



RED
ELÉCTRICA
CORPORACIÓN

Board of Directors

23 February 2016

Annual General Meeting of
Shareholders:

Report on proposed reelection as an
independent director of Mrs. Carmen
Gómez de Barreda Tous de Monsalve



1. Explanation and background

On 19 April 2012 the Annual General Meeting of Shareholders of the company adopted, inter alia, the following resolution:

"To appoint Mrs. Carmen Gómez de Barreda Tous de Monsalve as an independent director of Red Eléctrica Corporación, S.A. for the term of four years set in the Bylaws".

Given the fact that the aforesaid term will end at the next Annual General Meeting of Shareholders, it is necessary to submit for consideration of the Board, if applicable for referral to the next General Meeting, the proposed re-election as an independent director of Mrs. Gómez de Barreda.

As provided in article 529 decies, subsection 4, of the Spanish Corporate Enterprise Act (Ley de Sociedades de Capital, or "LSC"), and articles 16, 19 and 21 of the Board Regulations, proposals for appointment of independent directors, including such appointments made by co-option, are to be approved by the Appointments and Remuneration Committee (still called the Corporate Governance and Responsibility Committee in the Board Regulations).

Given the fact that it is contemplated that, in the meeting of 23 February 2016, the Board of Directors will call the Annual General Meeting of Shareholders of the company corresponding to the 2015 financial year, and bearing in mind that the term of office as a Director of Mrs. Gómez de Barreda ends on the date the aforesaid General Meeting is to be held, contemplated for 14 and 15 April 2016 (on first and second call, respectively), it is necessary to report the corresponding proposal for re-election as an independent director of Mrs. Carmen Gómez de Barreda, made by the Appointments and Remuneration Committee at a meeting held on 17 February 2016 and, if applicable, submit it to the next Annual General Meeting of Shareholders, in accordance with the provisions of article 529 decies, subsection 5, of the LSC, in this report evaluating the competence, experience and merits of the proposed director.

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

2. Ideal profile of the director and initial request for lists of candidates

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



The aforesaid profile agreed by the Committee and the Board of Directors as initial values for analysis of the director candidate considers the business experience and experience on boards of directors and other governing bodies of public or private entities, on boards of directors of listed companies, financial experience and experience in financial markets, as well as the energy sector and management of human resources and management teams, as well as knowledge of languages.

In accordance with article 15.3 of the Board Regulations, the Appointments and Remuneration Committee has been able to evaluate candidates and consider the suggestions of the directors for filling the vacancy on the Board that will occur at the next Annual General Meeting of Shareholders, with the goal of the Committee being in a position to submit a proposal to the Board of Directors. Finally, the Committee on 17 February 2016 formally referred the proposal for appointment as an independent director of Mrs. Carmen Gómez de Barreda Tous de Monsalve to the Board, as it found her profile to be appropriate for her to fill the independent director vacancy, after analysis of the applicable legal and corporate rules.

3. Career within the company, professional profile and evaluation of circumstances

The director joined the company's Board four years ago, by resolution of the Annual General Meeting of Shareholders held on 19 April 2012. Thus she now completes her first term as a director thereof. Her second term will begin now, if ultimately re-elected by the General Meeting.

The director has held the following positions on the Committees of the Board of Directors:

- Member of the Appointments and Remuneration Committee (from 26 April 2012 to 26 May 2015, the date on which she became the chairperson of that Committee).
- Lead independent director (since 28 May 2013, a position she continues to hold today).
- Chairwoman of the Appointments and Remuneration Committee (since 26 May 2015, a position she continues to hold today).

Regarding her professional profile (her detailed CV may be found on the corporate website www.ree.es), we would note that Mrs. Gómez de Barreda, born in 1968, has a degree in Economics and Business from the Universidad Pontificia de Comillas (ICADE) and a master's degree in Business Administration from IESE (Executive MBA), Universidad de Navarra. She currently is General Manager of Corporación de Reservas Estratégicas de Productos Petrolíferos (CORES).

