



**REPSOL**

**REPSOL INTERNATIONAL FINANCE B.V.**

*(A private company with limited liability incorporated under the laws of The Netherlands and having its statutory seat in The Hague)*

**EURO 10,000,000,000**

**Guaranteed Euro Medium Term Note Programme**

**Guaranteed by**

**REPSOL, S.A.**

*(A sociedad anónima organised under the laws of the Kingdom of Spain)*

On 5 October 2001, Repsol International Finance B.V. and Repsol, S.A. entered into a euro 5,000,000,000 Guaranteed Euro Medium Term Note Programme (the **Programme**) and issued a base prospectus in respect thereof. The maximum amount of the Programme was increased from euro 5,000,000,000 to euro 10,000,000,000 on 2 February 2007. Further base prospectuses describing the Programme were issued on 21 October 2002, 4 November 2003, 10 November 2004, 2 February 2007, 28 October 2008, 23 October 2009, 25 October 2010, 27 October 2011, 25 October 2012, 17 October 2013, 30 May 2014, 22 September 2015, 26 September 2016 and 30 May 2017. With effect from the date hereof, the Programme has been updated. Any Notes (as defined below) to be issued on or after the date hereof under the Programme are issued subject to the provisions set out herein, save that Notes which are to be consolidated and form a single series with Notes issued prior to the date hereof will be issued subject to the terms and conditions of the Notes applicable on the date of issue for the first tranche of Notes of such series. Subject as aforesaid, this does not affect any Notes issued prior to the date hereof.

Under the Programme, Repsol International Finance B.V. (the **Issuer**), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Guaranteed Euro Medium Term Notes guaranteed by Repsol, S.A. (the **Guarantor**) (the **Notes**). The aggregate nominal amount of Notes outstanding will not at any time exceed euro 10,000,000,000 (or the equivalent in other currencies), subject to increase as provided herein. Notes issued under the Programme will be unconditionally and irrevocably guaranteed by the Guarantor.

Application has been made to the *Commission de Surveillance du Secteur Financier (CSSF)* in its capacity as the competent authority for the purpose of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended (the **Prospectus Directive**) and relevant implementing measures in Luxembourg for approval of this base prospectus (the **Base Prospectus**) as a base prospectus issued in compliance with the Prospectus Directive and *loi relative aux prospectus pour valeurs mobilières du 10 juillet 2005* (the Luxembourg law on prospectuses for securities of 10 July 2005), as amended by the Luxembourg law of 3 July 2012 (the **Luxembourg Act**) for the purpose of giving information with regard to the issue of the Notes under the Programme described in this Base Prospectus during the period of twelve months after the date of approval of this Base Prospectus. The CSSF assumes no responsibility as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in line with the provisions of article 7(7) of the Luxembourg Act. This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. For the purposes of the Transparency Directive 2004/109/EC, the Issuer has selected Luxembourg as its 'home member state'. The 'home member state' of the Guarantor for such purposes is Spain.

Application has also been made to the Luxembourg Stock Exchange for the Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market (which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended (**MiFID II**)) and to be listed on the official list of the Luxembourg Stock Exchange. Application may also be made for such Notes to be listed and admitted to trading on such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer and the Guarantor. Unlisted Notes may also be issued pursuant to the Programme. According to the Luxembourg Act, the CSSF is not competent for approving prospectuses for the listing of money market instruments having a maturity at issue of less than 12 months and complying with the definition of securities.

Notice of the aggregate amount of the Notes, interest (if any) payable in respect of the Notes and the issue price of the Notes, which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in the relevant Final Terms (as defined in "*General Description of the Programme*" below). Such Final Terms will also specify whether or not such Notes will be listed on the official list of the Luxembourg Stock Exchange (or any other market) and admitted to trading on the regulated market thereof (or any such other market).

The Notes and the Guarantee (as defined below) will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and the Notes may not be offered or sold in the United States of America (the **United States** or **U.S.**) or to U.S. persons or for the account or benefit of a U.S. person (as such term is defined in Regulation S of the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Series (as defined in "*General Description of the Programme*" below) of Notes will be represented on issue by a temporary global note in bearer form (each a **Temporary Global Note**) or a permanent global note in bearer form (each a **Permanent Global Note**) and together with the Temporary Global Note, the **Global Notes**). If the Global Notes are stated in the applicable Final Terms to be issued in new global note (NGN) form, the relevant clearing systems will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility and, if so, will be delivered on or prior to the original issue date of the Tranche (as defined in "*General Description of the Programme*" below) to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**).

Global Notes that are not issued in NGN form (**Classic Global Notes** or **CGNs**) may (or, in the case of Notes listed on the official list of the Luxembourg Stock Exchange, will) be deposited on the issue date of the Tranche to a common depository on behalf of Euroclear and Clearstream, Luxembourg (the **Common Depository**). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Overview of Provisions Relating to the Notes while in Global Form*" below.

Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A list of rating agencies registered under Regulation (EC) No 1060/2009 (the **CRA Regulation**) can be found at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

**Prospective investors should have regard to the factors described under the section headed "Risk Factors" on pages 7 to 22 in this Base Prospectus.**

Arranger  
**BofA Merrill Lynch**

Dealers  
**Credit Agricole CIB**  
**Deutsche Bank**  
**Goldman Sachs International**  
**HSBC**  
**J.P.Morgan**  
**Mizuho Securities**  
**Morgan Stanley**

**Banca IMI**  
**Banco Bilbao Vizcaya Argentaria, S.A.**  
**Barclays**  
**BNP PARIBAS**  
**BofA Merrill Lynch**  
**CaixaBank, S.A.**  
**Citigroup**

**MUFG**  
**Natixis**  
**NatWest Markets**  
**Santander**  
**Société Générale Corporate & Investment Banking**  
**UBS Investment Bank**  
**UniCredit Bank**

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## IMPORTANT NOTICES

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of each of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

In this Base Prospectus, **Repsol**, the **Repsol Group**, the **Group** and the **Company** refers to Repsol, S.A. together with its consolidated subsidiaries, unless otherwise specified or the context otherwise requires, and the **Guarantor** refers to Repsol, S.A. only.

This Base Prospectus is to be read in conjunction with all the documents that are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). Any websites included in this Base Prospectus are for information purposes only and do not form part of the Base Prospectus.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers or the Arranger (each as defined in “*General Description of the Programme*”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Guarantor or Repsol since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer, the Guarantor or Repsol since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer, the Guarantor, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act and include Notes in bearer form that are subject to U.S. tax law requirements. The Notes are being offered and sold by the Dealers outside the United States to non-U.S. persons in accordance with Regulation S of the Securities Act. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on the distribution of this Base Prospectus, see “*Subscription and Sale*” below.

This Base Prospectus may only be used for the purposes for which it has been published.

To the fullest extent permitted by law, none of the Dealers, the Arranger or the Trustee accepts any responsibility for the contents of this Base Prospectus or for any other statement made or purported to be made by the Arranger, the Trustee or a Dealer or on its behalf in connection with the Issuer, the Guarantor, or the issue and offering of the Notes. The Arranger, the Trustee and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, offer or invitation by any of the Issuer, the Guarantor, the Dealers or the Arranger to any recipient of this Base Prospectus or any financial statements to subscribe for or purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial position or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to **U.S.\$** and **U.S. dollars** are to the lawful currency/units of currency of the United States; references to **£** or **Sterling** are to the lawful currency for the time being of the United Kingdom; and references to **€** and **euro** are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

### **FORWARD-LOOKING STATEMENTS**

This Base Prospectus includes forward-looking statements that reflect the Group's intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the markets in which the Group operates or intends to operate. Forward-looking statements involve all matters that are not historical fact. These and other forward-looking statements can be identified by the words "may", "will", "would", "should", "expect", "intend", "estimate", "anticipate", "project", "future", "potential", "believe", "seek", "plan", "aim", "objective", "goal", "strategy", "target", "continue" and similar expressions or their negatives. These forward-looking statements are based on numerous assumptions regarding the Group's present and future business and the environment in which the Group expects to operate in the future. Forward-looking statements may be found in sections of this Base Prospectus entitled "*Risk Factors*", "*Information on the Guarantor and the Group*", in the consolidated management reports that are incorporated by reference in this Base Prospectus (the **Consolidated Management Reports**) and elsewhere in this Base Prospectus.

These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions and other factors that could cause the Group's actual results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans or opportunities, as well as those of the markets the Group serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements.

Additional factors that could cause the Group's actual results, financial condition, liquidity, performance, prospects, opportunities or achievements or industry results to differ include, but are not limited to, those discussed under "*Risk Factors*".

