



RED ELÉCTRICA
CORPORACIÓN

Board of Directors

10 March 2015

Ordinary General Shareholders' Meeting:
Report on the proposal for ratifying and appointing a
proprietary director



1. Justification and background facts

On 29 July 2014, the Company's Board of Directors unanimously adopted the following resolution, among others:

In accordance with the provisions of Articles 244, of the Spanish Companies Act (Ley de Sociedades de Capital), 21 and 24 of the Company By-laws, and 7, 16, 19, 20 and 21 of the Board of Directors' Regulations, to appoint as a proprietary director of Red Eléctrica Corporación, S.A., Mr Santiago Lanzuela Marina, on behalf of the Spanish State's industrial holding company, (Sociedad Estatal de Participaciones Industriales ("SEPI")), until the first General Meeting is held, in order to cover the existing vacancy on the Board of Directors, which arises as a result of the resignation presented by Mr José Ángel Partearroyo Martín from the post of proprietary director on behalf of SEPI, to which he was appointed, for a term of four years, by means of a resolution of the Ordinary General Shareholders' Meeting held on 9 May 2014. This resignation was accepted by the Board of Directors at the same meeting held on 29 July 2014, in accordance with the proposal issued by SEPU and with the report issued by the Governance and Corporate Responsibility Committee".

Pursuant to the provisions of Article 529 *decies*, 6 of the Spanish Companies Act (Ley de Sociedades de Capital) ("LSC"), and Articles 16, 19 and 21 of the Regulation of the Board of Directors, the proposals of the appointment of the proprietary directors, including by co-optation, will be approved by the Board of Directors, subject to prior report by the Appointments and Remuneration Committee (Governance and Corporate Responsibility Committee, according to the name employed until now under the Company's corporate rules) and in the event that they are appointed by co-optation, they will exercise their posts until the date of the meeting of the General Shareholders' Meeting, which may ratify them or appoint other directors.

Given that it is envisaged that at the meeting on 10 March 2015, the Board of Directors will call the Company's Ordinary General Shareholders' Meeting corresponding to the 2014 financial year, given that the validity of the mandate as director of Mr Lanzuela Marina ends on the date that said General Meeting will be held, scheduled for 14 and 15 April 2015 (at first and second call, respectively), it is necessary for the Board of Directors to submit to the next General Meeting the proposal for the ratification and appointment as proprietary director of Mr Santiago Lanzuela Marina. This will be subject to a prior analysis of the corresponding legal circumstances and conditions and those established in the Company's corporate rules, and in view of the report of the Governance and Corporate Responsibility Committee.



In this regard it is worth pointing out that the Governance and Corporate Responsibility Committee, at a meeting held in March 2015, had issued a favourable report to the Board of Directors in relation to the proposed ratification and appointment of Mr Santiago Lanzuela Marina as a proprietary director of Red Eléctrica Corporación, S.A. on behalf of SEPI for a term of four years as established in the Company By-laws, in order to be submitted to the Ordinary General Shareholders' Meeting.

To comply with the provisions of paragraphs 4 and 5 of Article 529 decies of the LSC, the Board of Directors prepared this report and proposed ratification and appointment of Mr Santiago Lanzuela Marina as a member of the Company's Board of Directors as proprietary director acting on behalf of SEPI, in order to be submitted to the next Ordinary General Shareholders Meeting.

2. Analysis of the profile of the proposed director

In order to prepare this report, the Board of Directors once again followed the procedure established in the corporate rules for appointing proprietary directors and analysed the corporate criteria established by the Governance and Corporate Responsibility Committee and by the Board to define the profile and the requirements that they consider appropriate to perform the post of Company director; it also bore in mind the favourable report issued by the Governance and Corporate Responsibility Committee at the meeting held in March 2015, in which it evaluated the circumstances, experience and professional profile of the current proprietary director, Mr Lanzuela Marina, prior to approving this report and making the corresponding proposed ratification and appointment of said individual as the proprietary director, on behalf of SEPI, in order to be submitted to the Ordinary General Shareholders' Meeting.

Having analysed the *curriculum vitae* of the proprietary director, Mr Lanzuela Marina (*which is attached as an annex to this report and proposal*) the Board of Directors, in accordance with the report prepared by the Governance and Corporate Responsibility Committee, considers that the profile of the proposed director continues to be appropriate to cover the vacancy that will arise on the date that the next General Meeting will be held, and that it meets the requirements established in the Board of Directors' Regulations and in the LSC for performing the post of proprietary director. E highlight below some of the main aspects of his *curriculum vitae*.

