



RED ELÉCTRICA
CORPORACIÓN

Board of Directors

February 24, 2011

Amendment of the Regulations of the Shareholders'
Meeting

AMENDMENT OF THE REGULATIONS OF THE SHAREHOLDERS' MEETING (ITEMS 7.1 and 7.2 ON THE AGENDA FOR THE ANNUAL SHAREHOLDERS' MEETING)

AMENDMENT OF THE REGULATIONS OF THE SHAREHOLDERS' MEETING TO UPDATE THEIR PROVISIONS IN LIGHT OF CERTAIN LEGISLATIVE REFORMS RELATING TO CORPORATIONS: DELETION OF THE INTRODUCTORY PARAGRAPH AND AMENDMENT OF ARTICLES 1 ("PURPOSE AND ENTRY INTO FORCE OF THE REGULATIONS"), ARTICLE 2 ("COMPANY WEBSITE"), ARTICLE 3 ("POWERS OF THE SHAREHOLDERS' MEETING"), ARTICLE 6 ("SHAREHOLDERS' RIGHTS"), ARTICLE 8 ("A SHAREHOLDERS' RIGHT TO INFORMATION"), ARTICLE 9 ("RIGHT TO ATTEND"), ARTICLE 11 ("QUORUM"), ARTICLE 15 ("CONSTITUTION, DELIBERATION AND ADOPTION OF RESOLUTIONS"), AND ARTICLE 16 ("MINUTES OF THE SHAREHOLDERS' MEETING AND CERTIFICATE")

I. EXPLANATORY REPORT BY THE BOARD OF DIRECTORS ON ITEM 7 ON THE AGENDA FOR THE ANNUAL SHAREHOLDERS' MEETING RELATING TO THE AMENDMENT OF THE REGULATIONS OF THE SHAREHOLDERS' MEETING

1. PURPOSE OF THE REPORT

The Board of Directors of Red Eléctrica Corporación, S.A. (the "**Company**") at its meeting of February 24, 2011, resolved to submit to the Shareholders' Meeting under items 7.1 and 7.2 on the meeting agenda, the deletion of the introductory paragraph and the amendment of Articles 1 ("Purpose and entry into force of the Regulations"), Article 2 ("Company website"), Article 3 ("Powers of the Shareholders' Meeting"), Article 5 ("Call"), Article 6 ("Shareholders' rights"), Article 8 ("A shareholder's right to information"), Article 9 ("Right to attend"), Article 11 ("Quorum"), Article 15 ("Constitution, deliberation and adoption of resolutions" in relation to Article 15.5 "Debate"), and Article 16 ("Minutes of the Shareholders' Meeting and certificate") of the Regulations of the Shareholders' Meeting.

This Report is prepared by the Board of Directors of the Company in accordance with the provisions of Article 1 of the Regulations of the Shareholders' Meeting, pursuant to which any amendment to the Regulations of the Shareholders' Meeting requires a report by the Board of Directors justifying the amendment.

2. JUSTIFICATION FOR THE REFORM OF THE REGULATIONS

The purpose of the reform of the Regulations of the Shareholders' Meeting, approval of which is submitted to the Shareholders' Meeting, is to update their provisions in light of certain legislative reforms which have recently affected the legal regime governing corporations, in line with the proposed reform of the Corporate Bylaws, which has also been submitted to the Shareholders' Meeting.

In particular, and for the purposes of this Report:

- a) Law 3/2009, of April 3, 2009, on structural modifications to commercial companies ("**Law 3/2009**") which, among other things:
 - (i) amended Article 103 of the Corporations Law ("**LSA**") (now Article 194 LSC) to bring it into line with the configuration of the structural modifications regulated by that Law;



- (ii) introduced a new Article 50 *bis* (now Article 97 LSC) on equal treatment of shareholders.
- b) Law 12/2010, of June 30, 2010, amending Audit Law 19/1988, of July 12, 1988, Securities Market Law 24/1988, of July 28, 1988 (“**LMV**”), and the revised Corporations Law approved by Legislative Royal Decree 1564/1989, of December 22, 1989, to bring them into line with Community legislation (“**Law 12/2010**”), which amended Article 117 of the Securities Market Law (now Article 528 LSC) to include, among other aspects, the concept of the Shareholders’ Electronic Forum.
- c) Legislative Royal Decree 1/2010, of July 2, 2010, approving the Revised Corporate Enterprises Law (“**LSC**”) which, in short, and as a result of the enabling power contained in Final Provision no. 7 of Law 3/2009, revised—regularizing, clarifying and harmonizing—the LSA, the Limited Liability Companies Law, Title X of the LMV and the provisions of the Commercial Code relating to partnerships limited by shares, thus making it advisable to review, in general, the references, terminology and general suitability of the Regulations of the Shareholders’ Meeting to the new statute regulating the corporate form of the Company.
- d) Royal Decree-Law 13/2010, of December 3, 2010, on tax, employment and deregulation measures to promote investment and the creation of employment (“**RDL 13/2010**”), which amended the LSC with a view to reducing the administrative burden relating to corporate acts, particularly with regard to the manner of publishing certain notices.

The proposed amendment aims to incorporate any new features introduced by the above pieces of legislation which, in the opinion of the Board of Directors, are suitable for the Regulations of the Shareholders’ Meeting of the Company, to ensure that the Regulations are fully updated, on the terms set out below.

Lastly, taking advantage of the review, a number of changes to the Regulations of the Shareholders’ Meeting have been proposed for purely stylistic purposes or for clarification of some provisions.

3. PROPOSED AMENDMENTS

Based on the foregoing, the following proposals are made:

- 1) The deletion of the introductory paragraph of the Regulations of the Shareholders’ Meeting, since it reflected an event in time that has already been superseded by subsequent amendments to the Regulations of the Shareholders’ Meeting.

As a result, a proposal is made to delete the introductory paragraph of the Regulations of the Shareholders’ Meeting:

<i>Previous wording</i>	<i>Proposed new wording</i>
At a meeting held on July 17, 2003 and based on a proposal made by the Board of Directors at its meeting held on June 23, the Shareholders’ Meeting of Red Eléctrica de España, S.A., with an affirmative vote of 98.94%, approved these Regulations of the Shareholders’ Meeting which, in turn,	



<p>incorporate the basic principles of the Shareholder's Statute, in line with the best practices of good corporate governance, and adopt all the new forms of protection and participation of the shareholder, with a view to recognizing to the utmost the shareholder's rights in the Company in the pursuit of the corporate interest as the ultimate purpose of all corporate arrangements.</p>	
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- 2) The amendment of Article 1, "Purpose and entry into force of the Regulations", with a view to:
- a) updating the corporate name of the Company, which had not yet been amended in these Regulations;
 - b) updating the references to Articles of the LSA with the corresponding Articles of the LSC.

As a result, a proposal is made to amend Article 1 of the Regulations of the Shareholders' Meeting, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 1. Purpose and entry into force of the Regulations These Regulations regulate the Shareholders' Meeting of Red Eléctrica de España, S.A., establishing the principles of its organization and operation and the rules which govern its legal and bylaw activity. They must be distributed by the Board of Directors among the shareholders and the investing public and published on the Company's website. They shall apply as from the first Shareholders' Meeting held following their approval.</p> <p>They may be amended by the Shareholders' Meeting at the proposal of the Board of Directors, which shall attach a report justifying the amendment. The amendment of the Regulations shall require a majority of votes in accordance with the provisions of Article 17 of the Corporate Bylaws and Article 93 of the Spanish Corporations Law.</p>	<p>Article 1. Purpose and entry into force of the Regulations These Regulations regulate the Shareholders' Meeting of Red Eléctrica Corporación, S.A., establishing the principles of its organization and operation and the rules which govern its legal and bylaw activity. They must be disseminated by the Board of Directors among the shareholders and the investing public and published on the Company website. They shall apply as from the first Shareholders' Meeting held following their approval.</p> <p>They may be amended by the Shareholders' Meeting at the proposal of the Board of Directors, which shall attach a report justifying the amendment. The amendment of the Regulations shall require a majority of votes in accordance with the provisions of Article 17 of the Corporate Bylaws and Article 159 of the Corporate Enterprises Law.</p>

- 3) The amendment of Article 2, "Company website", in order to mention the Shareholders' Electronic Forum, to which the amendment of Article 8 of the Regulations below refers, as another element to be included on the Company website.