In light of these risks, uncertainties and assumptions, the forward-looking events described in this Base Prospectus may not occur. Additional risks that the Group may currently deem immaterial or that are not presently known to the Group could also cause the forward-looking events discussed in this Base Prospectus not to occur. Except as otherwise required by Dutch, Spanish, Luxembourg and other applicable securities laws and regulations and by any applicable stock exchange regulations, the Group undertakes no obligation to update publicly or revise publicly any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Base Prospectus. Given the uncertainty inherent in forward-looking statements, prospective investors are cautioned not to place undue reliance on these statements.

## HYDROCARBON AND GAS RESERVES CAUTIONARY STATEMENT

Hydrocarbon and gas reserves and resource estimates are expressions of engineering and economic analysis and interpretation based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely affect the Group's operations. See also "*Risk Factors—Risks Relating to the Issuer and/or the Guarantor—Operational risks—Oil and gas reserves estimation*".

## CERTAIN TECHNICAL TERMS

As used in this Base Prospectus:

“**boe**” refers to barrels of oil equivalent;

“**k**” prefix means thousand;

“**m**” prefix means million;

“**/d**” or “**d**” suffix means per day; and

“**scf**” refers to standard cubic feet.

## SUPPLEMENTS TO THE BASE PROSPECTUS

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to the Luxembourg Act, the Issuer shall prepare and make available an appropriate supplement to this Base Prospectus or a further base prospectus, which, in respect of any subsequent issue of Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, shall constitute a **Supplement to the Base Prospectus**, as required by the Luxembourg Act.

## ALTERNATIVE PERFORMANCE MEASURES

The financial data incorporated by reference in this Base Prospectus, in addition to the conventional financial performance measures established by International Financial Reporting Standards as adopted by the European Union (**IFRS-EU**), contains certain alternative performance measures (such as adjusted net income, EBITDA, etc.) (**APMs**) that are presented for the purposes of a better understanding of Repsol's financial performance, cash flows and financial position, as these are used by Repsol when making operational or strategic decisions for the Group. The relevant metrics are identified as APMs and accompanied by an explanation of each such metric's components and calculation method in “Appendix I: Alternative performance measures” to the “Consolidated Management Report 2017” and the “Consolidated Management Report 2016” and in “Appendix II - Alternative Performance Measures” to the Interim Management Report for the first six months of 2018, which are incorporated by reference in this Base Prospectus.

Such measures should not be considered as a substitute for those required by IFRS-EU.

## PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / target market** – The Final Terms in respect of any Notes will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore** - Unless otherwise stated in the applicable Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products/capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products/Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## BENCHMARK REGULATION

Amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate (**EURIBOR**) or the London Interbank Offered Rate (**LIBOR**) which are administered by the European Money Markets Institute (**EMMI**) and ICE Benchmark Administration Limited (**ICE**), respectively. As at the date of this Base Prospectus, ICE does appear and EMMI does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the **BMR**). As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply such that EMMI is not currently required to obtain authorisation or registration.

## RISK FACTORS

*Prospective investors should carefully consider all the information set forth in this Base Prospectus, the applicable Final Terms and any documents incorporated by reference into this Base Prospectus, as well as their own personal circumstances, before deciding to invest in any Notes. Prospective investors should have particular regard to, among other matters, the considerations set out in this section of this Base Prospectus.*

*Each of the Issuer and the Guarantor believes that each of the following risk factors, many of which are beyond the control of the Issuer and the Guarantor or are difficult to predict, may materially affect its financial position and its ability to fulfil its obligations under Notes issued under the Programme. Neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. In addition, there may be other factors that a prospective investor should consider that are relevant to its own particular circumstances or generally.*

*Risk factors that are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Each of the Issuer and the Guarantor believes that the risk factors described below represent the principal risk factors inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons, which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus, including the descriptions of the Issuer and the Guarantor, as well as the documents incorporated by reference, and reach their own views prior to making any investment decisions.*

*Before making an investment decision with respect to any Notes, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances.*

*Words and expressions defined in "Term and Conditions of the Notes" shall have the same meanings in this section.*

### **1. Risk Factors relating to the Issuer and/or the Guarantor**

The risk factors set out below are applicable to the Issuer as a member of the Repsol Group, and the Guarantor.

#### **OPERATIONAL RISKS**

*Uncertainty in the current economic context.*

In the current environment, although global growth remains strong, downside risks are increasing.

On the one hand, the threat that a trade war results in slowing global growth has gained prominence. In September 2018, the dispute between the U.S. and China intensified with the imposition of tariffs on a much larger number of goods. A protectionist turn would not only reduce international trade but also affect cross-border investment flows and confidence so that the final outcome for activity could be long-lasting. In addition, over the short term this could raise inflation, which may prompt a less accommodating monetary policy. In any event, there is still room for the ongoing negotiations to succeed.

On the other hand, the recent strengthening of the dollar and the normalisation of U.S. monetary policy are resulting in tighter global financial conditions and causing problems for certain emerging countries that rely

heavily on external financing. Although there has been no contagion, with markets discriminating between the most vulnerable countries and those with good fundamentals, the increase in uncertainty and the deterioration of financial conditions may end up weighing down activity.

Finally, there are certain risks that could have a particularly relevant impact for the Euro zone, such as the Brexit negotiations, the political tensions in Catalonia and the fiscal plans of the new government in Italy which include a sharp increase in borrowing. These risks could affect investor confidence, which in turn would result in an increase in financing costs in the affected areas and a weakening of growth.

With regard to oil prices, the scenario envisaged by the International Energy Agency is of a relatively stable market for the remainder of 2018 and much of 2019, which would keep prices at or near current prices. In terms of associated risks, lower-than-expected demand or substantially higher production from countries like Saudi Arabia or Russia could lower prices. However, the biggest risks identified by the market are now the significant production decline of Venezuela, the re-imposition of sanctions on Iran and the saturation of the capacity of Permian output pipelines in Texas, which could curtail the production boom seen in the region in recent years, and which is not expected to be resolved until the second half of 2019.

The economic and financial situation could have a negative impact on Repsol and on third parties with which Repsol conducts or could conduct business. Any of the factors described above, whether in isolation or in combination with each other, could have an adverse effect on the financial position, business, or results of operations of Repsol.

#### ***Climate change.***

Repsol is exposed to possible changes in the regulatory framework for greenhouse gas emissions arising from either its industrial operations or the use of its products.

Also, following the Paris Agreement (an agreement within the United Nations Framework Convention on Climate Change), each country's commitments under their respective National Determined Contributions will have a significant impact on climate policies. The agreement is another step toward a low-emissions economy in which a more sustainable model for companies will be crucial.

Repsol's assets are subject to risks arising from physical changes caused by climate change and risks deriving from the rising level of the sea, changes in precipitation patterns, changes in extreme temperatures or droughts, or an even more frequent occurrence of extreme meteorological phenomena (cyclones, hurricanes, etc.). Repsol is present in areas that are liable to suffer these effects.

Further, changes in consumers' behaviour as they seek out less carbon-intensive products could also affect Repsol's competitiveness if it fails to adapt to these changes.

Repsol and the oil and gas industry in general are exposed to adverse trends of opinion that may affect the Guarantor's share price. Initiatives that promote disinvestment in fossil fuel extraction companies to reduce the impact of their products on climate change may affect the shareholding base of the Guarantor.

Any of the above could have an adverse impact on the competitiveness, business, financial position and results of operations of the Repsol Group.

#### ***Fluctuations in international prices of crude oil and reference products and in demand, due to factors beyond Repsol's control.***

World oil prices have fluctuated greatly in recent years and are driven by international supply and demand factors over which Repsol has no control.



International product prices are influenced by the price of crude oil and the demand for such products. Also, international prices of crude oil and products affect the refining margin. International oil prices and demand for crude oil may also fluctuate significantly during economic cycles.

Reductions in oil prices negatively affect Repsol's profitability and the value of its assets and its plans for investment may have to change due to the delay, renegotiation or cancellation of projects. Likewise, any significant drop in capital investment could have an adverse effect on Repsol's ability to replace its crude oil reserves. Any such fluctuations in international prices of crude oil and reference products as well as demand could have an adverse impact on the business, financial position and results of operations of the Repsol Group.

### ***Regulatory and tax framework of Repsol's operations.***

The oil industry is subject to extensive regulation and intervention by governments in *Upstream* activities such as the award of exploration and production permits, the imposition of specific drilling and exploration obligations, restrictions on production, price controls, divestments of assets, foreign currency controls, and the nationalisation, expropriation or cancellation of contractual rights. Repsol's Upstream activities are described in "*Information on the Guarantor and the Group—Business overview—Upstream*".

Likewise, in *Downstream*, oil refining and petrochemical activities, in general, are subject to extensive government regulation and intervention in matters such as safety and environmental controls. Repsol's Downstream activities are described in "*Information on the Guarantor and the Group—Business overview—Downstream*".

