and thirty five million two hundred and seventy thousand (135.270.000) shares of two (2) euros par value each. Shares of a single class and series fully subscribed to and paid in, and represented by account entries.*
2. *As provided for in the Electricity Industry Act:*
  - 1) *The total direct or indirect stake in the Utility's Capital stock that a natural or legal person may own at any time shall not exceed three per cent of the said Utility's Capital stock or voting rights, unless otherwise authorised by Law.*

*Stock syndication is not allowed to any effects or purposes. The maximum stake in the Capital stock that those agents actively engaged in the electricity industry and any natural or legal person who directly or indirectly owns over five per cent of their capital are authorised to own*

*in the Utility has been set at one per cent. Moreover, the total amount of the direct or indirect stakes of any party that is actively engaged in the electricity industry shall not exceed forty per cent.*

2) *In order to compute the stake held by each shareholder, besides the shares and other securities owned or purchased by any businesses, which are enclosed in the same group, and as provided for in Article 4 of Act 24/1988 dated the 28<sup>th</sup> July that regulates the Stock Exchange, the same natural or legal person will be assigned those which are owned by:*

(a) *Persons who act on their own name but for the account of the said party, either through an agreement or joining that party in a decision making unit, and it will be understood, unless otherwise shown, that the members of its Board of Directors are acting for the account of a legal person or in agreement with it.*

(b) *Those partners that jointly with the said party rule over the controlled company.*

*In any event, both the ownership of stock and other securities by institutions and the voting rights accruing through any security must be taken into account.*

3) *Notwithstanding what is provided for in section 2 of Article 6 in the current Byelaws, any infringement of the limits established in section 2 of Article 5, or of those that the effective legislation may establish in the event, will bring about legal responsibilities that the Law determines and enclosed, when in order, the respective penalties and actions provided for in the current Byelaws and, more specifically, in the Second Temporary Clause.*

4) *The Government-owned Industrial Holdings Corporation is exempted from the above regulations due to its special system as established in the Electricity Industry Act and, therefore, the stakes and voting rights of the said Corporation will be governed by the Sole Additional Provision of the mentioned Byelaws.*

C) **Article 17 (Presiding Committee setup and deliberation procedure)** to be amended as follows:

**Article 17. Presiding Committee setup and deliberation procedure**

*The Chairman of the Board of Directors will be the President of the General Meeting of Shareholders and, if absent, the first mentioned will be replaced by a Vice-Chairman, who due to rank and, if rank has not been established, because of seniority and, failing those reasons, by whoever is appointed by the*

*Board of Directors or, lacking an appointment, the meeting will be chaired by that Director or Shareholder that the attending partners freely decide to appoint in the event.*

*The Secretary of the Board of Directors will be called to act as Secretary of the General Meeting, and, if absent, the Vice-Secretary, if any, will be expected to act as Secretary. If both are absent, the Shareholders attending the meeting can freely appoint a Director or Shareholder to act as Secretary for the meeting in question.*

*The President of the General Meeting has to moderate the deliberations and give the floor, decide how resolutions will be voted on, clear any doubts, render explanations and hear any claims that may arise related to the Agenda, the list of those entitled to attend, ownership of shares, delegates or representatives, the requirements for calling to order the meeting and to pass resolutions, or any limitation on the right to vote established in the Byelaws and grant the floor to all shareholders that request it, and can withdraw or refuse to grant the floor and decide when issues have been sufficiently discussed.*

*Each share is entitled to one vote. The resolutions will be passed by majority voting, unless otherwise provided for when a larger majority is required by Law.*

*Voting rights that exceed the limits of the stake in the share capital, as established in Article 5 of the Byelaws cannot be claimed by any party, whether on its own right or when acting as a representative by proxy, save as provided for in the last paragraph of the previous Article 15, if the right to represent the public at large is demanded.*

*The legal limitation for holding stake in the Utility will be also applicable to the maximum number of votes that two or more shareholders are authorised to exercise, whether jointly or separately, if one of them owns indirect stakes in the Utility capital stock (as defined in Article 5).*

*The voting rights limitations established by the Act and in these Byelaws will be applicable to each and every question the General Meeting can vote on and it encloses the right to proportional representation mentioned in Article 137 of the Companies Act but it will not keep the shares the aforementioned provision is applied from being computed as attending capital entitled to vote, when the required quorum for calling the General Meeting to order is computed.*

- D) **The First Section of the Sole Additional Provision (Special System of the Government-Owned Industrial Holdings Corporation)** to be amended as follows:

**Sole Additional Provision. Special System of the Government-Owned Industrial Holdings Corporation.**

1. As provided for in the *Electricity Industry Act*, neither the limitations in Article 34.1 of the said Act are applicable to the stakes held by the mentioned Government-Owned Industrial Holdings Corporation, nor the limits established in these Byelaws do apply to the voting rights exercised in the General Meeting. In any event, the Government-Owned Industrial Holdings Corporation is required to hold at least a 10 per cent interest in the Capital stock.