The director was born on 27 September 1948 in the city of Teruel. His extensive academic and professional experience as an Economist stands out. He holds a degree in Economics and Business. He is a Spanish civil servant. He was an adjunct profession at the School of Economics at the University of Valencia. He was also head



of the Spanish Cooperation Mission in Nicaragua and Director of International Technical Cooperation of the Spanish Ministry of Labour. He has chaired the Aragon Institute of Public Works and the European Centre of Companies and Innovation of Aragon. He was Regional Minister of Economy and Finance of the Government of Aragon, President of the Autonomous Community of Aragon, Chairman of the Economy and Finance Committee of the Senate and Vice-chairman of Congress' Foreign Affairs Committee. Additionally, as a Member of Parliament of the IX Legislature (2008-2011) he was Promoter of the "Sub-committee for analysing the Spanish energy strategy over the next 25 years". He was the national member of Parliament, Chairman of the Economy and Competiveness Committee until 28 July 2014, which is when he resigned from said posts.

After summarising his professional background the Board of Directors underscored his extensive professional training and experience in the economic and tax arena, the energy sector and in institutional relationships, in particular with the Administration and regulatory bodies. It likewise pointed out his considerable international experience and also in managing teams in the public sector, as a result of the responsibilities he has had over the course of his professional trajectory.

3. Category assigned to the director

Of the information held by the Board, and in view of the current legislation and the Board of Directors' Regulations, Mr Lanzuela Marina should be classified as proprietary director on behalf of SEPI, likewise responding to the demands required by said Board of Directors' Regulations in Article 7.2.b and in the LSC, in Article 529 *duodecies* paragraph 3.

Prior to his appointment Mr Lanzuela Marina must renew his declaration that he does not fall under any legal, regulatory or corporate rule incompatibilities, in order to perform his post as the Company's proprietary director..

4. Favourable report and the proposed ratification and appointment

Consequently, having concluded the analysis, and notwithstanding the necessary renewal of the formal declaration made by Mr Lanzuela Marina regarding the non-existence of incompatibilities for exercising the post of proprietary director, the Board of Directors considers that Mr Lanzuela Marina continues to meet the conditions needed to adapt to the ideal profile so as to carry out the post of proprietary director on the



Company's Board of Directors, therefore it draws up a favourable report in relation to his proposed ratification and appointment as proprietary director, in order to be submitted to the Ordinary General Shareholders' Meeting.

In view of the above report, and pursuant to the provisions of Article 529 *decies*, paragraphs 4 and 5 of the LSC, in Article 24 of the Company's By-laws and in Articles 7, 16, 19 and 21 of the Board of Directors' Regulations, the following proposed resolution was raised to the Ordinary General Shareholders' Meeting:

To ratify the appointment of the individual, Mr Santiago Lanzuela Marina, as proprietary director of Red Eléctrica Corporación, S.A., on behalf of SEPI, which was agreed by the Board of Directors at the meeting held on 29 July 2014, and consequently proceed to appoint him as proprietary director on behalf of SEPI for a term of four years as established in the Company By-laws, in accordance with the provisions of Article 529 decies of the LSC and in reports issued by the Board of Directors and the Governance and Corporate Responsibility Committee.



Annex 1 (*Curriculum vitae*)

Santiago Lanzuela Marina, born on 27 September 1948.

Degree in Economics and Business.

Spanish Civil Servant.

He previously acted as:

Adjunct professor at the School of Economics and Business at the University of Valencia (1971-1973).

Head of the Spanish mission for Technical Cooperation in Nicaragua (1974-1976).

Director of International Technical Cooperation Programs at the Spanish Ministry of Labour (1976-1981).

Advisor to the Chairman of the Ibero-American Cooperation Institute (*Instituto de Cooperación Iberoamericana*)(1982).

Head of the Inspection Service of National Wealth (*Servicio de Inspección del Patrimonio Nacional*) (1987).

Regional Minister of Economy and Finance of the Government of Aragon (1989-1993).

Founder and Chairman of the Aragon Institute of Public Works (*Instituto Aragonés de Fomento*) (1990).

Chairman of the European Centre of Business and Innovation of Aragon (*Centro Europeo de Empresas e Innovación de Aragón*) (1992).

Member of the Aragón Parliament (1991-1999).

President of the Autonomous Community of Aragón (1995-1999).

Senator of the Autonomous Community of Aragón. Chairman of the Economy and Finance Committee of the Senate (1999-2000).

Member of Parliament, Chairman of the Economy and Finance Committee of Congress (2000-2004).

Member of Parliament, Member of the Permanent Delegation, Vice-Chairman of the Foreign Affairs Committee and Member of the Public Works Committee (2004-2008).

Member of Parliament, Member of the Permanent Delegation, Vice-Chairman of the Foreign Affairs Committee and Member of the Public Works Committee, Member of the Territorial Administration Committee. Promoter of the "Sub-committee for analysing the Spanish energy strategy over the next 25 years" (2008-2011).

Member of Parliament. Chairman of the Economy and Competiveness Committee, Member of the Foreign Affairs Committee and Member of the Public Works Committee,



and Member of the Spanish Delegation on the Parliamentary Assembly of the Organisation for Security and Cooperation in Europe (2011-28.7.2014).