Finally, the energy sector, and particularly the oil industry, is subject to a unique tax framework. In *Upstream* activities it is common to see specific taxes on profit and production, and with respect to *Downstream* activities, the existence of taxes on product consumption is also common.

Repsol cannot predict changes to such laws or regulations or their interpretation, or the implementation of certain policies. Any such changes could have an adverse impact on the business, financial position and results of operations of the Repsol Group.

### ***Repsol is subject to extensive environmental and safety legislation.***

Repsol is subject to extensive environmental and safety regulations in all the countries in which it operates. These regulations affect, among other matters, Repsol's operations, environmental quality standards for products, air emissions and climate change, energy efficiency, extraction technologies, water discharges, remediation of soil and groundwater and the generation, storage, transportation, treatment and final disposal of waste materials and safety.

As a result of Repsol's acquisition on 8 May 2015 of Repsol Oil & Gas Canada, Inc. (**ROGCI**), formerly Talisman Energy, Inc., Repsol has increased its activity in unconventional hydrocarbons. From an environmental and social standpoint, concern over the environmental impact of exploring for and producing these types of resources could prompt governments and authorities to approve new regulations or impose new requirements on their development. If so, it could have an adverse impact on the financial position, business, or results of operations of Repsol.

Repsol cannot predict changes to such laws or regulations or their interpretation, or the implementation of certain policies. Any such laws, regulations or policies or changes thereto could have an adverse impact on the business, financial position and results of operations of the Repsol Group.

### ***Operating risks related to exploration and exploitation of hydrocarbons, and reliance on the cost-effective acquisition or discovery of, and, thereafter, development of, new oil and gas reserves.***

Oil and gas exploration and production activities are subject to particular risks, many of which are beyond Repsol's control. These activities are exposed to production, facilities and transportation risks, errors or

inefficiencies in operations management, purchasing processes and supply from contractors, natural hazards and other uncertainties relating to the physical characteristics of oil and gas fields, and their decommissioning. Furthermore, oil and gas exploration and development projects are complex in terms of their scale and by their very nature are susceptible to delays in execution and cost overruns with respect to initially-approved budgets. In addition to these risks, some of the Group's development projects are located in deep waters, mature areas and other difficult environments such as the Gulf of Mexico, Alaska, the North Sea, Brazil and the Amazon rainforest, or in complex oilfields, which could aggravate these risks further. Moreover, any means of transport of hydrocarbons implies inherent risks: during road, rail, maritime or pipe transportation, hydrocarbons or other hazardous substances may be spilled. This is a significant risk due to the potential impact a spill could have on the environment and on people, especially considering the high volume of products that can be carried at any one time. Should these risks materialise, Repsol may suffer major losses, interruptions to its operations and harm to its reputation.

Moreover, Repsol depends on the replacement of depleted oil and gas reserves with new proven reserves in a cost-effective manner for subsequent production to be economically viable. Repsol's ability to acquire or discover new reserves is, however, subject to a number of risks. For example, drilling may involve negative results, not only with respect to dry wells, but also with respect to wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs are taken into account. In addition, Repsol generally faces intense competition in bidding for exploratory blocks, in particular those blocks offering the most attractive potential reserves. Such competition may result in Repsol's failing to obtain the desirable blocks, or acquiring them at a higher price, which could render subsequent production economically unviable.

If Repsol fails to acquire or discover, and, thereafter, develop new oil and gas reserves in a cost-effective manner, or if any of the aforementioned risks were to materialise, its business, financial position and results of operations could be significantly and adversely affected.

#### ***Operating risks related to industrial businesses and marketing of oil products.***

The refining, chemical, trading, and production and distribution activities related to oil derivative products and liquefied petroleum gas (**LPG**) are exposed to risks which are inherent to their activities, and are related to the products' specific characteristics (flammability and toxicity), their use (including that of clients), emissions resulting from the production process (such as greenhouse gas effects), as well as the materials and waste used (dangerous waste, as well as water and energy management), which might impact health, safety, and the environment. Repsol's industrial assets (refineries, regassing plants, warehouses, ports, ducts, sea vessels, cistern trucks, service stations, etc.) are exposed to accidents such as fires, explosions, leaks of toxic products, as well as large-scale contaminating environmental incidents. Accidents may cause death and injury to employees, contractors and residents in surrounding areas, as well as damage to the assets and property owned by Repsol as well as third parties.

*Downstream* activities take place in a highly competitive environment. Refining and commercialisation margins may be affected by a number of factors, such as low demand arising from a deterioration in the economic situation of the countries in which Repsol's *Downstream* division operates, the high price of crude oil and other raw materials, the trends of production-related energy costs and other commodities, excess refining capacity in Europe, and the growing competition from refineries in areas such as Russia, the Middle East, East Asia, and the U.S., whose production costs are lower. Commercial businesses compete with international hydrocarbons industry operators as well as with other non-oil entities (supermarket chains as well as other commercial operators) to acquire or open service stations. Repsol's service stations mainly compete based on price, service, and the availability of non-oil products.

If any of these risks materialise, the activities of Repsol, its operational results and financial position could be significantly and adversely affected.

### ***Location of reserves.***

Parts of the oil and gas reserves of Repsol are located in countries that are or could be economically or politically unstable. According to the ratings contained in IHS Global Insight's Country Risk Ratings and the Country Risk Ratings of the Economist Intelligence Unit, the countries where Repsol was exposed to significant geopolitical risk in 2017 were Venezuela, Libya, Algeria and Ecuador, whose combined proven reserves as of 31 December 2017, amounted to 712 million barrels of oil equivalent and the combined average production of such countries for the year ended 31 December 2017 was 121 thousand barrels of oil equivalent per day. In the first quarter of 2018, Repsol received instructions from PetroVietnam Oil Corporation to, for the time being, not continue with its programmed activities for the Ca Rong Do oil and gas project located in Vietnam in the South China Sea. As of 31 December 2017, the proven oil reserves in Vietnam amounted to 27 million barrels of oil equivalent and the average production for the year ended 31 December 2017 was 5.2 thousand barrels of oil equivalent per day. Reserves in these areas as well as related production operations may be exposed to risks, including increases in taxes and royalties, the establishment of limits on production and export volumes, the compulsory renegotiation or cancellation of contracts, the nationalisation or denationalisation of assets, changes in local government regimes and policies, changes in business customs and practices, payment delays, currency exchange restrictions and losses and impairment of operations due to the actions of insurgent groups. In addition, political changes may lead to changes in the business environment. Economic downturns, political instability or civil disturbances may disrupt the supply chain or limit sales in the markets affected by such events and affect the safety of employees and contractors.

If any of the aforementioned risks were to materialise, it could have an adverse impact on Repsol's business, financial position and results of operations.

### ***Oil and gas reserves estimation.***

In the estimation of proven and unproven oil and gas reserves, Repsol uses the criteria established by the "SPE/WPC/AAPG/SPEE Petroleum Resources Management System", commonly referred to by its acronym, SPE-PRMS, with SPE standing for the Society of Petroleum Engineers.

The accuracy of these estimates depends on a number of different factors, assumptions and variables, such as exploration and development activities including drilling, testing and production. After the date of the estimate, the results of activities may entail substantial upward or downward corrections in the estimate based on the quality of available geological, technical and economic data used (including changes in hydrocarbon prices) and its interpretation and valuation. Moreover, the production performance of reservoirs and recovery rates depend significantly on available technologies as well as Repsol's ability to implement them.

As a result of the foregoing, measures of reserves are not precise and are subject to revision. The estimate of proven and unproven reserves of oil and gas will also be subject to correction due to errors in the implementation of, and/or changes in, the standards published. Any downward revision in estimated quantities of proven reserves could adversely impact the results of operations of the Repsol Group, leading to increased depreciation, depletion and amortisation charges and/or impairment charges, which would reduce net income and shareholders' equity.

### ***Projects and operations carried out through joint arrangements and associate companies.***

Many of the Repsol Group's projects and operations are conducted through joint arrangements and associates. If Repsol does not act as the operator on those projects or operations, its ability to control and influence the performance and management of the operations and to identify and manage risk is limited. Additionally, there is a possibility that if any of Repsol's partners or members of a joint venture or associated company fails to comply with its financial obligations or incurs any other breach, that could affect the viability of the whole project, which, in turn, could have an adverse impact on the business, financial position and results of operations of the Repsol Group.

***Repsol may engage in acquisitions, investments and disposals as part of the Group's strategy.***

As part of the Group's strategy, Repsol may engage in acquisitions, investments and disposals of interests. There can be no assurance that Repsol will identify suitable acquisition opportunities, obtain the financing necessary to complete and support such acquisitions or investments, acquire businesses on satisfactory terms, or that any acquired business will prove to be profitable. In addition, acquisitions and investments involve a number of risks, including possible adverse effects on Repsol's operating income, risks associated with unanticipated events or liabilities relating to the acquired assets or businesses which may not have been disclosed during due diligence investigations, difficulties in the assimilation of the acquired operations, technologies, systems, services and products, and risks arising from contractual conditions that are triggered by a change of control of an acquired company.