E) The **Second Temporary Provision** to be amended as follows:

***Second Temporary Provision***

*The voting rights of shares or any other securities that as provided at the time by the effective legislation exceed the limit set in Article 5 of these Byelaws will be kept in abeyance until they are adjusted to the mentioned limit.*

*Those shares or securities when their voting rights are kept in abeyance will be taken into account to compute the quorum required for calling to order the respective general meetings. But, on the other hand, they will not be enclosed in the majorities computed to pass resolutions.*

**RE-ELECTION OF AUDITORS FOR THE UTILITY AND ITS CONSOLIDATED GROUP**

Seventh Point in the Agenda:

“KPMG Auditors, S.L., are re-elected as Auditors for the year 2005 of Red Eléctrica de España, S.A., and its Consolidated Group, as established in Article 204 of the Companies Act”.

**INFORMATION SUBMITTED TO THE GENERAL MEETING OF SHAREHOLDERS ON THE ANNUAL CORPORATE GOVERNANCE REPORT ISSUED BY RED ELÉCTRICA DE ESPAÑA, S.A., FOR THE YEAR 2004.**

Eighth Point in the Agenda (just for information):

As established in Article 39 of the Board of Director’s Regulations, it is hereby reported that the Board of Directors, during the meeting held on the 21<sup>st</sup> of April 2005, resolved by unanimous agreement to approve the Annual Corporate Governance Report of Red Eléctrica de España, S.A., for the year 2004.

The Report has been forwarded to the National Securities Commission of Spain, as a relevant document, and can be looked up on the Utility’s web page –[www.ree.es](http://www.ree.es)-. It is also attached to the documents made available to the shareholders for the General Meeting.

The Report shows the firm, determined and prior concern of Red Eléctrica, since its inception, to implement the best Corporate Governance practices instead of just meeting literally the legal requirements and the national and international recommended procedures, and willingly implement a complete series of steps and procedures that make up the core of those questions that rightfully concern shareholders in this or any other listed company.

Since 1999, when the Utility was first quoted in the Stock Exchange, a number of steps have been implemented as regards Corporate Governance for increased effectiveness, transparency, independence, representative capacity, security and quality of the functions implemented by the management bodies. A fact that has prompted RED ELÉCTRICA to a leading position in this area.

The Report is not just aimed to meet the requirements of the legislation in effect, established by Act 26/2003 of 17<sup>th</sup> July; the Ministerial Order 3772/2003 of 26<sup>th</sup> December from the Ministry of Economy, and the circular note 1/2004 dated March 17<sup>th</sup> from the Stock Exchange Commission, but rather to show, in as full and complete detail as possible, the ownership structure and management of utilities; the systems in place for risk control; the information on the General Meeting of Shareholders; up to what point the Olivencia and Aldama Reports are met by the Corporate Governance Recommendations and, generally speaking, any questions that shareholders, investors and the stock market may think relevant for improved knowledge about the Utility.

The mentioned information is steadily supplemented by the news published in the Utility's website, [www.ree.es](http://www.ree.es), where, as already pointed out, the Annual Corporate Governance Report for 2004 is available to all shareholders.

## **RESOLUTION FOR DERIVATIVE ACQUISITION OF TREASURY STOCK AS LEGALLY PROVIDED.**

### Ninth Point in the Agenda:

#### **First**

"The Board of Directors of the Utility is hereby authorised, as established in Article 75 and other of like tenor as well as in the First Additional Provision of the Companies Act and any applicable legislation, to implement, whether directly or indirectly and to the extent that is deemed advisable, based on the circumstances, the derivative acquisition of Red Eléctrica de España, S.A., stock. The maximum number of shares to be purchased shall not exceed the legal limit established and have to meet in full any other applicable legal requirements. The stock must be purchased at a price that does not exceed the one quoted in the Stock Exchange.

Shares can be acquired through dealing, swap or any other paid arrangement, as deemed advisable in the event.



For proper implementation of this resolution and to meet any legal limitations, the shares purchased under this resolution can be disposed of at any time, if advisable, at a price never less than that listed in the Stock Exchange.

And to such effect and purpose, the Board of Directors is authorised, as broadly as necessary in Law, to ask for as many empowerments to act and pass the resolutions that might be required or convenient to meet the legal requirements in effect, and successfully perform this agreement.

This authority to act will be in effect for eighteen (18) months starting on the date of this General Meeting”.

## **Second**

“To revoke and cancel to all effects and purposes the authority for derivative acquisition of treasury stock granted to the Board of Directors by the General Meeting of Shareholders held on the 6<sup>th</sup> of May, 2004”.

## **EMPOWERMENTS GRANTED TO THE UTILITY’S BOARD OF DIRECTORS THAT ENCLOSE THE RIGHT TO DEPUTIZE, FOR FULL IMPLEMENTATION OF THE RESOLUTIONS PASSED BY THE GENERAL MEETING OF SHAREHOLDERS.**

### Tenth Point in the Agenda:

“Notwithstanding any authority to act granted by the General Meeting of Shareholders through the foregoing resolutions, the Utility’s Board of Directors is hereby assigned powers, as broad as necessary, to develop, perform and enter in the records each and every one of the resolutions passed by this General Meeting of Shareholders and to sign the respective contracts and documents, where the clauses and conditions, which are deemed convenient, are enclosed. The Board is authorised as well to interpret, rectify and complete the said resolutions and to put them on public record, based on their effective capacity and the remarks of any agency or authority and, more specifically, the verbal or written opinion issued by the Trade and Companies Registrar, and to perform any actions which are deemed appropriate or convenient to the said purposes and, specially, to enter them in the Trade and Companies Register files, if in order.

The Board of Directors of the Utility is authorised hereby to delegate or deputize all the powers which are granted to it by this Resolution”.