

**COMISIÓN NACIONAL DEL
MERCADO DE VALORES**

Área de Mercados
Edison, 4
28046 MADRID

Madrid, 13 November 2014

Dear Sir,

In accordance with the provisions of article 82 of the Spanish Securities Markets Law, we hereby notify you of the following RELEVANT EVENT:

Red Eléctrica Internacional, a wholly owned subsidiary of Red Eléctrica Corporación, and the Plurinational State of Bolivia have reached a definitive agreement regarding compensation for the nationalisation of Transportadora de Electricidad (TDE) carried out on 1 May 2012.

This agreement calls for USD 65.3 million in compensation for the company's shares. The overall amount of net payment obligations held on the balance sheets of these companies at the time of nationalisation, which amounts to USD 28.8 million, must be deducted from this total amount. The compensation paid will therefore be USD 36.5 million.

The completion of this transaction entails clauses that are customary in agreements of this type, such as the resolution of any previous dispute, agreement not to request greater compensation for claims or contingencies in the future, and indemnity for the decisions taken up until this date. This agreement also calls for immediate payment in US dollars within a maximum of five days.

The impact of this transaction on the REE Group's profit amounts to approximately EUR 52 million, mainly due to the fact that the REE Group had recognised provisions for its entire ownership interest in TDE.

Although this agreement was a possibility, there was a sufficiently high level of uncertainty such that the consequences of this event were not considered in the projected profit for 2014 which the REE Group reported in its results releases for the year.

Yours faithfully,

Signed: Juan Lasala Bernad