As a result, a proposal is made to amend Article 2 of the Regulations of the Shareholders' Meeting, so that it is worded as follows, with the amendments to the previous wording highlighted below:



<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 2. Company website</p> <p>As an instrument to ensure the transparency of corporate actions and at the same time to allow greater efficacy in the exercise by shareholders of their rights, as well as to facilitate relations between shareholders and the Company, the latter shall set up a website, incorporating the latest technologies, which shall be regulated in accordance with the provisions of the law and the Bylaws and with these Regulations. The following, inter alia, shall be included on this website, in accordance with the applicable provisions:</p> <ol style="list-style-type: none">1. the Corporate Bylaws;2. the Regulations of the Shareholders' Meeting and of the Board of Directors, the Internal Conduct Regulations and all other provisions on Corporate Governance;3. the quarterly reports for the financial year and the annual reports of the last two years, together with the reports of the external auditors;4. the Annual Corporate Governance Report prepared by the Board;5. the composition of the Board and of its Committees;6. shareholders identified with stable holdings, direct and indirect, and their representation on the Board, as well as all side agreements between shareholders which have in any way been reported to the Company and to the market;7. the shareholdings of each Board member;8. the information contained in presentations made to the different market operators and to analysts, intermediaries and significant shareholders;9. significant facts reported to the National Securities Market Commission;10. resolutions adopted at the most recent Shareholders' Meetings held, indicating in detail their composition and the result of votes;11. the current call to the next Shareholders' Meeting;	<p>Article 2. Company website</p> <p>As an instrument to ensure the transparency of corporate actions and at the same time to allow greater efficacy in the exercise by the shareholders of their rights, as well as to facilitate relations between the shareholders and the Company, the latter shall maintain a website, incorporating the latest technologies, which shall be regulated in accordance with the provisions of the law and the Bylaws and with these Regulations. The following, inter alia, shall be included on this website, in accordance with the applicable provisions:</p> <ol style="list-style-type: none">1. the Corporate Bylaws;2. the Regulations of the Shareholders' Meeting and of the Board of Directors, the Internal Code of Conduct and other provisions on corporate governance;3. quarterly reports for the year and annual reports for the last two years, together with reports by the external auditors;4. the Annual Corporate Governance Report prepared by the Board;5. the composition of the Board and of its Committees;6. shareholders identified with stable holdings, direct and indirect, and their representation on the Board, as well as all side agreements between shareholders which have in any way been disclosed to the Company and to the market;7. the shareholdings of each Board member;8. the information contained in presentations made to the different market operators and to analysts, intermediaries and significant shareholders;9. material facts notified to the National Securities Market Commission;10. resolutions adopted at the most recent Shareholders' Meetings held, indicating in detail their composition and the result of voting;11. the current call for the next Shareholders' Meeting;



<p>12. the information which must be made available to shareholders in the call notice of the Shareholders' Meeting;</p> <p>13. Responses to proposals and suggestions made by shareholders</p> <p>14. Communication channels between the Company and shareholders and pertinent explanations regarding the exercise of the right to information, indicating e-mail and postal addresses to which shareholders may address their questions.</p> <p>15. Means and procedures for granting proxies for Shareholders' Meetings, as well as means and procedures for casting votes remotely, with the forms approved for that purpose.</p> <p>Directors shall be responsible for keeping the information on the Company's website updated and for coordinating its contents with that of the public Registries in accordance with the provisions of the applicable law.</p>	<p>12. any information which must be made available to the shareholders along with the call notice for the Shareholders' Meeting;</p> <p>13. responses to proposals and suggestions made by shareholders;</p> <p>14. communication channels between the Company and the shareholders and the relevant explanations regarding the exercise of the right to information, indicating the postal and electronic mail addresses to which shareholders may send their questions.</p> <p>15. means and procedures for granting proxies for Shareholders' Meetings, as well as the means and procedures for casting votes remotely, with the ballots approved for doing so.</p> <p>16. the Shareholders' Electronic Forum, as provided in Article 8.4 of these Regulations.</p> <p>Directors shall be responsible for keeping the information on the Company website updated and for coordinating its content with that of the public Registries in accordance with the provisions of the applicable law.</p>
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4) The amendment of Article 3, "Powers of the Shareholders' Meeting", with a view to:

- a) updating the corporate name of the Company, which had not yet been amended in these Regulations;
- b) incorporating the catalog of powers of the Shareholders' Meeting expressly established for corporations in Article 160 LSC, thereby avoiding repetition with the previous wording of Article 3 of the Regulations;
- c) updating the references to the LSA with references to the LSC.

As a result, a proposal is made to amend Article 3 of the Regulations of the Shareholders' Meeting, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 3. Powers of the Shareholders' Meeting</p> <p>The Shareholders' Meeting, duly called and legally convened, represents all shareholders and exercises their powers and discharges their duties at the Company. Its resolutions, adopted in accordance with these Regulations</p>	<p>Article 3. Powers of the Shareholders' Meeting</p> <p>The Shareholders' Meeting, duly called and legally convened, represents all the shareholders and exercises the powers and discharges the duties corresponding to it at the Company. Its resolutions, adopted in</p>



<p>and the Corporate Bylaws, shall be binding on all shareholders, notwithstanding the statutory right of withdrawal. The Shareholders' Meeting shall have the power to adopt all resolutions specific to its status as the Company's sovereign body. In particular, and without limitation, it shall be responsible for:</p>	<p>accordance with these Regulations and the Corporate Bylaws, shall be binding on all shareholders, notwithstanding the statutory right of withdrawal. The Shareholders' Meeting shall have the power to adopt all resolutions specific to its status as the Company's sovereign body. In particular, and without limitation, it is responsible for:</p>
<p>a) approving the Financial Statements of Red Eléctrica de España, S.A. and the consolidated Financial Statements of Red Eléctrica de España, S.A. and its subsidiaries, the management of the Board of Directors and the proposal for the distribution of income or allocation of loss;</p>	<p>a) approving the financial statements of Red Eléctrica Corporación, S.A. and the consolidated financial statements of Red Eléctrica Corporación, S.A. and its subsidiaries, the conduct of management by the Board of Directors and the proposed distribution of income or allocation of loss;</p>
<p>b) appointing and removing Directors, ratifying or revoking appointments by co-optation and appointing and reelecting the Auditors;</p>	<p>b) appointing and removing Directors, (including ratification or revocation of appointments by co-optation), liquidators and auditors, as well as filing a corporate action for liability against any of them;</p>
	<p>c) resolving on the amendment of the Corporate Bylaws;</p>
	<p>d) resolving on capital increases and reductions;</p>
	<p>e) resolving on the removal or limitation of the preemptive right of subscription;</p>
	<p>f) resolving on an alteration of legal form, merger, spin-off or transfer en bloc of assets and liabilities, and transfer abroad of the registered office;</p>
	<p>g) resolving on the dissolution of the Company;</p>
	<p>h) approving on the final liquidation balance sheet;</p>
	<p>i) resolving on any other matters determined by the law, the Bylaws or these Regulations, in particular:</p>
<p>c) deciding on programs or authorizing transactions relating to treasury stock;</p>	<p>i) resolving on programs or authorizing transactions relating to treasury stock;</p>
<p>d) approving the establishment of Directors' compensation systems linked to share value;</p>	<p>ii) approving the establishment of Directors' compensation systems linked to share value;</p>
	<p>iii) resolving on the issue of debentures;</p>
<p>e) deciding on the issue of debentures, the increase or reduction of capital stock, the</p>	<p>iv) authorizing the Board of Directors to increase capital stock in accordance</p>



<p>reregistration, merger, spin-off or dissolution of the Company, and any amendment of the Corporate Bylaws;</p> <p>f) authorizing the Board of Directors to increase capital stock in accordance with the provisions of the Spanish Corporations Law;</p> <p>g) approving transactions whose effect is equivalent to the transformation of the corporate purpose or the liquidation of the Company.</p> <p>When exercising its powers, the Shareholders' Meeting shall not interfere with the powers and functions specific to the Board of Directors.</p>	<p>with the provisions of the Corporate Enterprises Law;</p> <p>v) approving transactions the effect of which is equivalent to the modification of the corporate purpose or the liquidation of the Company.</p> <p>In exercising its powers, the Shareholders' Meeting shall not interfere with the powers and functions specific to the Board of Directors.</p>
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5) The amendment of Article 5, "Call", with a view to:

- a) introducing the new manner of calling the Meeting through the Company website as established in Article 173 LSC, as amended by RDL 13/2010;
- b) bringing it into line with the literal wording of Article 174 LSC as regards the contents of call notices;
- c) making use of the greater flexibility offered by Article 175 LSC as regards the venue for holding Shareholders' Meetings.

As a result, a proposal is made to amend Article 5 of the Regulations of the Shareholders' Meeting, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 5. Call</p> <p>Both the Annual and the Special Shareholders' Meeting shall be called by the Board of Directors in a notice published in the Official Gazette of the Mercantile Registry and in one of the largest circulation newspapers in Madrid at least one month prior to the date set for the holding of the Meeting, although it shall seek to issue the call notice sufficiently in advance with a view to facilitating to the utmost the possibility of all shareholders planning for their participation.</p> <p>The call notice shall indicate the date of the</p>	<p>Article 5. Call</p> <p>Both the Annual and the Special Shareholders' Meetings shall be called by the Board of Directors by means of a notice published in the Official Gazette of the Mercantile Registry and on the Company website or, if none exists, in one of the largest circulation newspapers in the province where its registered office is situated at least one month prior to the date set for holding the Meeting, although it shall seek to call the Meeting sufficiently in advance with a view to making it as easy as possible for all the shareholders to be able to plan for their participation.</p> <p>The call notice shall state the name of the Company, the date and time of the Meeting</p>



meeting at first call, and the items included on the Agenda. The date for the second call may also be set. A minimum period of twenty four hours must elapse between the two calls. When a second call is not provided for and the Shareholders' Meeting cannot be held, the Meeting must be announced in the same way as the first call, within fifteen days from the date on which it was not held and at all times eight days prior to the holding of the second meeting. In the call notice the Board shall endeavor to indicate the probable date of holding the Meeting at first or second call.

Meetings shall be held at the registered office, unless the call notice expressly indicates another venue within the municipality where the corporate headquarters are located.

