



RED
ELÉCTRICA
CORPORACIÓN

Board of Directors

23 February 2016

Annual General Meeting of Shareholders:
Report on proposal for appointment as
independent director of Mr. Agustín
Conde Bajén



1. Explanation

On 19 April 2012 the Annual General Meeting of Shareholders of the Company adopted, inter alia, a resolution to appoint Ms. Paloma Sendín de Cáceres as an independent director of Red Eléctrica Corporación, S.A. for the term of four years fixed by the bylaws, which term will end on the date of holding the next Annual General Meeting of Shareholders, in 2016.

To comply with the provisions of article 529 decies of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital, or "LSC") and article 16 of the Board Regulations, the Appointments and Remuneration Committee is the body competent to make proposals of appointment of independent directors, evaluating the competence, experience and merits of the candidate, thereafter to be transferred to the Board of Directors, so that it may issue its report (article 529 decies, section 5 of the LSC), and submit the proposal to the Annual General Meeting of Shareholders.

The procedure and requirements for appointment of independent directors of the Company are regulated in the Spanish Corporate Enterprises Act, articles 529 decies to 529 duodecies, 529 quindecies, in article 24 of the Bylaws and in articles 7, 16, 19, 20 and 21 of the Board of Directors' Regulations. The evaluation criteria, conditions and circumstances that must be considered in the appointment of independent directors are established in those rules.

The Appointments and Remuneration Committee of the company, at its meeting of 17 February 2016, as a candidate to fill the future independent director vacancy, proposed Mr. Agustín Conde Bajén.

2. Corporate profile and request for nominations

The Appointments and Remuneration Committee and the Board of Directors have criteria defining the profile and requirements considered to be appropriate for service as a director, defining the qualities, skills and experience that must be held by the ideal director to occupy the position, in this case as an independent director.

The aforesaid profile, agreed by the Committee and the Board of Directors, serves as the initial point of reference for analysis of the director candidate, without prejudice to both the Appointments and Remuneration Committee and the Board of Directors also taking account of the professional profiles of the currently-serving members of the Board of Directors, to decide what professional and personal profiles, conditions and qualities are required of the new candidates to occupy positions as directors at the time of the Board's issuing its report or the Committee's making its proposal.

The Committee and the Board of Directors also seek to apply the principle of diversity set forth in the corporate governance policy approved by the Board of Directors on 25 November 2014 and published on the corporate website. In this regard, they seek to promote diversity of knowledge, experience and gender in the composition of the Board of Directors, as an



essential factor allowing the Board to fulfil its mission and responsibilities, with a multifaceted and balanced composition.

In addition, in accordance with article 15.3 of the Board Regulations, the Appointments and Remuneration Committee has been able to evaluate candidates from multiple sources and consider the suggestions of the directors for filling the aforesaid vacancy on the Board of Directors that will occur at the next Annual General Meeting of Shareholders, all with the goal of the Committee in turn being in a position to refer a proposal to the Board of Directors for submission by it to the Annual General Meeting of Shareholders.

3. Professional career and evaluation of circumstances

The Board of Directors has analysed the *curriculum vitae* of Mr. Conde Bajén (a summary of which will be available on the corporate website www.ree.es from the date of call of the Annual General Meeting of Shareholders, together with the other documentation relating thereto). Some aspects of his career are highlighted below:

Mr. Conde Bajén was born in Toledo on 6 June 1965. He has a law degree from the Universidad Complutense de Madrid and a Diploma in Advanced Studies in Law (DEA) from the Constitutional Law Department of the Universidad Complutense de Madrid. He has been a practicing lawyer since 1988.

From his professional career in the context of his institutional activity it is notable that, inter alia, he was Mayor of Toledo (1995-1999), a Member of Parliament in Castilla-La Mancha (1999-2003), a Senator for Castilla-La Mancha (6th and 7th Legislatures) and a Senator (8th and 9th Legislatures) and Member of Parliament (10th Legislature) for Toledo, holding the latter position until January 2016. Within that activity he occupied important positions on various commissions of the Senate and the Congress, such as, for example, being a Member of the Constitutional Committee of the Senate, a Member of the Permanent Committee of the Senate, the Chairman of the Labour and Social Affairs Committee of the Senate and a Member of the Committee of Justice of the Congress, among others.

Notable in his international experience in the context of his institutional activity is his having been a member of the Spanish Delegation to the Parliamentary Assembly of the Council of Europe (from 2009 to January 2016), where he held important positions on various commissions, such as being Vice-Chairman of the Committee on Legal Affairs and Human Rights and a member of the Committee on Social Affairs, the Family and Children, among others.

In addition, in the international context he also was Vice-Chairman of the Organisation of World Heritage Cities of UNESCO (1995-1999), a member of the Mixed Committee of the European Union (9th Legislature) and a member of the Spanish delegation to the Parliamentary Assembly of the Western European Union (2009-2011).



After reviewing the professional career of the candidate, the Committee emphasises his sound training in the field of law and his broad experience in institutional relations, in particular with the public Administration.

Also notable is his broad experience in the field of public international institutions and agencies, as a result of the responsibilities performed throughout his professional career, valuable aspects as regards corporate governance that will redound to the greater diversity of the knowledge and experiences in the composition of the Board of Directors.

4. Category assigned to the director

In view of the available information that has been analysed, the Board of Directors concludes that the profile of the candidate to occupy the position of a director satisfies the requirements of professional prestige, recognised solvency, competence and experience required by the Board of Directors Regulations, in order to serve as an independent external director.

The Board, before issuing its report on the proposal made by the Appointments and Remuneration Committee, also considered the prohibitions established in article 7 of the Board Regulations and article 529 duodecies of the LSC, for serving in the position of an independent director.

Based on all of the foregoing, the Board of Directors concludes it is appropriate to classify the proposed candidate as an independent director.

Finally we would note that, before his appointment, as is customary in the company, Mr. Conde Bajén must sign the declaration that he is not affected by legal, regulatory or corporate incompatibilities for his service as an independent director of the company.

5. Favourable report on the appointment proposal

Accordingly, the analysis having been concluded, and without prejudice to the required formal declaration of Mr. Conde Bajén as to there being no incompatibilities for exercise of the position of an independent director, the Board of Directors concludes that the candidate satisfies the appropriate conditions to serve as an independent director on the Board of Directors of the company.

Based on this report the Board of Directors, having analysed the proposal made by the Appointments and Remuneration Committee on 17 February 2016, in accordance with the provisions of article 529 decies of the LSC, article 24 of the Bylaws and article 19 of the Board of Directors Regulations, submits it to the Annual General Meeting of Shareholders, as set forth below:

To appoint Mr. Agustín Conde Bajén, on proposal of the Appointments and Remuneration Committee, as an independent director of Red Eléctrica Corporación, S.A., for the term of four years fixed by the bylaws, in replacement of the independent director



Ms. Paloma Sendín de Cáceres, in accordance with the provisions of article 529 decies of the Spanish Corporate Enterprises Act.