Any failure to successfully integrate such acquisitions could have a material adverse effect upon the business, results of operations or financial condition of Repsol. Any disposal of interest may also adversely affect Repsol's financial condition, if such disposal results in a loss to Repsol.

Should any such risks materialise, this could have an adverse impact on the business, financial position and results of operations of the Repsol Group.

***Repsol's current insurance coverage may not be sufficient for all the operational risks.***

Repsol holds insurance coverage against certain risks inherent in the oil and gas industry in line with industry practice. Insurance coverage is subject to deductibles and limits that in certain cases may be materially exceeded by the losses and/or liabilities incurred. In addition, Repsol's insurance policies contain exclusions that could leave the Group with limited coverage in certain circumstances or even indemnities cannot be totally or partially recovered in the event of the insolvency of the insurers. Furthermore, Repsol may not be able to maintain adequate insurance at rates or on terms considered reasonable or acceptable to Repsol, or be able to obtain insurance against certain risks that could materialise in the future. If Repsol were to experience an incident against which it is not insured, or the costs of which materially exceed its coverage, it could have an adverse effect on its business, financial position and results of operations.

***Repsol's natural gas operations are subject to particular operational and market risks.***

Natural gas prices tend to vary between the different regions in which Repsol operates as a result of significantly different supply, demand and regulatory circumstances, and such prices may be lower than prevailing prices in other regions of the world. In addition, excess supply conditions that exist in some regions cannot be utilised in other regions due to a lack of infrastructure and difficulties in transporting natural gas.

In addition, Repsol has entered into long-term contracts to purchase and supply natural gas in various parts of the world. These contracts have different price formulas, which could result in higher purchase prices than the price at which such gas could be sold in increasingly liberalised markets. Furthermore, gas availability could be subject to the risk of counterparties breaching their contractual obligations. Thus, it might be necessary to look for other sources of natural gas in the event of non-delivery from any of these sources, which could require payment of higher prices than those envisaged under the breached contracts.

Repsol also has long-term contracts to sell and deliver gas to customers which present additional types of risks as they are pegged to existing proven reserves in these countries. Should available reserves in these countries prove insufficient, Repsol might not be able to satisfy its obligations under these contracts, some of which include penalty clauses for breach of contract.

The occurrence of any of these risks would have an adverse impact on the business, financial position and results of operations of Repsol.

***Cyclical nature of the petrochemical activity.***

The petrochemicals industry is subject to wide fluctuations in supply and demand, reflecting the cyclical nature of the chemicals market on a regional and global scale. These fluctuations affect the prices and profitability of petrochemicals companies, including Repsol. Repsol's petrochemicals business is also subject to extensive governmental regulation and intervention in matters such as safety and environmental controls. Any such fluctuations or changes in regulation could have an adverse effect on the business, financial position and results of operations of the Repsol Group.

***Repsol Group's strategy requires efficiency and innovation in a highly competitive market.***

The oil, gas and petrochemical industry operates in the context of a highly competitive energy sector. This competition influences the conditions for accessing markets or following new business leads, the costs of licences and the pricing and marketing of products, requiring the Group's attention and continuous efforts towards improving efficiency and reducing unit costs, without compromising operational safety or undermining the management of other strategic, operational and financial risks.

The implementation of the Group's strategy requires a significant ability to anticipate and adapt to the market and continuous investment in technological advances and innovation. Should Repsol not be capable of anticipating and adapting to these market requirements, it could have an adverse effect on the business, financial position and results of operations of the Repsol Group.

***The Repsol Group is subject to the effects of administrative, judicial and arbitration proceedings.***

The Repsol Group is subject to the effects of administrative, judicial and arbitration proceedings arising in the ordinary course of business. In addition, Repsol could become involved in other possible future lawsuits over which Repsol is unable to predict the scope, subject-matter or outcome. Any current or future dispute inevitably involves a high degree of uncertainty and therefore any outcome could affect the business, financial position and results of operations of the Repsol Group.

***Repsol's operations may be affected by international sanctions programmes.***

The European Union, its Member States, the U.S. Government and various other countries, as well as the United Nations, impose economic and trade sanctions or embargoes with respect to certain countries in support of their respective foreign policy and security goals. These economic and trade sanctions or embargoes generate restrictions with respect to activities or transactions with countries, governments, entities or individuals that are the target of the corresponding sanctions.

While Repsol has not been sanctioned and does not engage in, and does not expect to engage in, any actions that would cause it to breach any sanctions regime applicable to it, there can be no assurance that Repsol's operations will not be affected by sanctions in the future, which could have an adverse effect on its financial position, businesses, or results of operations.

***Information technology and its reliability and robustness are a key factor in maintaining the Group's operations.***

The reliability and security of the Group's information technology (IT) systems are critical to maintaining the availability of its business processes and the confidentiality and integrity of the data belonging to the Group and third parties. Given that cyber-attacks are constantly evolving, the Repsol Group cannot guarantee that it will not suffer economic and/or material losses in the future caused by such attacks. Any such attack could have an adverse effect on the business, financial position and results of operations of the Repsol Group.

***Misconduct or violations of applicable legislation by Repsol's employees can damage the reputation of the Group.***

Repsol's Ethics and Conduct Code, which is mandatory for all Group directors, executives and employees, regardless of the type of their contractual relationship with the Group, establishes the overall framework for the conduct expected from employees in performing their duties and in their commercial and professional relationships, in line with the principles of corporate loyalty, good faith, integrity and respect for the law and the ethical values defined by the Group.

The different compliance and control models of the Group include controls aimed at preventing, detecting and mitigating significant incidents of non-compliance. The existence of management misconduct or breach of applicable legislation, when occurring, could cause harm to the Group's reputation, in addition to incurring sanctions and legal liability.

***Repsol is exposed to negative opinion trends which could have an adverse impact on its image and reputation, thereby affecting its business opportunities.***

The Group carries out its transactions in multiple environments with diverse stakeholders, which are mainly local communities in the areas in which it operates, as well as local and national civil, political, labour, and consumer organisations, among others.

Should the interests of the above groups be contrary to Repsol's activities, and attempts to reach agreements be unsuccessful, Repsol could be affected by the publication of information which generates opinion contrary to Repsol's activities.

This could result in a negative impact on the social or media acceptance of Repsol's activities, leading to erosion of the Group's image as well as lost business opportunities in the area or country in question, with potential adverse effects on its business, financial position, and the result of its operations.

## **FINANCIAL RISKS**

### ***Liquidity risk.***

Liquidity risk is associated with the Group's ability to finance its obligations at reasonable market prices, as well as its ability to carry out its business plans with stable financing sources.

In the case that Repsol were unable to meet its needs for liquidity in the future or needed to be required to incur increased costs to meet them, this could have an adverse effect on the business, financial position and results of operations of the Repsol Group.

### ***Credit risk.***

Credit risk is the risk of a third party failing to carry out its contractual obligations resulting in a cost or loss to the Group.

The exposure of the Group to credit risk is mainly attributable to commercial debts from trading transactions, which are measured and controlled in relation to customers or individual third parties. To this end, the Group has, in line with best practices, its own systems for a constant monitoring of the creditworthiness of all its debtors and determining risk limits with respect to third parties.

As a general rule, the Group establishes a bank guarantee issued by financial entities as the most suitable instrument of protection from credit risk. In some cases, the Group has taken out credit insurance policies to transfer partially the credit risk related to the commercial activity of some of its businesses to third parties.

Additionally, the Group is exposed to counterparty risk derived from non-commercial contractual transactions that may lead to defaults. In these cases, the Group analyses the solvency of counterparties with which the Group has or may have non-commercial contractual transactions. Any breach of payment obligations by Repsol's customers and counterparties, in the agreed time frame and form, could result in an adverse effect on Repsol's business, results or financial position.

### ***Credit rating risk.***

Credit rating agencies regularly rate the Group, and their ratings are based on, among other things, external factors, such as the conditions that affect the oil and gas sector, the general state of the economy and the performance of the financial markets.

Credit ratings affect the pricing and other conditions under which the Repsol Group is able to obtain financing. Any downgrade in the credit rating of the Guarantor could restrict or limit the Group's access to the financial markets, increase its new borrowing costs and have a negative effect on its liquidity.

### ***Market risks.***

Repsol's results of operations and shareholders' equity are exposed to market risks due to fluctuations in (i) the exchange rates of the currencies in which the Group operates, (ii) interest rates, and (iii) commodity prices.