The call notice shall indicate the place and times at which shareholders may consult the documents which are to be submitted to their approval at the Shareholders' Meeting, notwithstanding the shareholder's right to ask to have such documents sent to him free of charge. The call notice of the Shareholders' Meeting shall also be posted on the Company's website and a copy shall be sent to the Stock Exchanges on which the shares are listed.

The Board shall make available to shareholders, on the terms indicated in the preceding paragraph, the complete wording of the resolutions to be adopted at the Shareholders' Meeting, where such is required by law and, in all other cases, provided that such is not prevented by imponderable circumstances. Insofar as permitted by law, the wording may be amended by decision of the Board of Directors where supervening circumstances so require, in which case the new wording shall be made available to shareholders in the same way or, should such not be possible, shall be detailed at the Meeting itself.

The Board must call a Special Shareholders' Meeting when shareholders holding five percent (5%) of the capital stock send a request stating reasons and describing the

on first call and the agenda on which the business to be transacted shall appear. The date for the second call may also be set. A minimum period of twenty-four hours must elapse between the two calls. Where a second call is not provided for and the Shareholders' Meeting cannot be held, the Meeting must be announced in the same way as the first call, within fifteen days from the date on which it was not held and at all times eight days prior to holding the second meeting. In the call notice the Board shall endeavor to indicate the probable date of holding the Meeting on first or second call.

Shareholders' Meetings shall be held in Spain at such venue as may be decided in each case by the Board of Directors, and as shall be duly indicated in the call notice.

The call notice shall indicate the place and times at which the shareholders may consult the documents which are to be submitted for their approval at the Shareholders' Meeting, notwithstanding their right to ask to have such documents sent to them free of charge. The call notice for the Shareholders' Meeting shall also be posted on the Company website and a copy shall be sent to the stock exchanges on which the shares are listed.

The Board shall make available to the shareholders, on the terms indicated in the preceding paragraph, the complete wording of the resolutions to be adopted at the Shareholders' Meeting, where so required by the Law and, in other cases, provided that it is not prevented by imponderable circumstances. Insofar as permitted by the Law, the wording may be amended by decision of the Board of Directors where supervening circumstances so require, in which case the new wording shall be made available to the shareholders in the same way or, should this not be possible, details shall be given at the Meeting itself.

The Board must call a Special Shareholders' Meeting when shareholders holding five percent of the capital stock send a request stating the reasons and describing the business to be transacted, which must relate to matters falling within the jurisdiction of the Shareholders' Meeting. In this case the Shareholders' Meeting must be called to be held within thirty days from the date on which



<p>items to be discussed, which must relate to matters which are within the powers of the Shareholders' Meeting. In this case the Shareholders' Meeting must be called to be held within thirty days from the date on which the Board of Directors was asked via notary to call it and the Agenda shall be drawn up by the Board of Directors, including the items indicated in the request in the manner which best suits the corporate interest.</p> <p>Shareholders representing at least five percent (5%) of the capital stock may request the publication of a supplement to the call to the Shareholders' Meeting, including one or more items on the Agenda. This right must be exercised via duly authenticated notice which must be received at the registered office within five days after the publication of the call notice.</p> <p>The supplement to the call notice must be published at least fifteen days prior to the date set for the holding of the Shareholders' Meeting. If included by the aforesaid shareholders in their request, the Board shall make available to shareholders the complete wording of the resolutions proposed on the same terms as those indicated above.</p> <p>Failure to publish the supplement to the call notice by the statutory deadline shall render the Shareholders' Meeting void.</p> <p>If the Shareholders' Meeting is not called by the Board of Directors, despite it being obliged to do so, it may be called, at the request of the shareholders and following a hearing of the Board, by the judge with jurisdiction over the registered office, who, if appropriate, shall designate the person who is to chair it.</p>	<p>the Board of Directors was asked by way of a notary to call it and it shall fall to the Board of Directors to draw up the agenda, including the items indicated in the request in the manner which best suits the interests of the Company.</p> <p>Shareholders representing at least five percent of the capital stock may request the publication of a supplement to the call notice for a Shareholders' Meeting, including one or more items on the agenda. This right must be exercised by giving duly authenticated notice which must be received at the registered office within five days after the publication of the call notice.</p> <p>The supplement to the call notice must be published at least fifteen days prior to the date set for holding the Shareholders' Meeting. If included by the aforesaid shareholders in their request, the Board shall make available to the shareholders the complete wording of the resolutions proposed on the same terms as indicated above.</p> <p>Failure to publish the supplement to the call notice by the statutory deadline shall be a ground for rendering the Shareholders' Meeting void.</p> <p>If the Shareholders' Meeting is not called by the Board of Directors despite it being required to do so, it may be called, at the request of the shareholders and with the Board having been given the opportunity to be heard, by the judge having jurisdiction over the Company's registered office who, if applicable, will appoint the person to chair the Meeting.</p>
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6) The amendment of Article 6, "Shareholders' rights", with a view to:

- a) updating the corporate name of the Company, which had not yet been amended in these Regulations;
- b) including the principle of equal treatment of shareholders provided for in Article 97 LSC, deriving from Article 50 *bis* LSA, introduced by Law 3/2009.

As a result, a proposal is made to amend Article 6 of the Regulations of the Shareholders' Meeting, so that it is worded as follows, with the amendments to the previous wording highlighted below:



Previous wording	Proposed new wording
<p>Article 6. Shareholders' rights</p> <p>6.1 List of rights</p> <p>The shareholders of Red Eléctrica de España, S.A. have, inter alia, the following rights:</p> <p>a) the right to a share in the distribution of corporate income and in the liquidation dividend;</p> <p>b) a preemptive right to subscribe to new shares or convertible debentures, unless such right has been duly excluded;</p> <p>c) the right to attend and vote at Shareholders' Meeting;</p> <p>d) the right to object to corporate resolutions and to demand, if appropriate, directors' liability;</p> <p>e) the right to information;</p> <p>f) the right to participate in corporate affairs.</p> <p>6.2 Exercise of rights</p> <p>Shareholders shall exercise their rights in the manner stipulated by law, in the Bylaws and in these Regulations.</p> <p>6.3 Limitations</p> <p>Shareholders' rights are subject to the limitations stipulated in Additional Provision No. 3 of Law 17/2007, of July 4, 2007 ("Law 17/2007") and in Article 34 of the Law governing the Electricity Industry, which limitations are also set forth in the current Bylaws.</p>	<p>Article 6. Shareholders' rights</p> <p>6.1 List</p> <p>The shareholders of Red Eléctrica Corporación, S.A. have, inter alia, the following rights:</p> <p>a) the right to a share in the distribution of corporate income and in the liquidation dividend;</p> <p>b) a preemptive right to subscribe new shares or convertible debentures, unless such right has been duly excluded;</p> <p>c) the right to attend and vote at Shareholders' Meetings;</p> <p>d) the right to object to corporate resolutions and to seek, if appropriate, directors' liability;</p> <p>e) the right to information;</p> <p>f) the right to participate in corporate affairs.</p> <p>The Company must afford equal treatment to shareholders who are on an equal footing.</p> <p>6.2 Manner of exercise</p> <p>Shareholders shall exercise their rights in the manner stipulated by the Law, in the Bylaws and in these Regulations.</p> <p>6.3 Limitations</p> <p>Shareholders' rights are subject to the limitations stipulated in Additional Provision No. 3 of Law 17/2007, of July 4, 2007 ("Law 17/2007") and in Article 34 of the Electricity Industry Law, and contained in the current Bylaws.</p>

- 7) The amendment of Article 8, "A shareholders' right to information", with a view to:
- a) updating the corporate name of the Company, which had not yet been amended in these Regulations;
 - b) changing the name of the "corporate liability report" (*informe social*) for the name used in practice: Annual Corporate Responsibility Report;
 - c) expressly including the "Report on the compensation of directors and senior executives" in light of the forthcoming approval of the Sustainable Economy Law,



which introduces certain new features into the LMV, including the preparation of this report, bearing in mind that the Company has been making this report available to the shareholders for a number of years now—even though there has been no legal obligation to do so—in line with its commitment to adopting corporate governance best practices;

- d) including the concept of the Shareholders' Electronic Forum, in accordance with Article 528 LSC, deriving from Article 117 LMV, as amended by Law 12/2010.

