



RED
ELÉCTRICA
CORPORACIÓN

**STATEMENT BY THE CHAIRWOMAN OF THE APPOINTMENTS
AND REMUNERATION COMMITTEE AND THE INDEPENDENT
COORDINATING DIRECTOR AT THE EGM OF 17th JULY 2015**

17 July 2015

Good morning ladies and gentlemen.

I am addressing you as the chairwoman of the Appointments and Remuneration Committee of Red Eléctrica Corporation.

As you know, this committee has been assigned responsibilities in terms of corporate governance and, therefore, the appointment and removal of directors and senior management, making proposals and issuing reports for the Board of Directors.

In the area of corporate governance, over recent years the committee has carried out proposals aimed at advancing the structure and composition of the Board of Directors and its committees with the objective of the company having a balanced and diverse Board, not only in terms of gender, experience and knowledge, but also in terms of counterbalances and distribution of responsibilities, that enable the Board of Directors to perform its work efficiently.

Under these criteria of efficiency and in line with the company's interests and those of its shareholders, the committee has been commissioned by the Board of Directors, at the initiative of its chairman, to realise a new governance structure for the company, separating the positions of Chairman of the Board of Directors and that of CEO, thereby reducing the concentration of responsibilities in just one person and attending to an ongoing request from the investment world.

The end result of the analysis conducted by the committee was the proposal for separation of the positions of Chairman of the Board of Directors and CEO of the company; this proposal was submitted to the Board of Directors last June as it was considered that the new organisational model, as well as contributing to meeting the objectives set out in the new Strategic Plan of the Red Eléctrica Group approved last February, introduces clear improvements in the company's corporate governance practices.

Additionally, it is important to highlight, as the Chairman will detail, that the aforementioned process includes a transitional period to facilitate the orderly and organised transfer of the executive roles of the current executive chairman to the new CEO, in such a way that stability and continuity in all of the Group's areas of business is ensured.

I would like to highlight that, in order to carry out their analysis, the Appointments and Remuneration Committee and the Board of Directors requested the necessary reports

and contributions from specialised external advisers, who have provided support to the process now submitted to the Meeting.

The commission has analysed the proposal of the Board of Directors to appoint an internal candidate, Mr Lasala Bernad, to hold the position of CEO of the company.

After conducting the corresponding analysis and evaluation of the candidate, in which process there has also been an independent external valuation performed, a favourable report has been issued, considering that the proposed candidate is ideal to hold the position of CEO of the company.

Finally, I would like to highlight the commitment of the Board of Directors to applying the best corporate governance practices to Red Eléctrica. In this regard, it is important to note that the main driver of this commitment has been our chairman, who, since his appointment, has led all the counterbalancing measures that will culminate in the implementation of the process to separate the positions today proposed at this Meeting.

Ladies and gentlemen, I am at your complete disposal as Chairwoman of the Appointments and Remuneration Committee and Independent Coordinating Director, for any clarifications deemed appropriate or additional information needed, following the line of engagement and dialogue that Red Eléctrica continuously maintains with its shareholders.

Thank you very much.