*(i) Exchange rate fluctuation risk.* Fluctuations in exchange rates may adversely affect the results of transactions and the value of Repsol's equity. In general, this exposure to fluctuations in currency exchange rates stems from the fact that the Group has assets, liabilities and cash flows denominated in a currency other than the functional currency of the Repsol Group. Cash flows generated by oil, natural gas and refined product sales are generally denominated in U.S. dollars. Repsol is also exposed to exchange risk in relation to the value of its financial assets and investments, predominantly those denominated in U.S. dollars.

In addition, cash flows from transactions carried out in the countries where Repsol conducts its activities are exposed to fluctuations in currency exchange rates of the respective local currencies against the major currencies in which the raw materials used as reference for the fixing of prices in the local currency are traded. Repsol's financial statements are expressed in euros and, consequently, the assets and liabilities of subsidiary investee companies with a different functional currency are translated into euros.

Though, when considered appropriate, Repsol performs investing and financing transactions, using the currency for which risk exposures have been identified, and can also carry out hedging transactions by means of financial derivative instruments for currencies that have a liquid market, with reasonable transaction costs, these hedging mechanisms are limited, and, therefore, could in some cases be insufficient.

*(ii) Interest rate risk.* The market value of the Group's net financing and net interest expenses could be affected as a consequence of interest rate fluctuations which could affect the interest income and interest cost of financial assets and liabilities tied to floating interest rates, as well as the fair value of financial assets and liabilities tied to a fixed interest rate.

Although, when considered appropriate, Repsol may decide to hedge the interest rate risk by means of derivative financial instruments for which there is a liquid market, these hedging mechanisms are limited and, therefore, could be insufficient. Consequently, changes in interest rates could have an adverse effect on the Repsol Group's business, results and financial position.

*(iii) Commodity price risk.* In the normal course of operations and trading activities, the earnings of the Repsol Group are exposed to volatility in the price of oil, natural gas, and related derivative

products (see the risk factors titled “*Fluctuations in international prices of crude oil and reference products and in demand, due to factors beyond Repsol’s control*” and “*Repsol’s natural gas operations are subject to particular operational and market risks*” above). Therefore, changes in prices of crude oil, natural gas and their derivatives could have an adverse effect on the Repsol Group’s business, results and financial position.

Note 8 “*Derivative and other transactions*” and Note 9 “*Financial risks*” in the audited consolidated financial statements of Repsol, S.A. as of and for the financial year ended 31 December 2017, which are incorporated by reference into this Base Prospectus, include additional details on these financial risks to which the Repsol Group is exposed.

## **2. Risk Factors relating to the Notes**

### ***Investors are relying solely on the creditworthiness of the Issuer and the Guarantor.***

The Notes and the Guarantee will constitute unsubordinated and unsecured obligations of the Issuer and the Guarantor, respectively, and will rank equally among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer and the Guarantor, respectively (other than obligations preferred by mandatory provisions of law). If you purchase Notes, you are relying on the creditworthiness of the Issuer and the Guarantor and no other person.

In addition, investment in the Notes involves the risk that subsequent changes in actual or perceived creditworthiness of the Issuer and the Guarantor may materially adversely affect the market value of the Notes.

### ***Exchange rate risks and exchange controls.***

The principal of, or any interest on, Notes may be payable in, or determined by reference to, one or more Specified Currencies. For Noteholders whose financial activities are denominated principally in a currency or currency unit (the **Noteholder’s Currency**) other than the Specified Currency in which the related Notes are denominated, an investment in such Notes entails significant risks that are not associated with a similar investment in a Note denominated and payable in such Noteholder’s Currency.

Such risks include, without limitation, the possibility of significant changes in the rate of exchange between the applicable Specified Currency and the Noteholder’s Currency and the possibility of the imposition or modification of exchange controls by authorities with jurisdiction over such Specified Currency or the Noteholder’s Currency. Such risks generally depend on a number of factors, including financial, economic and political events over which Repsol has no control.

Government or monetary authorities have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of the Specified Currency in which a Note is payable at the time of payment of the principal or interest in respect of such Note.

### ***The regulation and reform of benchmarks may adversely affect the value of Notes referencing such benchmarks.***

Interest rates and indices which are deemed to be “benchmarks” are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011 (the **BMR**) was published in the Official Journal of the EU on 29 June 2016 and has applied from 1 January 2018. The BMR applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires



benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The BMR could have a material impact on any Notes referencing a benchmark, in particular, if the methodology or other terms of the relevant benchmark are changed in order to comply with the requirements of the BMR. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

The London Interbank Offered Rate (**LIBOR**), Euro Interbank Offered Rate (**EURIBOR**) and other interest rates or other types of rates and indices which are deemed to be “benchmarks” are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the **FCA Announcement**). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes referencing such benchmark (including but not limited to Floating Rate Notes whose interest rates are linked to LIBOR which may, depending on the manner in which the LIBOR benchmark is to be determined under the terms and conditions, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available). Such factors may have the effect, amongst other things, of: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes referencing a benchmark. In particular, prospective investors should be aware that in relation to Floating Rate Notes relating to LIBOR or any other such benchmarks where Screen Rate Determination is specified, the Notes contain the fallback provisions described under Condition 4(b)(*Interest on Floating Rate Notes*) of the Notes (see “*Terms and Conditions of the Notes*”). The operation of such provisions, being dependent in part upon the provision by the Reference Banks of offered quotations, is subject to market circumstances and the availability of rates information at the relevant time. If such quotations are not available, the Rate of Interest may revert to the Rate of Interest applicable as at the last preceding Interest Determination Date and, if LIBOR or any other relevant benchmarks are discontinued, the same Rate of Interest may continue to be the Rate of Interest for each successive Interest Accrual Period until the maturity of the Notes so that the Notes will, in effect, become fixed rate Notes utilising the relevant benchmark rate last available. Any of the foregoing could have an adverse effect on the value or liquidity of and return on any Floating Rate Notes which reference such benchmarks.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the BMR reforms in making any investment decision with respect to any Notes referencing a benchmark.

### ***Liquidity risks.***

The Notes may not have an established trading market when issued. There can be no assurance of a secondary market for the Notes or the continued liquidity of such market if one develops. The secondary market for the Notes will be affected by a number of factors independent of the creditworthiness of the Issuer and the Guarantor, the method of calculating the principal or any interest to be paid in respect of such Notes, the time remaining to the maturity of such Notes, the outstanding amount of such Notes, any

redemption features of such Notes, direction and volatility of market interest rates generally. Such factors will also affect the market value of the Notes.

In addition, certain Notes may be designed for specific investment objectives or strategies, and may therefore have a more limited secondary market and experience more price volatility than conventional debt securities. Noteholders may not be able to sell Notes readily or at prices that will enable Noteholders to realise their anticipated yield. No investor should purchase Notes unless such investor understands and is able to bear the risk that certain Notes may not be readily saleable, that the value of Notes will fluctuate over time and that such fluctuations may be significant.

The prices at which Zero Coupon Notes, as well as other instruments issued at a substantial discount from their principal amount payable at maturity, trade in the secondary market tend to fluctuate more in relation to general changes in interest rates than do such prices for conventional interest-bearing securities of comparable maturities.

Investors whose investment activities are subject to legal investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities. Investors should review and consider such restrictions prior to investing in the Notes.

***Return on an investment in Notes will be affected by charges incurred by investors.***

An investor's total return on an investment in any Notes will be affected by the level of fees charged by an agent, nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest and principal. Potential investors are, therefore, advised to investigate the basis on which any such fees will be charged on the relevant Notes.

***Tax consequences of holding the Notes.***

Potential investors should consider the tax consequences of investing in the Notes and consult their tax advisers about their own tax situation. See the section of this Base Prospectus titled "*Taxation*" and the risk factors titled "*Risk in relation to Spanish Taxation*" and "*The proposed European financial transactions tax*" below.

***Change of law.***

The structure of the Programme and, *inter alia*, the issue of Notes and ratings assigned to Notes are based on law (including tax law) and administrative practice in effect at the date of this Base Prospectus, and having due regard to the expected tax treatment of all relevant entities under such law and administrative practice. No assurance can be given that there will not be any change to such law, tax or administrative practice after the date of this Base Prospectus, which change might impact on the Notes and the expected payments of interest and repayment of principal.

***Ratings of the Notes.***

The ratings ascribed to the Notes, if any, reflect only the views of the rating agencies and, in assigning the ratings, the rating agencies take into consideration the credit quality of the Issuer and the Guarantor (i.e., their ability to pay their debts when due) and structural features and other aspects of the transaction. These credit ratings may not, however, fully reflect the potential impact of risks relating to structure, market or other factors discussed in this Base Prospectus on the value of the Notes.

There can be no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the rating agencies (or any of them) as a result of changes in, or unavailability of, information or if, in the rating agencies' judgment, circumstances so warrant. If any rating assigned to the Notes is lowered or withdrawn, the market value of the Notes may be

reduced. Future events, including events affecting the Issuer, the Guarantor, the Repsol Group and/or circumstances relating to the oil industry generally could have a material adverse impact on the ratings of the Notes.