As a result, a proposal is made to amend Article 8 of the Regulations of the Shareholders' Meeting, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 8. A shareholder's right to information</p> <p>8.1 Supply of information to the shareholder</p> <p>Once the call to the Shareholders' Meeting has been published, the documentation and information related to the meeting Agenda, and at least the following documentation, shall be made available to shareholders, free of charge, both at the Shareholder Service Office and on the Company's website:</p> <p>a) call to the Shareholders' Meeting with the proposed resolutions and related reports of the Board of Directors;</p> <p>b) financial statements of Red Eléctrica de España, S.A., consolidated financial statements and the proposal for the distribution of income or allocation of loss;</p> <p>c) management report of Red Eléctrica de España, S.A. and consolidated management report for the fiscal year;</p> <p>d) audit reports on the consolidated financial statements and on the financial statements of Red Eléctrica de España, S.A.;</p> <p>e) annual Corporate Governance Report;</p> <p>f) corporate liability report, if any;</p> <p>g) environmental report, if any;</p> <p>h) any other report whose inclusion is obligatory or is determined by the Board of Directors.</p> <p>On the date on which the Shareholders' Meeting is held, the necessary documentation shall be furnished to shareholders at the venue</p>	<p>Article 8. Shareholders' right to information</p> <p>8.1 Supply of information to shareholders</p> <p>Once the call notice for a Shareholders' Meeting has been published, the documentation and information relating to the Meeting agenda, and at least the following documentation, shall be made available to the shareholders, free of charge, both at the Shareholder Information Office and on the Company website:</p> <p>a) call notice for the Shareholders' Meeting with the proposed resolutions and related reports of the Board of Directors;</p> <p>b) financial statements of Red Eléctrica Corporación, S.A., consolidated financial statements and the proposed distribution of income or allocation of loss;</p> <p>c) management report of Red Eléctrica Corporación, S.A. and consolidated management report for the fiscal year;</p> <p>d) auditors' reports on the consolidated financial statements and on the financial statements of Red Eléctrica Corporación, S.A.;</p> <p>e) Annual Corporate Governance Report;</p> <p>f) Annual Corporate Responsibility Report, if any;</p> <p>g) Environmental Report, if any;</p> <p>h) report on Directors' and senior executives' compensation;</p> <p>i) any other report the inclusion of which is</p>



<p>of the meeting.</p> <p>8.2 Request for information by a shareholder</p> <p>Shareholders may also request in writing, on the statutory terms, prior to the Shareholders' Meeting or orally during the Meeting, such documentation, reports or explanations as they deem relevant to the items included on the Agenda.</p> <p>Shareholders may also request information, clarifications or pose questions in writing concerning all publicly available information furnished by the Company to the National Securities Market Commission since the last Shareholders' Meeting was held.</p> <p>The Board of Directors must furnish the shareholders with the documentation requested unless, in the Chairman's opinion, it could jeopardize the corporate interests. This exception shall not apply when the request is supported by shareholders who represent at least one fourth of the capital stock.</p> <p>If the information requested cannot be provided at the Shareholders' Meeting itself, and may not be refused, the reports and documentation requested must be sent to the shareholders within seven days from the conclusion of the Shareholders' Meeting.</p> <p>8.3 A shareholder's enquiries</p> <p>Shareholders may pose questions in writing concerning publicly available information or information which has been reported to the relevant authorities.</p> <p>Shareholders may make their enquiries through the Shareholder Service Office, after furnishing proof of their identity as shareholders, subject to due verification. The Company shall disseminate such replies as it sees fit on the website, individually or collectively, and if the Board of Directors deems it appropriate the matters shall be addressed at the Shareholders' Meeting.</p>	<p>obligatory or is determined by the Board of Directors.</p> <p>On the date on which the Shareholders' Meeting is held, the necessary documentation shall be furnished to shareholders at the venue of the Meeting.</p> <p>8.2 Requests for information by shareholders</p> <p>Shareholders may also request in writing, on the terms established in the Law, prior to the Shareholders' Meeting or orally during the Meeting, such documentation, reports or clarifications as they deem relevant to the items on the agenda.</p> <p>Shareholders may also request information, clarifications or pose questions in writing concerning publicly available information furnished by the Company to the National Securities Market Commission since the last Shareholders' Meeting was held.</p> <p>The Board of Directors must furnish the shareholders with the documentation requested unless, in the Chairman's opinion, it could harm the interests of the Company. This exception shall not apply where the request is supported by shareholders who represent at least one fourth of the capital stock.</p> <p>If the information requested cannot be furnished at the Shareholders' Meeting itself, and may not be refused, the reports and documentation requested must be sent to the shareholders within seven days from the conclusion of the Shareholders' Meeting.</p> <p>8.3 Shareholders' inquiries</p> <p>Shareholders may pose questions in writing concerning publicly available information or information which has been disclosed to the relevant authorities.</p> <p>Shareholders may make their inquiries through the Shareholder Information Office, after furnishing proof of their identity as shareholders, subject to due verification. The Company shall disseminate such replies as it may decide on the website, individually or collectively, and if the Board of Directors deems it appropriate the matters shall be addressed at the Shareholders' Meeting.</p> <p>The Board of Directors shall be obliged to</p>
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<p>The Board of Directors shall be obliged to provide the appropriate response to these questions unless the publication of the information could jeopardize the corporate interests.</p> <p>Information may not be refused when the request is supported by shareholders who represent at least twenty five percent (25%) of the voting capital stock.</p>	<p>provide the appropriate response to these questions unless public disclosure of the information could harm the interests of the Company.</p> <p>Information may not be refused when the request is supported by shareholders who represent at least twenty-five percent of the voting capital stock.</p> <p>8.4 Shareholders' Electronic Forum</p> <p>While provided for in the legislation in force, and pursuant to the development of such legislation technically and legally, a Shareholders' Electronic Forum shall be set up on the Company website, and may be accessed with due safeguards by individual shareholders and by any voluntary associations that may be formed, with a view to facilitating their communication prior to the holding of Shareholders' Meetings. Proposals that are intended to be submitted as a supplement to the agenda announced in the call notice, requests for seconding such proposals, initiatives for achieving a sufficient percentage to exercise a minority right provided for in the law, or offers or solicitations for voluntary proxies, may be posted on the Forum. The Board of Directors of the Company shall determine the rules which are to govern, from time to time, the operation of the Forum set up for the Shareholders' Meeting, and which shall be publicly disclosed on the Company website.</p>
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- 8) The amendment of Article 9, "Right to attend", with a view to:
- a) updating the corporate name of the Company, which had not yet been amended in these Regulations;
 - b) updating the former term "capital calls" ("*dividendos pasivos*") with the new term relating to calls on "unpaid capital" ("*desembolsos pendientes*") used by the LSC.

As a result, a proposal is made to amend Article 9 of the Regulations of the Shareholders' Meeting, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 9. Right to attend</p> <p>The Shareholders' Meeting may be attended by those who are up to date on the payment of capital calls and who prove their ownership by</p>	<p>Article 9. Right to attend</p> <p>Shareholders may attend the Shareholders' Meeting if they are up to date in the payment of calls on unpaid capital and prove their</p>



<p>means of a certificate issued in their name in the accounting record of book entries at least five days before the date on which the Shareholders' Meeting is to be held.</p> <p>Shareholders shall ask the Entity in charge of the accounting record of book entries to issue the appropriate certificate of entitlement or equivalent document from the accounting record of book entries of the Company's securities, in order to obtain, where necessary, the appropriate attendance card from the Company.</p> <p>Attendance cards must be issued bearing the holder's name to shareholders who prove that their shares were entered in the accounting record at least five days prior to the first call. The Entity in charge of the accounting record must send Red Eléctrica de España, S.A., before the date set for the holding of the Shareholders' Meeting, the list of cards it has issued at the request of its respective clients. The examination of attendance cards shall commence two hours prior to the time set for the holding of the Shareholders' Meeting.</p> <p>Company Directors and managers must attend Shareholders' Meetings.</p> <p>In general, in order to promote the widest dissemination of information regarding the course of its meetings and the resolutions adopted, the media shall be allowed access to the Shareholders' Meeting. Furthermore, in order to facilitate such dissemination, the Meeting may be recorded in audiovisual form.</p>	<p>ownership, by means of a certificate issued in their name on the accounting record of book entries five days before the date on which the Meeting is to be held.</p> <p>Shareholders shall ask the Entity in charge of the accounting record to issue the appropriate certificate of entitlement or equivalent document from the accounting record of book entries of the Company's securities, in order to obtain, where necessary, the appropriate attendance card from the Company.</p> <p>Attendance cards must be issued bearing the holder's name to shareholders who prove that their shares were entered on the accounting record at least five days prior to the first call. The Entity in charge of the accounting record must send Red Eléctrica Corporación, S.A., before the date set for holding the Shareholders' Meeting, the list of cards it has issued at the request of its respective clients. The registration of attendance cards shall commence two hours prior to the time set for holding the Shareholders' Meeting.</p> <p>Company Directors and executives must attend Shareholders' Meetings.</p> <p>In general, in order to promote the widest dissemination of proceedings and the resolutions adopted, the media shall be allowed access to Shareholders' Meetings. Furthermore, in order to facilitate such dissemination, the Meeting may be recorded in audiovisual form.</p>
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9) The amendment of Article 11, "Quorum", with a view to:

- a) bringing it into line with the literal wording of Article 194 LSC (deriving from the former Article 103 LSA, as amended by Law 3/2009), as regards special quorums;
- b) updating the former term "capital calls" ("*dividendos pasivos*") with the new term relating to calls on "unpaid capital" ("*desembolsos pendientes*") used by the LSC.

