



RED
ELÉCTRICA
CORPORACIÓN

Appointments and Remuneration Committee

17 February 2016

Annual General Meeting of
Shareholders: Report on proposed
ratification and appointment as a
Proprietary Director of Mr. José
Ángel Partearroyo Martín



1. Explanation and background

In accordance with the proposal made by Sociedad Estatal de Participaciones Industriales (SEPI) and the report issued by the Appointments and Remuneration Committee dated 14 December 2015, the Board of Directors of the company at the meeting held on 22 December 2015 unanimously adopted, inter alia, the following resolution:

In accordance with the provisions of articles 244 and 529 decies of the Spanish Corporate Enterprises Act, 20 and 24 of the Bylaws and 7, 16, 19, 20 and 21 of the Board of Directors Regulations, and in view of the proposal made by Sociedad Estatal de Participaciones Industriales (SEPI), to appoint Mr. José Ángel Partearroyo Martín as a Proprietary Director of Red Eléctrica Corporación, S.A. representing Sociedad Estatal de Participaciones Industriales (SEPI), until the first General Meeting convenes, to cover the only vacancy existing on the Board of Directors, occurring as a result of the resignation submitted by Mr. Francisco Ruiz Jiménez of his position as a Proprietary Director representing Sociedad Estatal de Participaciones Industriales (SEPI), to which he was appointed for a term of four years by resolution of the Annual General Meeting of Shareholders held on 19 April 2012, which resignation was accepted by the Board of Directors at the meeting held on 24 November 2015.

In accordance with the provisions of article 529 decies.6 of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital, or "LSC"), and articles 16, 19 and 21 of the Board of Directors Regulations, proposals for appointment of Proprietary Directors, including those by way of co-option, will be approved by the Board of Directors, after a report from the Appointments and Remuneration Committee and, if they are appointed by co-option, will remain in position until the date of the first Annual General Meeting of Shareholders, which may ratify them or appoint other directors.

Given the fact that it is contemplated that, in the meeting of 23 February 2016, the Board of Directors will call the Annual General Meeting of Shareholders of the company corresponding to the 2015 financial year, and given the fact that the force of position as a director of Mr. Partearroyo Martín ends on the date of the holding of the aforesaid General Meeting, contemplated for 14 and 15 April 2016 (on first and second calls, respectively), it is necessary to report the corresponding proposal of the Board of Directors regarding ratification and appointment as a Proprietary Director of Mr. José Ángel Partearroyo Martín, for referral to the next General Meeting.

In order to comply with the provisions of subsection 6 of article 529 decies of the LSC, the Appointments and Remuneration Committee prepares this report so that, if applicable, it may be attached to the proposal of the Board of Directors for ratification and appointment of Mr. José Ángel Partearroyo Martín as a member of the Board of Directors of the company, as a Proprietary Director representing Sociedad Estatal de Participaciones Industriales (SEPI), for submission to the next Annual General Meeting of Shareholders.

Bearing in mind that the appointment of the aforesaid Proprietary Director using the co-option procedure occurred recently, at the meeting of the Board of Directors held on 22 December 2015, the Appointments and Remuneration Committee believes that the



background, considerations and evaluations stated in respect of the report made by this Committee on 14 December 2015 remain fully valid at this time. Set forth below is a summary of the circumstances taken into account by the Committee when issuing the aforesaid favourable report in relation to the proposed appointment as a Proprietary Director of Mr. Partearroyo Martín.

2. Analysis of the profile of the director

To prepare this report the Appointments and Remuneration Committee has followed the new procedure established in the corporate rules for the appointment of Proprietary Directors, and has analysed the corporate criteria established by the Appointments and Remuneration Committee and by the Board of Directors to define the profile and the requirements considered to be appropriate for serving as a director of the company. It also again evaluated the circumstances and professional career of the current Proprietary Director, Mr. Partearroyo Martín, before referring this report on the proposed ratification and appointment of the aforesaid Proprietary Director to the Board of Directors, for submission to the Annual General Meeting of Shareholders.

Having again analysed the CV of the Proprietary Director Mr. Partearroyo Martín (which is published on the company's website (www.ree.es) and has not undergone significant change by reference to the one that was reviewed last December 2015, the Appointments and Remuneration Committee concludes that the profile of the proposed director continues to be appropriate to cover the vacancy occurring on the date of holding the next General Meeting, and meets the requirements of the Board of Directors Regulations and the LSC for serving as a Proprietary Director. The principal elements of his CV are noted below.

Mr. José Ángel Partearroyo Martín, who was a Proprietary Director of the company from 25 February 2014 until 29 July of that year, was born on 16 February 1974 and holds a law degree from the Universidad de Salamanca. Currently he is the General Manager of Sociedad Estatal de Participaciones Industriales (SEPI), formerly having been Director of Investees in the Communications Division of that Company. His professional career as an attorney is notable, having worked with first-tier firms. He began his professional career as an attorney specialising in mergers and acquisitions, corporate law and contracting with KPMG Abogados, S. L. Thereafter he worked with GOÑI Y CAJIGAS Abogados, S.L. and RAMÓN Y CAJAL ABOGADOS (in alliance with Mayer Brown). Also notable is his work with the BIRD & BIRD (Spain) LLP law firm, as a Corporate and M&A specialist.

In the academic field he has been an adjunct professor of Commercial Law in the Law School of the Colegio Universitario Cardenal Cisneros (associated with Universidad Complutense de Madrid) and the Law School of Universidad Rey Juan Carlos I de Madrid.

Having reviewed his professional career, this Committee emphasises his experience in the supervision and control of groups of companies, his solid training and experience in the legal field of commercial law, his knowledge of institutional relations, in particular with the Administration and regulatory agencies, and his broad experience in teaching at top-tier institutions.



In conclusion, having analysed the professional career of Mr. Partearroyo Martín, the Appointments and Remuneration Committee concludes that the legal and regulatory requirements applicable to a Proprietary Director are satisfied, and his profile is appropriate to fill the vacancy that will occur at the next Annual General Meeting of Shareholders, fulfilling the requirements of recognised solvency, experience and competence, recommended by the Board of Directors Regulations, in order to act as a proprietary external director.

3. Category assigned to the director

From the information available to the Committee, and in view of current legislation and the Board of Directors Regulations, Mr. Partearroyo Martín must be classified as a Proprietary Director, in representation of Sociedad Estatal de Participaciones Industriales (SEPI), also satisfying the requirements of those Board of Directors Regulations, in article 7.2.b thereof, and in the LSC, in its article 529 duodecies, subsection 3.

Before his appointment Mr. Partearroyo Martín must renew his declaration that he is not affected by legal, regulatory or corporate rule incompatibilities for his service as a Proprietary Director of the company.

4. Favourable report on the ratification and appointment proposal

Accordingly, the analysis having been concluded, and without prejudice to the required renewal of the formal declaration of Mr. Partearroyo Martín as to the absence of incompatibilities for serving as a Proprietary Director, this Committee favourably reports the proposed ratification and appointment of Mr. José Ángel Partearroyo Martín as a Proprietary Director of Red Eléctrica Corporación, S.A. representing Sociedad Estatal de Participaciones Industriales (SEPI), for the term of four years fixed in the Bylaws, for submission to the Annual General Meeting of Shareholders, and resolves to submit this report to the Board of Directors, which is prepared in accordance with the provisions of article 529 decies of the LSC, article 24 of the Bylaws, and articles 7, 16, 19, 20 and 21 of the Board of Directors Regulations.