A rating is not a recommendation to buy, sell or hold securities and will depend, among other things, on certain underlying characteristics of the business and financial position of the Issuer and/or the Guarantor, as applicable.

***Risks related to the structure of a particular Tranche of Notes.***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features that contain particular risks for potential investors. Set out below is a description of the most common features.

*Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the prevailing rates on its Notes.

*In respect of any Notes issued with a specific use of proceeds, such as a Green Bond, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor*

The net proceeds from the issue of any Notes will be on-lent by the Issuer to, or invested by the Issuer in, other companies within the Repsol Group, for use by such companies for general corporate purposes or specifically to finance and/or refinance, in whole or in part, Eligible Green Projects in accordance with prescribed eligibility criteria (any such Notes, **Green Bonds**). See also the section entitled “*Use of Proceeds*” for further detail.

Regardless of whether any Green Bonds are listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled segment of any stock exchange or securities market, no assurance is given by the Issuer, the Guarantor or the Dealers that the use of such proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or

related to, any Eligible Green Projects. In addition, although the Issuer or the Guarantor may agree at the time of issue of any Green Bonds to apply the proceeds of any Green Bonds so specified in, or substantially in accordance with, the eligibility criteria, it would not be an Event of Default under the Green Bonds if such obligations are not complied with for whatever reason.

In connection with the issue of Green Bonds, a sustainability rating agency or sustainability consulting firm may issue a second-party opinion (whether or not requested by the relevant Issuer or the Guarantor) confirming that the Eligible Green Projects have been defined in accordance with the broad categorisation of eligibility for green projects and/or a second-party opinion regarding the suitability of the Green Bonds as an investment in connection with certain environmental and sustainability projects (any such second-party opinion, a Second-party Opinion). A Second-party Opinion would not constitute a recommendation to buy, sell or hold securities, would only be current as of the date it is released and would not be, nor would be deemed to be, incorporated in and/or form part of this Base Prospectus.

Any failure to apply the proceeds of any issue of Green Bonds in connection with Eligible Green Projects, or any failure to meet, or continue to meet the eligibility criteria, or the withdrawal of any Second-Party Opinion or any such Green Bonds no longer being listed or admitted to trading on any stock exchange or securities market may have a material adverse effect on the value of such Green Bonds and also potentially the value of any other Green Bonds which are intended by either Issuer to finance Eligible Green Projects or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Prospective investors must determine for themselves whether the proposed Green Bonds meet their requisite investment criteria and conduct any other investigations they deem necessary to reach their own conclusions as to the merits of investing in any such Green Bonds.

#### *Notes issued at a substantial discount or premium*

The market values of Notes issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing Notes. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing Notes with comparable maturities.

#### ***Specified Denominations.***

The Notes are issued in the Specified Denomination shown in the relevant Final Terms. Such Final Terms may also state that the Notes will be tradable in the Specified Denomination and integral multiples in excess thereof but which are smaller than the Specified Denomination. Where such Notes are traded in the clearing systems, it is possible that the clearing systems may process trades which could result in amounts being held in denominations smaller than the Specified Denomination.

If Definitive Notes are required to be issued in relation to such Notes, a holder who does not hold a principal amount of Notes at least equal to the Specified Denomination in his account at the relevant time, may not receive all of his entitlement in the form of Definitive Notes and, consequently, may not be able to receive interest or principal in respect of all of his entitlement, unless and until such time as his holding becomes at least equal to the Specified Denomination.

#### ***Risks in relation to Spanish Taxation.***

With respect to any payment of interest under the Guarantee, the Guarantor is required to receive certain information relating to the Notes. If such information is not received by the Guarantor in a timely manner, the Guarantor could be required to apply Spanish withholding tax to any payment of interest (as this term is defined under “*Taxation—The Kingdom of Spain—Payments made by the Guarantor*”) in respect of the relevant Notes.

### ***The proposed European financial transaction tax.***

The European Commission published in February 2013 a proposal for a Directive for a common financial transaction tax (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (excluding Estonia, the **participating Member States**). Estonia has stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced, apply to certain dealings in financial instruments (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the financial instruments where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

In the ECOFIN meeting of 17 June 2016, the FTT was discussed between the EU Member States. It has been reiterated in this meeting that participating Member States envisage introducing an FTT by the so-called enhanced cooperation.

The proposed Directive defines how the FTT would be implemented in participating Member States. It involves a minimum 0.1% tax rate for transactions in all types of financial instruments, except for derivatives that would be subject to a minimum 0.01% tax rate.

The FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Member States may withdraw. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### ***The Notes may not be a suitable investment for all investors.***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference into this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***Modification, waivers and substitution.***

The conditions of the Notes contain provisions for the calling of meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of, any breach or proposed breach of any of the provisions of Notes, or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such, or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 11.

***Legal investment considerations may restrict certain investments.***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should also consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## DOCUMENTS INCORPORATED BY REFERENCE

The documents set out below, which have been filed with the CSSF, shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus. As long as any of the Notes are outstanding, this Base Prospectus, any Supplement to this Base Prospectus and each document incorporated by reference into this Base Prospectus will be available for inspection, free of charge, at the specified offices of the Issuer, at the specified office of the Luxembourg Paying Agent, during normal business hours, and on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu). The page references indicated for documents (A), (B), (C), (E) and (F) below are to the page numbering of the electronic copies of such documents as available at [www.bourse.lu](http://www.bourse.lu).

Information incorporated by reference	Page references
<p>(A) <b>The interim condensed consolidated financial statements, including the notes to such financial statements and the limited review report thereon of Repsol, S.A. and the Interim Management Report for the six-month period ended 30 June 2018:</b></p> <p style="margin-left: 20px;">(a) <i>Report on limited review of condensed interim consolidated financial statements</i> .....</p> <p style="margin-left: 20px;">(b) <i>Unaudited interim consolidated financial statement of Repsol, S.A. and Investees comprising the Repsol Group for the first six months of 2018:</i></p> <p style="margin-left: 40px;">- Consolidated balance sheet at 30 June 2018 and 31 December 2017 .....</p> <p style="margin-left: 40px;">- Consolidated income statement corresponding to the first half of 2018 and 2017 .....</p> <p style="margin-left: 40px;">- Consolidated statements of recognised profit or loss corresponding to the second quarter of 2018 and 2017 and the first half of 2018 and 2017 .....</p> <p style="margin-left: 40px;">- Consolidated statement of changes in equity at 30 June 2018 and 2017 .....</p> <p style="margin-left: 40px;">- Consolidated cash flow statement for the first half of 2018 and 2017 .....</p> <p style="margin-left: 40px;">- Explanatory notes to the financial statements .....</p> <p style="margin-left: 40px;">- Appendix I – Composition of the Group .....</p> <p style="margin-left: 40px;">- Appendix II – Regulatory Framework .....</p> <p style="margin-left: 40px;">- Appendix III – Other detailed information .....</p> <p style="margin-left: 40px;">- Appendix IV – Alternative Performance Measures: Reconciliation of Repsol’s reporting model figures and IFRS-EU .....</p> <p style="margin-left: 20px;">(c) <i>Interim Management Report for the first six months of 2018:</i> .....</p>	<p>1-3</p> <p>4-</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10-28</p> <p>29</p> <p>30</p> <p>31-34</p> <p>35-36</p> <p>37-75</p>
<p>(B) <b>The audited consolidated financial statements, including the notes to such financial statements, the auditors’ report thereon, the Consolidated Management Report and the Annual Report on Corporate Governance of Repsol, S.A. for the year ended 31 December 2017:</b></p> <p style="margin-left: 20px;">(a) <i>Auditors’ report on consolidated annual financial statements and Management Report</i> .....</p> <p style="margin-left: 20px;">(b) <i>Consolidated financial statements of Repsol, S.A. and Investees comprising the Repsol Group for the financial year 2017:</i></p> <p style="margin-left: 40px;">- Consolidated balance sheet at 31 December 2017 and 2016 .....</p> <p style="margin-left: 40px;">- Consolidated income statement for the years ended 31 December 2017 and 2016 .....</p> <p style="margin-left: 40px;">- Consolidated statement of recognised profit or loss for the years ended 31 December 2017 and 2016 .....</p> <p style="margin-left: 40px;">- Consolidated statement of changes in equity for the years ended 31 December 2017 and 2016 .....</p> <p style="margin-left: 40px;">- Consolidated statement of cash flows for the years ended 31 December 2017 and 2016 .....</p> <p style="margin-left: 40px;">- Notes to the 2017 consolidated financial statements .....</p> <p style="margin-left: 40px;">- Appendix I – Main companies comprising the Repsol Group at 31 December 2017 .....</p> <p style="margin-left: 40px;">- Appendix Ib – Main changes in the consolidation scope for the year ended 31 December 2017 .....</p>	<p>4-15</p> <p>16-118</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22-96</p> <p>97-102</p> <p>103</p>

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The base prospectuses dated 27 October 2011, 25 October 2012, 30 May 2014, 22 September 2015 and 26 September 2016 are not incorporated by reference, save for the terms and conditions set out in them. Apart from this information, the remainder of the base prospectuses dated 27 October 2011, 25 October 2012, 30 May 2014, 22 September 2015 and 26 September 2016 is either not relevant to investors or is covered elsewhere in this Base Prospectus.