As a result, a proposal is made to amend Article 11 of the Regulations of the Shareholders' Meeting, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 11.- Quorum</p> <p>The Shareholders' Meeting shall be validly convened at first call when the shareholders,</p>	<p>Article 11.- Quorum</p> <p>The Shareholders' Meeting shall be validly convened on first call when the shareholders,</p>



<p>present or represented, hold at least twenty five percent (25%) of the subscribed voting capital.</p> <p>At second call the Shareholders' Meeting shall be validly convened regardless of the capital present or represented therein.</p> <p>In order for the Annual or Special Shareholders' Meeting to be able to adopt validly a resolution for the increase or reduction of capital, the reregistration, merger or spin-off of the Company and, in general, any amendment of the Corporate Bylaws, shareholders holding at least fifty percent (50%) of the subscribed voting capital must be present or represented at first call. At second call the attendance or representation of twenty five percent (25%) of said capital shall be sufficient.</p> <p>When shareholders representing less than fifty percent (50%) of the subscribed voting capital are present or represented, the resolutions referred to in the previous paragraph may only be adopted validly with the affirmative vote of two thirds of the capital present or represented at the Shareholders' Meeting.</p> <p>Non-voting shares and those whose holders are not up to date on the payment of capital calls, shall not be counted as present at any Shareholders' Meeting.</p> <p>Shareholders entitled to attend and vote and who cast their votes absentee, in the manner provided for in Article 15.8 of these Regulations, must be counted as present for the purposes of convening the Shareholders' Meeting.</p>	<p>attending in person or by proxy, hold at least twenty-five percent of the subscribed voting capital stock.</p> <p>On second call the Shareholders' Meeting shall be validly convened regardless of the capital stock attending thereat.</p> <p>In order for an Annual or Special Shareholders' Meeting to be able to validly adopt a resolution for a capital increase or reduction or any other amendment of the Corporate Bylaws, the issue of debentures, the removal or limitation of the preemptive right of acquisition of new shares, or an alteration of legal form, merger, spin-off or transfer en bloc of assets and liabilities, or the transfer abroad of the registered office, shareholders holding at least 50 percent (50%) of the subscribed voting capital stock must attend in person or by proxy on first call. On second call, the attendance of 25 percent (25%) of said capital stock shall be sufficient.</p> <p>When shareholders representing less than fifty percent (50%) of the subscribed voting capital stock attend, the resolutions referred to in the previous paragraph may only be adopted validly with the affirmative vote of two thirds of the capital stock attending in person or by proxy at the Meeting.</p> <p>Non-voting shares and those whose holders are not up to date in the payment of calls on unpaid capital, shall not be counted as present at any Shareholders' Meeting.</p> <p>Shareholders entitled to attend and vote and who cast their votes remotely, in the manner provided for in Article 15.8 of these Regulations, must be counted as present for the purposes of convening the Shareholders' Meeting.</p>
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- 10) The amendment of Article 15, "Constitution, deliberation and adoption of resolutions", in relation to Article 15.5, "Debate", with a view to updating the references to Articles of the LSA with the corresponding Articles of the LSC.

As a result, a proposal is made to amend Article 15.5 of the Regulations of the Shareholders' Meeting, so that it is worded as follows, with the amendments to the previous wording highlighted below:



<i>Previous wording</i>	<i>Proposed new wording</i>
<p>15.5 Debate</p> <p>When the appropriate presentations have been concluded, the Chairman shall grant the floor to shareholders who asked to address the Meeting, directing and coordinating the debate, and seeking to follow the established Agenda, subject to the provisions of Articles 131 and 134 of the Spanish Corporations Law.</p> <p>The Chairman shall organize the manner in which replies are to be given to shareholders who have made any request or clarification in their oral presentation. In particular, he may decide that an overall reply be given to the speeches of shareholders at the end of their turn to speak.</p> <p>The Chairman may bring the debate to a close when the matter has, in his opinion, been sufficiently debated and shall immediately submit the proposed resolutions to a vote, each one being read by the Secretary. The reading of proposals may be summarized by decision of the Chairman, provided that the shareholders representing the majority of the subscribed voting capital present at the Shareholders' Meeting do not object to it.</p> <p>When exercising his powers to organize the course of the Shareholders' Meeting, and notwithstanding other actions, the Chairman may, whenever he deems it appropriate and having regard to the existing circumstances:</p> <ul style="list-style-type: none">(i) redistribute the time assigned to each shareholder;(ii) ask speakers to clarify or expand on the issues they have set forth;(iii) call shareholders addressing the Meeting to order so that they limit their speech to matters specific to the Shareholders' Meeting and refrain from making inappropriate comments;(iv) withdraw the use of the floor from speakers who abuse their right or have used up the time assigned;(v) expel from the premises those who are disorderly and disrupt the normal course of the Shareholders' Meeting, with the necessary auxiliary measures.	<p>15.5 Debate</p> <p>When the appropriate presentations have been concluded, the Chairman shall grant the floor to shareholders who have so requested, directing and coordinating the debate, and seeking to follow the established agenda, except as provided for in Articles 223.1 and 238 of the Corporate Enterprises Law.</p> <p>The Chairman shall organize the manner in which replies are to be given to shareholders who have made any request or clarification in their oral exposition. In particular, he may decide that a joint reply be given to the speeches of shareholders at the end of their turn to speak.</p> <p>The Chairman shall bring the debate to a close when the matter has, in his opinion, been sufficiently debated and the proposed resolutions shall be read by the Secretary. The reading of proposals may be summarized by decision of the Chairman, provided that the shareholders representing the majority of the subscribed voting capital present at the Shareholders' Meeting do not object to it.</p> <p>In exercising his powers to organize the proceedings of the Shareholders' Meeting, and notwithstanding other actions, the Chairman may, whenever he deems it appropriate and having regard to the existing circumstances:</p> <ul style="list-style-type: none">(i) redistribute the time assigned to each shareholder;(ii) ask speakers to clarify or expand on the issues they have set forth;(iii) call shareholders addressing the Meeting to order so that they limit their speech to matters specific to the Shareholders' Meeting and refrain from making inappropriate comments;(iv) withdraw the use of the floor from speakers who abuse their right or have used up the time assigned;(v) expel from the premises those who are disorderly and disrupt the normal proceedings of the Shareholders' Meeting, with the necessary ancillary measures.



- 11) The amendment of Article 16, “Minutes of the Shareholders’ Meeting and certificate”, with a view to updating the references to Articles of the LSA with the corresponding Articles of the LSC, and adapting its wording to reflect how the moment in time at which the corporate resolutions may be implemented is established in Articles 202 and 203 LSC.

As a result, a proposal is made to amend Article 16 of the Regulations of the Shareholders’ Meeting, so that it is worded as follows, with the amendments to the previous wording highlighted below:

<i>Previous wording</i>	<i>Proposed new wording</i>
<p>Article 16. Minutes of the Shareholders’ Meeting and certificate</p> <p>The matters debated and the resolutions adopted at Shareholders’ Meetings shall be recorded in Minutes, which may be approved by the Shareholders’ Meeting itself after it has been held or, otherwise, within fifteen days, by the Chairman of the Shareholders’ Meeting and two inspectors, one representing the majority and the other representing the minority.</p> <p>Regardless of the number of sessions in which the Shareholders’ Meeting is held, it shall be considered a single Shareholders’ Meeting and a single set of minutes shall be drawn up for all sessions.</p> <p>The Minutes approved in any of the foregoing forms shall be enforceable as from the date on which they are approved.</p> <p>If the Shareholders’ Meeting has been held in the presence of a Notary asked by the Board of Directors to draw up Minutes in accordance with Article 114 of the Corporations Law, the notarial Minutes shall be deemed to be the Minutes of the Shareholders’ Meeting and shall therefore not have to be approved.</p> <p>The Directors shall require a Notary to be present whenever this is requested by shareholders who represent at least one percent (1%) of the capital stock at least five days prior to the date set for the holding of the Shareholders’ Meeting.</p> <p>The Minutes shall be entered in the Company’s</p>	<p>Article 16. Minutes of the Shareholders’ Meeting and certificate</p> <p>The matters debated and the resolutions adopted at Shareholders’ Meetings shall be recorded in minutes, which may be approved by the Shareholders’ Meeting itself immediately after it has been held or, otherwise, within fifteen days, by the Chairman of the Shareholders’ Meeting and two tellers, one representing the majority and the other representing the minority.</p> <p>Regardless of the number of sessions over which the Shareholders’ Meeting is held, it shall be considered a single Shareholders’ Meeting and a single set of minutes shall be drawn up for all sessions.</p> <p>Corporate resolutions may be implemented as from the date of approval of the minutes recording them.</p> <p>If the Shareholders’ Meeting has been held in the presence of a notary required by the Board of Directors to draw up minutes in accordance with Article 203 of the Corporate Enterprises Law, the notarial minutes shall be regarded as the minutes of the Shareholders’ Meeting and shall therefore not have to be approved, and the resolutions recorded in them may be implemented as from the date of their completion.</p> <p>The Directors shall require a notary to be present whenever this is requested by shareholders who represent at least one percent of the capital stock five days prior to the date set for holding the Shareholders’ Meeting.</p> <p>The minutes shall be entered in the Company’s Minutes Book kept in accordance with the legal formalities.</p> <p>Resolutions adopted at Shareholders’</p>



<p>Minutes Book kept in accordance with the legal formalities.</p> <p>Resolutions adopted at Shareholders' Meetings, as recorded in the Minutes Book, shall be evidenced in the appropriate certificates issued in accordance with the provisions of the Law and of Chapter Three, Section Three and all other provisions of the Mercantile Registry Regulations.</p>	<p>Meetings, as recorded in the Minutes Book, shall be evidenced by the appropriate certificates issued in accordance with the provisions of the Law and of Chapter Three, Section Three and other provisions of the Mercantile Registry Regulations.</p>
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With a view to expediting voting at the Shareholders' Meeting and bearing in mind the nature of the proposed amendments, a proposal is made to group the proposed amendments into two blocks for their submission to and voting by the Shareholders' Meeting. The first block contains amendments that have the sole purpose of bringing the Regulations of the Shareholders' Meeting into line with the most recent legislative reforms from a technical and terminological standpoint, notwithstanding any other minor amendments of form or style to make the wording more precise. The second block consists solely of the amendment to the Article concerning calls for Shareholders' Meetings, since it is the only amendment proposed that goes beyond the corresponding adaptation as with the other block of amendments by taking advantage of the flexibility offered by the new Corporate Enterprises Law as regards the venue for holding Shareholders' Meetings.