The director has served, inter alia, as the head of the cogeneration area of the Marketing Department of Enagás, the head of the international, petrochemical and marketing areas of Repsol, Services Development Manager of Unión Fenosa, Deputy Director of Petroleum



Markets with the National Energy Commission (Comisión Nacional de Energía, or "CNE"), Institutional Relations and Communications Manager of BP Oil España, representative of the Spanish delegation on the Emergency Matters Group and the Markets Group of the International Energy Agency (IEA).

After review of her professional career, both within and outside the company, the Committee in the first place greatly appreciates the contribution and dedication of the director over the last 4 years in the performance of her functions as an independent director, both on the Board of Directors itself and on the Appointments and Remuneration Committee (first as a member and then as the Chairwoman), especially in her functions as lead independent director, in her organisation of the common positions of the external directors, especially independent directors, and her serving as a channel of communication between those positions and the chairman of the Board of Directors, the Board itself and its committees.

Notable in 2015 was her role in the coordination and encouragement of the process of separation of the positions of chairman of the Board of Directors and CEO, and her recent participation in the visits made to proxy advisors (road shows).

The Committee values the broad experience of the director in senior management positions with entities, both public and private, in the energy sector, in particular the electricity sector. Of great value is her broad experience in the management of senior management teams, both domestically and internationally, having served in various senior positions such as Assistant Director of Petroleum Markets with the National Energy Commission, Director of Institutional Relations for BP Oil España and head of the International, Petrochemical and Marketing areas for Repsol.

Her career reveals her experience in the area of strategic business management. It is also worth noting her fit in the institutional relations area, in particular with the Government and regulatory agencies.

This professional career qualifies Mrs. Gomez de Barreda for the Board of Directors of Red Eléctrica Corporación, S.A. It complements its professional capacity and knowledge, and strengthens the diversity of the professional profile of its members, in particular as regards experience in the field of institutional relations, especially with the Administration and regulatory agencies.

4. Category assigned to the director

From the information available to the Board of Directors, and in view of current legislation and the Board of Directors Regulations, Mrs. Gómez de Barreda without doubt can be classified as an independent director, since she is not affected by any of the incompatibilities contemplated in the LSC and the Board Regulations. Regarding the time limit of twelve years established in article 7 of the Board Regulations and in article 529 duodecies of the LSC, for serving as an



independent director, it is not in conflict with the new proposal for re-election as an independent director of Mrs. Gómez de Barreda.

Having analysed the professional career of the director, the Board of Directors, in accordance with the proposal made by the Appointments and Remuneration Committee, concludes that it fits the director profile determined by the Committee, also satisfying the requirements of impartiality, objectivity, professional prestige, recognised solvency, competence and experience deriving from the LSC and the Board of Directors Regulations, in order to serve in the position as an independent director.

The objective of protecting the interests of minority shareholders, represented on the Board by all of the independent directors, will be strengthened by the director's qualities.

On the other hand, after analysing the profile, skills and experience of Mrs. Gómez de Barreda and rating her career very highly, the Board believes that it has fulfilled the responsibility established in article 16.I. l) of the Board Regulations, to see to it that gender diversity is considered when filling new vacancies on the Board, in line with the best international corporate governance practices.

Before her appointment Mrs. Gómez de Barreda must renew her declaration that she is not affected by legal, regulatory or corporate rule incompatibilities for her service as an independent director of the company.

5. Favourable report on the re-election proposal

Accordingly, the analysis having been concluded, and without prejudice to the required renewal of the formal declaration of Mrs. Gómez de Barreda as to the absence of incompatibilities for serving as an independent director, the Board of Directors concludes that Mrs. Gómez de Barreda continues to satisfy the conditions required to fit the ideal profile for serving in the position of an independent director on the Board of Directors of the company.

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

To re-elect Mrs. Carmen Gómez de Barreda Tous de Monsalve, on proposal of the Appointments and Remuneration Committee and after a report of the Board of Directors, as an independent director of Red Eléctrica Corporación, S.A., for the term of four years fixed in the Bylaws, in accordance with the provisions of article 529 decies of the Spanish Corporate Enterprise Act.