Any statement contained in a document that is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement. In addition, any statement contained herein or in a document that is incorporated by reference herein shall be deemed to be modified or superseded for the

purpose of this Base Prospectus to the extent that a statement contained in any Supplement to the Base Prospectus, or in any document which is subsequently incorporated by reference herein by way of such supplement, modifies or supersedes such earlier statement. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The information incorporated by reference that is not included in the cross-reference list is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) 809/2004.

Pursuant to Spanish regulatory requirements, the audited consolidated financial statements of the Guarantor are required to be accompanied by the respective Consolidated Management Reports. These Consolidated Management Reports are incorporated by reference in this Base Prospectus only in order to comply with such regulatory requirements. Investors are strongly cautioned that the information contained in the Consolidated Management Reports has been neither audited nor prepared for the specific purpose of the Programme. Accordingly, the Consolidated Management Reports should be read together with the other sections of this Base Prospectus, and in particular the section "*Risk Factors*". Any information contained in the Consolidated Management Reports shall be deemed to be modified or superseded by any information elsewhere in the Base Prospectus that is subsequent to or inconsistent with it. Furthermore, the Consolidated Management Reports include certain forward-looking statements that are subject to inherent uncertainty (see "*Forward-Looking Statements*"). Accordingly, investors are cautioned not to rely upon the information contained in such Consolidated Management Reports.

## GENERAL DESCRIPTION OF THE PROGRAMME

<b>Issuer:</b>	Repsol International Finance B.V.
<b>Issuer Legal Entity Identifier (LEI):</b>	5493002YCY6HTK0OUR29
<b>Guarantor:</b>	Repsol, S.A.
<b>Description:</b>	Guaranteed Euro Medium Term Note Programme
<b>Size:</b>	Up to €10,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the size of the Programme in accordance with the terms of the Dealer Agreement (as defined in the section entitled “ <i>Subscription and Sale</i> ” below).
<b>Arranger:</b>	Merrill Lynch International
<b>Dealers:</b>	Banca IMI S.p.A. Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. Barclays Bank PLC BNP Paribas CaixaBank, S.A. Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Deutsche Bank AG, London Branch Goldman Sachs International HSBC Bank plc J.P. Morgan Securities plc Merrill Lynch International Mizuho International plc Morgan Stanley & Co. International plc MUFG Securities EMEA plc Natixis NatWest Markets plc Société Générale UBS Limited

UniCredit Bank AG

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to **Permanent Dealers** are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to **Dealers** are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

**Trustee:** Citicorp Trustee Company Limited

**Issuing and Paying Agent:** Citibank, N.A., London Branch

**Certain Restrictions:** Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale*” below) including the following restrictions applicable at the date of this Base Prospectus.

**Notes having a maturity of less than one year:** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “*Subscription and Sale*”.

**Method of Issue:** The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a **Series**) having one or more issue dates and on terms otherwise identical to (or identical other than in respect of the first payment of interest) the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in one or more tranches (each a **Tranche**) on the same or different issue dates. Each Tranche of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” (the **Conditions**), save where the first Tranche of an issue which is being increased was issued under a base prospectus with an earlier date, in which case the Notes will be issued on the terms set forth in that base prospectus. The specific terms of each Tranche will be set forth in the final terms for such Tranche (the **Final Terms**).

**Issue Price:** Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

**Form of Notes:** The Notes may be issued in bearer form only. Each Tranche of

Notes will be represented on issue by a Temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “*Selling Restrictions*” in this section “*General Description of the Programme*”), otherwise such Tranche will be represented by a Permanent Global Note.

**Clearing Systems:**

Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee and the relevant Dealer.

**Initial Delivery of Notes:**

If the Global Note is intended to be issued in NGN form, the Global Note representing Notes will, on or before the issue date for each Tranche, be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. If the Global Note is not intended to be issued in NGN form, the Global Note representing Notes may (or, in the case of Notes listed on the official list of the Luxembourg Stock Exchange, will), on or before the issue date for each Tranche, be deposited with a common depository for Euroclear and/or Clearstream, Luxembourg. Global Notes relating to Notes that are not listed on the official list of the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee and the relevant Dealer.

**Currencies:**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealer(s).

**Maturities:**

Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue.

**Specified Denomination:**

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms, save that: (i) the minimum denomination of each Note will be such amount as may be allowed or required, from time to time, by the relevant regulatory authority or any laws or regulations applicable to the relevant Specified Currency; and (ii) the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area (EEA) or offered to the public in a Member State of the EEA in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive will be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

So long as the Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradable as follows: (a) if the Specified Denomination stated in the relevant Final Terms is €100,000 (or its equivalent in another currency), in the authorised denomination

of €100,000 (or its equivalent in another currency) and integral multiples of €100,000 (or its equivalent in another currency) thereafter, or (b) if the Specified Denomination stated in the relevant Final Terms is €100,000 (or its equivalent in another currency) and integral multiples of €1,000 (or its equivalent in another currency) in excess thereof, in the minimum authorised denomination of €100,000 (or its equivalent in another currency) and higher integral multiples of €1,000 (or its equivalent in another currency), notwithstanding that no definitive notes will be issued with a denomination above €199,000 (or its equivalent in another currency).

**Fixed Rate Notes:**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

**Floating Rate Notes:**

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the issue date of the first Tranche of a Series; or
- (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

**Zero Coupon Notes:**

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Interest Periods and Interest Rates:**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period.

**Redemption:**

The relevant Final Terms will specify the redemption amounts payable, which shall not be less than par. Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000, must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

**Redemption by Instalments:**

The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Optional Redemption:**

The Final Terms issued in respect of each issue of Notes will state

whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders.

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no selection of Notes to be redeemed will be required under the Conditions in the event that the Issuer exercises its option pursuant to Condition 5(d) in respect of less than the aggregate principal amount of the Notes outstanding at such time. In such event, the partial redemption will be effected in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

**Risk Factors:**

The section titled “*Risk Factors*” of this Base Prospectus sets out, among other things, certain factors that may affect the Issuer’s and/or the Guarantor’s ability to fulfil their respective obligations under Notes issued under the Programme and certain other factors that are material for the purpose of assessing the market risks associated with such Notes.

**Status of Notes:**

The Notes and the guarantee in respect of them will constitute unsubordinated and unsecured obligations of the Issuer and the Guarantor, respectively, all as described in “*Terms and Conditions of the Notes—Guarantee and Status*”.

**Negative Pledge:**

See “*Terms and Conditions of the Notes—Negative Pledge*”.

**Cross Default:**

See “*Terms and Conditions of the Notes—Events of Default*”.

**Early Redemption:**

Except as provided in “*Optional Redemption*” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “*Terms and Conditions of the Notes—Redemption, Purchase and Options*”.

**Withholding Tax:**

All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of The Netherlands and the Kingdom of Spain, subject to customary exceptions (including the ICMA Standard EU Exceptions). All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to FATCA, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto, and no additional amounts shall be payable on account of any such withholding or deduction. See “*Terms and Conditions of the Notes—Taxation*”.

**Governing Law:**

The Notes (and any non-contractual obligations arising out of or in connection with them) are governed by English law.



**Listing and Admission to Trading:** Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

**Selling Restrictions:** United States, the EEA, United Kingdom, Spain, The Netherlands, Belgium, Japan, Switzerland, Hong Kong, Singapore, the Republic of Italy and France. See "*Subscription and Sale*".

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for the purposes of Section 4701 of the Code) (the **D Rules**) unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for the purposes of Section 4701 of the Code) (the **C Rules**) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 (**TEFRA**), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

**Rating:** Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

## **USE OF PROCEEDS**

The net proceeds of the issue of Notes under the Programme will be on-lent by the Issuer to, or invested by the Issuer in, other companies within the Repsol Group for use by such companies either:

(i) for their general corporate purposes, or

(ii) to finance and/or refinance, in whole or in part, Eligible Green Projects, in which case the relevant Notes will be identified as “Green Bonds” in the title of the Notes in the applicable Final Terms.

For the purpose of this section, Eligible Green Projects are projects which meet a set of environmental, social and governance criteria, approved both by the Guarantor and by a reputed sustainability rating agency, in accordance with the Framework document that is available on the Guarantor’s website ([www.repsol.com](http://www.repsol.com)) in the fixed income section, as updated from time to time.