4. APPROVAL OF THE REPORT

In light of all of the foregoing, and pursuant to the provisions of the Regulations of the Shareholders' Meeting, the Board of Directors issues this Report on the amendments to the Regulations of the Shareholders' Meeting.

In Madrid, on February 24, 2011.



II. PROPOSED AMENDMENTS.

PROPOSED RESOLUTIONS FOR THE AMENDMENT OF THE REGULATIONS OF THE SHAREHOLDERS' MEETING TO UPDATE THEIR PROVISIONS IN LIGHT OF CERTAIN LEGISLATIVE REFORMS RELATING TO CORPORATIONS: (ITEMS 7.1 AND 7.2 ON THE AGENDA FOR THE ANNUAL SHAREHOLDERS' MEETING)

It is resolved to propose to the Shareholders' Meeting the amendment of the Regulations of the Shareholders' Meeting as set forth in the report prepared by the Directors in accordance with Article 1 of the Regulations of the Shareholders' Meeting of the Company, which provides for a report from the Board of Directors to support such amendment, to be separately voted on in each block, as set out below:

One. Amendments of adaptation to the latest legislative reforms and other amendments of a formal or stylistic nature to make the wording of the Regulations of the Shareholders' Meeting more precise:

- A. To delete the introductory paragraph of the Regulations of the Shareholders' Meeting.
- B. To amend Article 1 ("Purpose and entry into force of the Regulations") as follows:

"Article 1.- Purpose and entry into force of the Regulations

These Regulations regulate the Shareholders' Meeting of Red Eléctrica Corporación, S.A., establishing the principles of its organization and operation and the rules which govern its legal and bylaw activity. They must be disseminated by the Board of Directors among the shareholders and the investing public and published on the Company website. They shall apply as from the first Shareholders' Meeting held following their approval.

They may be amended by the Shareholders' Meeting at the proposal of the Board of Directors, which shall attach a report justifying the amendment. The amendment of the Regulations shall require a majority of votes in accordance with the provisions of Article 17 of the Corporate Bylaws and Article 159 of the Corporate Enterprises Law."

- C. To amend Article 2 ("Company website") as follows:

"Article 2.- Company website

As an instrument to ensure the transparency of corporate actions and at the same time to allow greater efficacy in the exercise by the shareholders of their rights, as well as to facilitate relations between the shareholders and the Company, the latter shall maintain a website, incorporating the latest technologies, which shall be regulated in accordance with the provisions of the law and the Bylaws and with these Regulations. The following, inter alia, shall be included on this website, in accordance with the applicable provisions:

1. *the Corporate Bylaws;*
2. *the Regulations of the Shareholders' Meeting and of the Board of Directors, the Internal Code of Conduct and other provisions on corporate governance;*



3. *quarterly reports for the year and annual reports for the last two years, together with reports by the external auditors;*
4. *the Annual Corporate Governance Report prepared by the Board;*
5. *the composition of the Board and of its Committees;*
6. *shareholders identified with stable holdings, direct and indirect, and their representation on the Board, as well as all side agreements between shareholders which have in any way been disclosed to the Company and to the market;*
7. *the shareholdings of each Board member;*
8. *the information contained in presentations made to the different market operators and to analysts, intermediaries and significant shareholders;*
9. *material facts notified to the National Securities Market Commission;*
10. *resolutions adopted at the most recent Shareholders' Meetings held, indicating in detail their composition and the result of voting;*
11. *the current call for the next Shareholders' Meeting;*
12. *any information which must be made available to the shareholders along with the call notice for the Shareholders' Meeting;*
13. *responses to proposals and suggestions made by shareholders;*
14. *communication channels between the Company and the shareholders and the relevant explanations regarding the exercise of the right to information, indicating the postal and electronic mail addresses to which shareholders may send their questions;*
15. *the means and procedures for granting proxies for Shareholders' Meetings, as well as the means and procedures for casting votes remotely, with the ballots approved for doing so.*
16. *The Shareholders' Electronic Forum, as provided in Article 8.4 of these Regulations.*

Directors shall be responsible for keeping the information on the Company website updated and for coordinating its content with that of the public Registries in accordance with the provisions of the applicable law."

D. To amend Article 3 ("Powers of the Shareholders' Meeting") as follows:

"Article 3.- Powers of the Shareholders' Meeting

The Shareholders' Meeting, duly called and legally convened, represents all the shareholders and exercises the powers and discharges the duties corresponding to it at the Company. Its resolutions, adopted in accordance with these Regulations and the Corporate Bylaws, shall be binding on all shareholders, notwithstanding the statutory right of withdrawal. The Shareholders' Meeting shall have the power to



adopt all resolutions specific to its status as the Company's sovereign body. In particular, and without limitation, it is responsible for:

- a) approving the financial statements of Red Eléctrica Corporación, S.A. and the consolidated financial statements of Red Eléctrica Corporación, S.A. and its subsidiaries, the conduct of management by the Board of Directors and the proposed distribution of income or allocation of loss;*
- b) appointing and removing Directors, (including ratification or revocation of appointments by co-optation), liquidators and auditors, as well as filing a corporate action for liability against any of them;*
- c) resolving on the amendment of the Corporate Bylaws;*
- d) resolving on capital increases and reductions;*
- e) resolving on the removal or limitation of the preemptive right of subscription;*
- f) resolving on an alteration of legal form, merger, spin-off or transfer en bloc of assets and liabilities, and transfer abroad of the registered office;*
- g) resolving on the dissolution of the Company;*
- h) approving on the final liquidation balance sheet;*
- i) resolving on any other matters determined by the law, the Bylaws or these Regulations, in particular:*
 - i) resolving on programs or authorizing transactions relating to treasury stock;*
 - ii) approving the establishment of Directors' compensation systems linked to share value;*
 - iii) resolving on the issue of debentures;*
 - iv) authorizing the Board of Directors to increase capital stock in accordance with the provisions of the Corporate Enterprises Law;*
 - v) approving transactions the effect of which is equivalent to the modification of the corporate purpose or the liquidation of the Company.*

In exercising its powers, the Shareholders' Meeting shall not interfere with the powers and functions specific to the Board of Directors."

E. To amend Article 6 ("Shareholders' rights") as follows:

"Article 6.- Shareholders' rights

6.1 List

The shareholders of Red Eléctrica Corporación, S.A. have, inter alia, the following rights:



- a) *the right to a share in the distribution of corporate income and in the liquidation dividend;*
- b) *a preemptive right to subscribe new shares or convertible debentures, unless such right has been duly excluded;*
- c) *the right to attend and vote at Shareholders' Meetings;*
- d) *the right to object to corporate resolutions and to seek, if appropriate, directors' liability;*
- e) *the right to information;*
- f) *the right to participate in corporate affairs.*

The Company must afford equal treatment to shareholders who are on an identical footing.

6.2 Manner of exercise

Shareholders shall exercise their rights in the manner stipulated by the Law, in the Bylaws and in these Regulations.

6.3 Limitations

Shareholders' rights are subject to the limitations stipulated in Additional Provision No. 3 of Law 17/2007, of July 4, 2007 ("Law 17/2007") and in Article 34 of the Electricity Industry Law, and contained in the current Bylaws."

- F. To amend Article 8 ("A shareholder's right to information") as follows:

"Article 8.- Shareholders' right to information

8.1 Supply of information to shareholders

Once the call notice for a Shareholders' Meeting has been published, the documentation and information relating to the Meeting agenda, and at least the following documentation, shall be made available to the shareholders, free of charge, both at the Shareholder Information Office and on the Company website:

- a) *call notice for the Shareholders' Meeting with the proposed resolutions and related reports of the Board of Directors;*
- b) *financial statements of Red Eléctrica Corporación, S.A., consolidated financial statements and the proposed distribution of income or allocation of loss;*
- c) *management report of Red Eléctrica Corporación, S.A. and consolidated management report for the fiscal year;*
- d) *auditors' reports on the consolidated financial statements and on the financial statements of Red Eléctrica Corporación, S.A.;*
- e) *Annual Corporate Governance Report;*



- f) *Annual Corporate Responsibility Report, if any;*
- g) *Environmental Report, if any;*
- h) *report on Directors' and senior executives' compensation;*
- i) *any other report the inclusion of which is obligatory or is determined by the Board of Directors.*

On the date on which the Shareholders' Meeting is held, the necessary documentation shall be furnished to shareholders at the venue of the Meeting.

8.2 Requests for information by shareholders

Shareholders may also request in writing, on the terms established in the Law, prior to the Shareholders' Meeting or orally during the Meeting, such documentation, reports or clarifications as they deem relevant to the items on the agenda.

Shareholders may also request information, clarifications or pose questions in writing concerning publicly available information furnished by the Company to the National Securities Market Commission since the last Shareholders' Meeting was held.

The Board of Directors must furnish the shareholders with the documentation requested unless, in the Chairman's opinion, it could harm the interests of the Company. This exception shall not apply where the request is supported by shareholders who represent at least one fourth of the capital stock.

If the information requested cannot be furnished at the Shareholders' Meeting itself, and may not be refused, the reports and documentation requested must be sent to the shareholders within seven days from the conclusion of the Shareholders' Meeting.

8.3 Shareholders' inquiries

Shareholders may pose questions in writing concerning publicly available information or information which has been disclosed to the relevant authorities.

Shareholders may make their inquiries through the Shareholder Information Office, after furnishing proof of their identity as shareholders, subject to due verification. The Company shall disseminate such replies as it may decide on the website, individually or collectively, and if the Board of Directors deems it appropriate the matters shall be addressed at the Shareholders' Meeting.

The Board of Directors shall be obliged to provide the appropriate response to these questions unless public disclosure of the information could harm the interests of the Company.

Information may not be refused when the request is supported by shareholders who represent at least twenty-five percent of the voting capital stock.

8.4 Shareholders' Electronic Forum

While provided for in the legislation in force, and pursuant to the development of such legislation technically and legally, a Shareholders' Electronic Forum shall be set up on the Company website, and may be accessed with due safeguards by individual



shareholders and by any voluntary associations that may be formed, with a view to facilitating their communication prior to the holding of Shareholders' Meetings. Proposals that are intended to be submitted as a supplement to the agenda announced in the call notice, requests for seconding such proposals, initiatives for achieving a sufficient percentage to exercise a minority right provided for in the law, or offers or solicitations for voluntary proxies, may be posted on the Forum. The Board of Directors of the Company shall determine the rules which are to govern, from time to time, the operation of the Forum set up for the Shareholders' Meeting, and which shall be publicly disclosed on the Company website."

G. To amend Article 9 ("Right to attend") as follows:

"Article 9.- Right to attend

Shareholders may attend the Shareholders' Meeting if they are up to date in the payment of calls on unpaid capital and prove their ownership, by means of a certificate issued in their name in the accounting record of book entries five days before the date on which the Meeting is to be held.

Shareholders shall ask the Entity in charge of the accounting record to issue the appropriate certificate of entitlement or equivalent document from the accounting record of book entries of the Company's securities, in order to obtain, where necessary, the appropriate attendance card from the Company.

Attendance cards must be issued bearing the holder's name to shareholders who prove that their shares were entered on the accounting record at least five days prior to the first call. The Entity in charge of the accounting record must send Red Eléctrica Corporación, S.A., before the date set for holding the Shareholders' Meeting, the list of cards it has issued at the request of its respective clients. The registration of attendance cards shall commence two hours prior to the time set for holding the Shareholders' Meeting.

Company Directors and executives must attend Shareholders' Meetings.

In general, in order to promote the widest dissemination of proceedings and the resolutions adopted, the media shall be allowed access to Shareholders' Meetings. Furthermore, in order to facilitate such dissemination, the Meeting may be recorded in audiovisual form."

H. To amend Article 11 ("Quorum") as follows:

"Article 11.- Quorum

The Shareholders' Meeting shall be validly convened on first call when the shareholders, attending in person or by proxy, hold at least twenty-five percent of the subscribed voting capital stock.

On second call the Shareholders' Meeting shall be validly convened regardless of the capital stock attending thereat.

In order for an Annual or Special Shareholders' Meeting to be able to validly adopt a resolution for a capital increase or reduction or any other amendment of the Corporate Bylaws, the issue of debentures, the removal or limitation of the preemptive right of acquisition of new shares, or an alteration of legal form, merger,



spin-off or transfer en bloc of assets and liabilities, or the transfer abroad of the registered office, shareholders holding at least 50 percent (50%) of the subscribed voting capital stock must attend in person or by proxy on first call. On second call, the attendance of 25 percent (25%) of said capital stock shall be sufficient.

When shareholders representing less than fifty percent (50%) of the subscribed voting capital stock attend, the resolutions referred to in the previous paragraph may only be adopted validly with the affirmative vote of two thirds of the capital stock attending in person or by proxy at the Meeting.

Non-voting shares and those whose holders are not up to date in the payment of calls on unpaid capital, shall not be counted as present at any Shareholders' Meeting.

Shareholders entitled to attend and vote and who cast their votes remotely, in the manner provided for in Article 15.8 of these Regulations, must be counted as present for the purposes of convening the Shareholders' Meeting."

- I. To amend Article 15 ("Constitution, deliberation and adoption of resolutions") as follows:

"Article 15. Convening of meeting, deliberation and adoption of resolutions

15.1 Attendance list

Before discussing the first item on the agenda, the list of attendees shall be drawn up, indicating the nature or representation of each one and the number of shares, of their own or of others, with which they attend.

At the end of the list the number of shareholders attending in person or by proxy shall be determined, as well as the amount of capital stock they own, specifying that belonging to shareholders with voting rights, by way of summary, verified by the Secretary's Office.

The list of attendees may also be drawn up by means of a file or included on a computerized medium. In such cases the means used shall be recorded in the minutes and the appropriate identification note, signed by the Secretary and countersigned by the Chairman, shall be affixed to the sealed cover of the file or of the medium.

15.2 Calling the meeting to order

After the meeting is called to order, the Secretary shall read the information concerning the call and attendance on the basis of the list of attendees. In the light of the list of attendees the Chairman shall, if appropriate, declare the Shareholders' Meeting to be validly convened. If a notary asked by the Company to draw up the minutes of the Shareholders' Meeting is present, he shall ask the attendees whether there are any reservations or protests regarding the information concerning the attendance of shareholders and capital stock stated by the Chairman.

Any shareholder who expresses reservations must display his attendance card to the personnel assisting the Presiding Panel and, if appropriate, the attending notary.

Before opening the debate on the agenda, the Chairman shall ask shareholders who wish to address the Shareholders' Meeting to approach the personnel assisting the



Presiding Panel, displaying their attendance card, with a view to establishing the order in which they may take the floor.

15.3 Presentations

At the Annual Shareholders' Meeting, the Chairman shall inform the Shareholders' Meeting of the most significant aspects of the fiscal year and of the Board's proposals, and his presentation may be completed by persons authorized by him. The Chairman of the Audit Committee shall be at the disposal of the Shareholders' Meeting to answer such questions as may be raised thereat by the shareholders on the matters within its jurisdiction.

15.4 Request for information

While the Shareholders' Meeting is being held, shareholders may orally request such reports or explanations as they deem appropriate concerning the items on the agenda. If this right cannot be satisfied at that time, the Board of Directors must provide the information in writing within seven days after the holding of the Shareholders' Meeting.

Directors must provide the information requested except in cases in which, in the Chairman's opinion, the public disclosure of the information requested could harm the interests of the Company. Information may not be refused where the request is supported by shareholders who represent at least twenty-five percent (25%) of the capital stock.

15.5 Debate

When the appropriate presentations have been concluded, the Chairman shall grant the floor to shareholders who have so requested, directing and coordinating the debate, and seeking to follow the established agenda, except as provided for in Articles 223.1 and 238 of the Corporate Enterprises Law.

The Chairman shall organize the manner in which replies are to be given to shareholders who have made any request or clarification in their oral exposition. In particular, he may decide that a joint reply be given to the speeches of shareholders at the end of their turn to speak.

The Chairman shall bring the debate to a close when the matter has, in his opinion, been sufficiently debated and the proposed resolutions shall be read by the Secretary. The reading of proposals may be summarized by decision of the Chairman, provided that the shareholders representing the majority of the subscribed voting capital stock present at the Shareholders' Meeting do not object to it.

In exercising his powers to organize the proceedings of the Shareholders' Meeting, and notwithstanding other actions, the Chairman may, whenever he deems it appropriate and having regard to the existing circumstances:

- (i) redistribute the time assigned to each shareholder;*
- (ii) ask speakers to clarify or expand on the issues they have set forth;*



- (iii) *call shareholders addressing the Meeting to order so that they limit their speech to matters specific to the Shareholders' Meeting and refrain from making inappropriate comments;*
- (iv) *withdraw the use of the floor from speakers who abuse their right or have used up the time assigned;*
- (v) *expel from the premises those who are disorderly and disrupt the normal proceedings of the Shareholders' Meeting, with the necessary ancillary measures.*

15.6 Temporary adjournment

- (i) *Exceptionally, if disturbances occur which substantially disrupt the orderly progress of the meeting, or any other extraordinary circumstance arises which temporarily prevents the normal proceedings of the Shareholders' Meeting, the Chairman of the Shareholders' Meeting may resolve the adjournment of the session for such period of time as he deems adequate, under no circumstances exceeding two hours, in order to seek to reestablish the conditions necessary for its continuation. The Chairman of the Shareholders' Meeting shall take such additional measures as he deems appropriate to guarantee the security of those present and to avoid the repetition of circumstances which could again disrupt the orderly progress of the meeting.*
- (ii) *If, after the meeting is resumed, the situation which gave rise to the adjournment persists, the Chairman may, after consulting the Presiding Panel of the Shareholders' Meeting, resolve an extension for the following day. If the resolution regarding the extension is, for any reason, not adopted by the Presiding Panel, the Chairman shall immediately bring the session to a close.*

15.7 Extension

- (i) *At the proposal of the Chairman, after consulting the Presiding Panel, or at the request of shareholders who represent at least one fourth of the capital stock present at the Shareholders' Meeting, those attending may decide to extend its sessions for one or more consecutive days.*
- (ii) *After the holding of the Shareholders' Meeting has been extended, it shall not be necessary at successive sessions to repeat compliance with the requirements stipulated by the Law or in the Corporate Bylaws in order for it to be validly convened. If any shareholder included on the list of attendees drawn up at the beginning of the meeting subsequently fails to attend successive sessions, the majorities necessary for the adoption of resolutions shall continue to be those determined at the sessions having regard to information derived from that list.*

15.8 Vote

Each share confers the right to one vote pursuant to the Bylaws, subject to the limitations contained therein in accordance with the mandate under the Electricity Industry Law and under Additional Provision No. 3 of Law 17/2007.



The Chairman shall put to a separate vote those matters which are substantially independent, so that the shareholders can express their voting preferences separately. In particular, the following shall be put to a separate vote:

- (i) the appointment, ratification or removal of each Director; and*
- (ii) in the event of an amendment of the Bylaws, each Article or group of Articles which are substantially independent.*

The Chairman shall decide on the most appropriate method for voting in each case, which he shall announce publicly at the Shareholders' Meeting sufficiently in advance of the vote.

However, the following deductive methods may be adopted to expedite voting:

- (i) In the vote on the Board's proposals relating to items included on the agenda, to treat as votes for those of all shares present, except for votes against, blank votes and any abstentions which were expressly declared by notification to the Secretary of the Shareholders' Meeting, or, if appropriate, to the notary present at the Meeting, in such manner as may be decided by the Chairman.*
- (ii) In the vote on proposed resolutions relating to items not included on the agenda or alternative proposals to those of the Board, to treat as votes against those of all shares present, except for votes for, blank votes and any abstentions which were expressly declared by notification to the Secretary of the Shareholders' Meeting, or, if appropriate, to the notary present at the Meeting, in such manner as may be decided by the Chairman.*

In the foregoing two cases, the declaration or casting of votes by notification to the Secretary or, if appropriate, to the notary, may be done individually in relation to each of the items on the agenda, or collectively for some or all of them. The Secretary shall furnish the Chairman with the list of the scrutineers drawn up together with the notary, if the latter was involved, with the result of the vote on each proposal. The list of votes counted must record all votes, indicating the voter's identity, the capacity in which he cast the vote (shareholder or proxy-holder) and whether he voted for or against or, if appropriate, his abstention. The notary, if any, shall record this in the minutes in the same way.

Shareholders entitled to attend and vote may cast their vote on the proposals relating to items included on the agenda by postal or electronic correspondence or by any other means of remote communication, provided that the identity of the individual exercising his right to vote is duly guaranteed, in accordance with the provisions of the applicable legislation, as well as of the Corporate Bylaws, the Regulations of the Shareholders' Meeting and such supplemental rules and rules implementing the aforementioned Regulations as may be approved by the Board of Directors.

Votes by postal correspondence shall be cast by sending the Company a document in which the vote is recorded, accompanied by the attendance card issued by the entity or entities in charge of keeping the record of book entries or, if appropriate, by the Company.

Votes by electronic communication shall be cast using a recognized electronic signature or such other kind of safeguard as the Board of Directors considers suitable



to ensure the authenticity and the identity of the shareholder exercising the right to vote.

Any vote cast by any of the means described in the previous two paragraphs must be received by the Company before midnight (24:00) on the day immediately prior to that set for holding the Shareholders' Meeting on first call. Otherwise, the vote shall be deemed not to have been cast.

The Board of Directors, having regard to the technical and legal bases making it possible and duly guaranteeing the identity of the individual exercising his right to vote, is authorized to implement the foregoing provisions by establishing the appropriate rules, means and procedures according to the state of the art with a view to instrumenting the casting of votes and the grant of proxies by electronic means, in compliance with any legislation which may be made for this purpose.

In particular, the Board of Directors may regulate the use of alternative safeguards to the electronic signature for the casting of an electronic vote and reduce the advance period for the Company's receipt of votes cast by postal or electronic correspondence or by any other means of remote communication, in accordance with the provisions of the previous paragraphs.

In any event the Board of Directors shall take the necessary measures to avoid duplications and to ensure that the person who cast the vote was duly entitled to do so in accordance with the provisions of Article 15 of the Corporate Bylaws.

Any implementing provisions adopted by the Board of Directors under the provisions of this Article, as well as the means, procedures and forms established for granting a proxy and exercising the right to vote remotely shall be posted on the Company website.

Personal attendance at the Shareholders' Meeting by the shareholder or by his proxy-holder shall constitute the revocation of the vote cast by postal or electronic correspondence or by any other means of remote communication.

15.9 Adoption of resolutions

Resolutions shall be adopted by a majority of the votes, unless the Law requires a greater majority.

Closing of the meeting

Once all the items on the agenda have been debated and any relevant voting held, the Chairman shall bring the Meeting to a close."

- J. To amend Article 16 ("Minutes of the Shareholders' Meeting and certificate") as follows:

"Article 16. Minutes of the Shareholders' Meeting and certificate

The matters debated and the resolutions adopted at Shareholders' Meetings shall be recorded in minutes, which may be approved by the Shareholders' Meeting itself immediately after it has been held or, otherwise, within fifteen days, by the Chairman of the Shareholders' Meeting and two tellers, one representing the majority and the other representing the minority.



Regardless of the number of sessions over which the Shareholders' Meeting is held, it shall be considered a single Shareholders' Meeting and a single set of minutes shall be drawn up for all sessions.

Corporate resolutions may be implemented as from the date of approval of the minutes recording them.

If the Shareholders' Meeting has been held in the presence of a notary required by the Board of Directors to draw up minutes in accordance with Article 203 of the Corporate Enterprises Law, the notarial minutes shall be regarded as the minutes of the Shareholders' Meeting and shall therefore not have to be approved, and the resolutions recorded in them may be implemented as from the date of their completion.

The Directors shall require a notary to be present whenever this is requested by shareholders who represent at least one percent of the capital stock five days prior to the date set for holding the Shareholders' Meeting.

The minutes shall be entered in the Company's Minutes Book kept in accordance with the legal formalities.

Resolutions adopted at Shareholders' Meetings, as recorded in the Minutes Book, shall be evidenced by the appropriate certificates issued in accordance with the provisions of the Law and of Chapter Three, Section Three and other provisions of the Mercantile Registry Regulations."

Two. Amendment of the Regulations of the Shareholders' Meeting not only to adapt them to the latest legislative reforms, but also to add flexibility to the venue for holding Shareholders' Meetings:

To amend Article 5 ("Call") as follows:

"Article 5. Call

Both the Annual and the Special Shareholders' Meetings shall be called by the Board of Directors by means of a notice published in the Official Gazette of the Mercantile Registry and on the Company website or, if none exists, in one of the largest circulation newspapers in the province where its registered office is situated at least one month prior to the date set for holding the Meeting, although it shall seek to call the Meeting sufficiently in advance with a view to making it as easy as possible for all the shareholders to be able to plan for their participation.

The call notice shall state the name of the Company, the date and time of the Meeting on first call and the agenda on which the business to be transacted shall appear. The date for the second call may also be set. A minimum period of twenty-four hours must elapse between the two calls. Where a second call is not provided for and the Shareholders' Meeting cannot be held, the Meeting must be announced in the same way as the first call, within fifteen days from the date on which it was not held and at all times eight days prior to holding the second meeting. In the call notice the Board shall endeavor to indicate the probable date of holding the Meeting on first or second call.



Shareholders' Meetings shall be held in Spain at such venue as may be decided in each case by the Board of Directors, and as shall be duly indicated in the call notice.

The call notice shall indicate the place and times at which the shareholders may consult the documents which are to be submitted for their approval at the Shareholders' Meeting, notwithstanding their right to ask to have such documents sent to them free of charge. The call notice for the Shareholders' Meeting shall also be posted on the Company website and a copy shall be sent to the stock exchanges on which the shares are listed.

The Board shall make available to the shareholders, on the terms indicated in the preceding paragraph, the complete wording of the resolutions to be adopted at the Shareholders' Meeting, where so required by the Law and, in other cases, provided that it is not prevented by imponderable circumstances. Insofar as permitted by the Law, the wording may be amended by decision of the Board of Directors where supervening circumstances so require, in which case the new wording shall be made available to the shareholders in the same way or, should this not be possible, details shall be given at the Meeting itself.

The Board must call a Special Shareholders' Meeting when shareholders holding five percent of the capital stock send a request stating the reasons and describing the business to be transacted, which must relate to matters falling within the jurisdiction of the Shareholders' Meeting. In this case the Shareholders' Meeting must be called to be held within thirty days from the date on which the Board of Directors was asked by way of a notary to call it and it shall fall to the Board of Directors to draw up the agenda, including the items indicated in the request in the manner which best suits the interests of the Company.

Shareholders representing at least five percent of the capital stock may request the publication of a supplement to the call notice for a Shareholders' Meeting, including one or more items on the agenda. This right must be exercised by giving duly authenticated notice which must be received at the registered office within five days after the publication of the call notice.

The supplement to the call notice must be published at least fifteen days prior to the date set for holding the Shareholders' Meeting. If included by the aforesaid shareholders in their request, the Board shall make available to the shareholders the complete wording of the resolutions proposed on the same terms as indicated above.

Failure to publish the supplement to the call notice by the statutory deadline shall be a ground for rendering the Shareholders' Meeting void.

If the Shareholders' Meeting is not called by the Board of Directors despite it being required to do so, it may be called, at the request of the shareholders and with the Board having been given the opportunity to be heard, by the judge having jurisdiction over the Company's registered office who, if applicable, will appoint the person to chair the Meeting.