## INFORMATION ON THE ISSUER

### History

The Issuer was incorporated in The Netherlands on 20 December 1990 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) for an indefinite duration pursuant to the laws of The Netherlands, under which it now operates.

The Issuer is registered with the trade register of the Dutch Chamber of Commerce under number 24251372. The Issuer is domiciled in The Netherlands and its registered office and principal place of business is Koninginnegracht 19, 2514 AB The Hague, The Netherlands, and its telephone number is +31 70 3141611.

### Principal activities

The principal activity of the Issuer is to finance the business operations of the Repsol Group. The Issuer may, from time to time, obtain financing, including through loans or issuing other securities, which securities may rank *pari passu* with the Notes (see “*Terms and Conditions of the Notes—Negative Pledge*” below). In order to achieve its objectives, the Issuer raises funds primarily by issuing debt instruments in the capital and money markets.

### Organisational structure

The Issuer is a wholly-owned subsidiary of the Guarantor. At the date of this Base Prospectus, the authorised capital of the Issuer is €1,502,885,000 divided into 1,502,885 ordinary shares with a nominal value of €1,000 each and the issued share capital of the Issuer is €300,577,000, represented by 300,577 fully paid up shares.

As at the date of this Base Prospectus, the Issuer holds 25.00% ownership in Occidental de Colombia LLC, Delaware.<sup>(1)</sup>

### Recent Developments

On 6 July 2018, a bond issued by the Issuer in July 2016 for a total amount of €600 million, indexed to the 3-month Euribor plus 70 basis points, was redeemed by the Issuer at maturity.

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<sup>(1)</sup> The Issuer holds an indirect investment (25.00%) in Occidental Crude Sales LLC, Delaware through Occidental de Colombia LLC, Delaware.

### **Administrative, management and supervisory bodies**

As of the date of this Base Prospectus, the directors of the Issuer are:

<i><u>Name</u></i>	<i><u>Function</u></i>	<i><u>Principal activities outside Repsol</u></i>
Godfried Arthur Leonard Rupert Diepenhorst	Director	On the management board of two holding and finance companies in The Netherlands, DCC International Holdings B.V. and MKS Holding B.V. as well as on the Board of Directors of seven subsidiaries of DCC Group.
		Honorary Consul of the Republic of Mauritius in The Netherlands.
Susana Meseguer Calas	Director	N/A
José Manuel Díaz Fernández	Director	N/A
Alfredo Manero Ruíz	Director	N/A

The business address of each of the directors, as directors of the Issuer, is Koninginnegracht 19, 2514 AB The Hague, The Netherlands.

There are no conflicts of interest between any duties owed by the directors of the Issuer to the Issuer and their respective private interests and/or other duties.

## INFORMATION ON THE GUARANTOR AND THE GROUP

### Overview

The Guarantor is a limited liability company (*sociedad anónima*) duly incorporated on 31 December 1986 under the laws of the Kingdom of Spain, under which it now operates.

The Guarantor is registered with the Commercial Register of Madrid under page number M-65289, and its tax identification number is A-78/374725. It is domiciled in Spain with its registered office and principal place of business at Calle Méndez Álvaro, 44, 28045 Madrid, Spain, and its telephone number is (+34) 91 753 8000. The Guarantor is the parent company of the Group.

Repsol is an integrated oil and gas company that operates in all business segments of the hydrocarbons sector, including exploration, development and production of crude oil and natural gas, transport of petroleum products, LPG and natural gas, refining, production of a wide range of petroleum products, petroleum by-products, and petrochemicals, LPG and natural gas products, along with electricity generation and transport activities. While Repsol operates globally, it has a unified corporate structure with headquarters in Madrid, Spain.

### History

Repsol began operations in October 1987 as part of a reorganisation of the oil and gas businesses then owned by *Instituto Nacional de Hidrocarburos*, a Spanish government agency which acted as a holding company of government-owned oil and gas businesses.

Certain key milestones in the history of Repsol are set forth below:

- In 1989, the shares of the Guarantor were first listed on the Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) and, through American Depositary Shares (**ADS**), on the New York Stock Exchange (until March 2011), beginning the process of privatisation.
- The privatisation culminated with the public offers for the sale of shares in the Guarantor carried out by the *Sociedad Estatal de Participaciones Industriales*, a Spanish government agency, in 1996 and 1997.
- Repsol continued its international expansion, which reached its peak between 1999 and 2000, with the acquisition of 99% of YPF S.A. (**YPF**), Argentina's leading oil company and a former national operator in the industry.
- On 26 February 2013, Repsol signed an agreement with the Shell Group for the sale of part of Repsol's liquefied natural gas (**LNG**) assets and businesses. The sale concluded with three different transactions which closed in October and December 2013 and January 2014.
- In 2014, several agreements were signed to put an end to the controversy originated by the expropriation in 2012 of 51% and 60% of the Group's shares in YPF and YPF Gas S.A., respectively. After the expropriation, settlement with the Republic of Argentina and the subsequent sale in 2014 of all its remaining interest in YPF which had not been subject to expropriation, Repsol's divestment of YPF was completed.
- In May 2015, Repsol acquired 100% of the share capital of ROGCI, a Canadian company engaged in the exploration, development, production, transportation and marketing of crude oil, natural gas and other liquid hydrocarbons, for a total amount of €8,005 million.

- In 2016, Repsol continued with the transformation process initiated after the acquisition of ROGCI and the approval in October 2015 of the strategic plan 2016-2020. This process allowed flexible portfolio management to divest non-strategic assets, among which (i) the sale of the piped gas business to companies of the Naturgy Energy Group, S.A. (**Naturgy**, formerly known as Gas Natural SDG, S.A.), Redexis Gas, S.A., Naturgas Energía y Distribución, S.A.U. and Distribution and Marketing of Gas from Extremadura, S.A. for a total amount of €737 million; and (ii) the sale for an amount of €1,901 million of 10% of the capital of Naturgy.
- On 18 May 2018, Repsol, S.A. sold its stake (20.072%) in Naturgy to Rioja Bidco Shareholdings, S.L.U. for the price of €3,816 million.
- On 6 June 2018, Repsol publicly presented an update of its Strategic Plan for the period 2018-2020. For more information, see section *Strategy of Repsol* below.
- On 27 June 2018, an agreement was reached to purchase Viesgo Generación, S.L.U.'s (**Viesgo**) unregulated low-emission electricity generation businesses, in addition to its gas and electricity retail business, for an amount of €750 million.

### ***Recent developments***

#### *Agreement to purchase Viesgo's unregulated low emission electricity generation businesses*

In relation to the development of new businesses linked to energy transition, on 27 June 2018 Repsol reached an agreement for the acquisition from Macquarie Infrastructure and Real Assets and Wren House Infrastructure of Viesgo's non-regulated low-emission electricity generation businesses, in addition to its gas and electricity retail business, for an amount of €750 million. With regard to the generation business, the agreement includes the transfer of hydroelectric plants with installed capacity of 700MW, and two combined-cycle gas turbines (CCGT) with installed capacity of 1,650 MW. With respect to the retail business, the operation implies the acquisition of nearly 750,000 customers that are distributed throughout the Spanish territory, mainly in Cantabria, Galicia, Andalucía, Asturias, Castilla y Leon and the Madrid region.

#### *Announcement by CaixaBank, S.A.*

On 20 September 2018, CaixaBank, S.A. (**CaixaBank**) announced its decision to sell down its entire shareholding in the Guarantor. In this context, CaixaBank's two proprietary directors on the Guarantor's board of directors, Gonzalo Gortázar Rotaache and Jordi Gual Solé, resigned their directorships.

### ***Strategy of Repsol***

On 6 June 2018, Repsol unveiled an updated strategic plan for the period 2018 to 2020 (the **Strategic Plan**), having achieved all the objectives set out in its 2016-2020 plan two years ahead of schedule. The Strategic Plan's three pillars are to increase shareholder distributions, to achieve profitable business growth in Repsol's existing business segments (Upstream and Downstream) and to develop new businesses linked to the energy transition, with a particular focus on gas development, retail gas and power (G&P) and low-emissions generation.

The Strategic Plan is geared toward growth and value creation in any scenario, even in a low oil and gas price environment (the Strategic Plan is self-financed at a Brent crude price of U.S.\$50 per barrel).

According to the Strategic Plan, the Upstream segment will focus on an increased production of hydrocarbons, higher returns and improvements to its asset portfolio. The Upstream segment intends to increase production and profitability through active portfolio management and by prioritizing the exploration of onshore and shallow-water projects in areas where Repsol already has expertise and focusing

on the organic growth of existing assets that do not require major developments. The Downstream segment intends to consolidate its good performance in recent years and create new levers for growth and value creation, particularly through the international expansion of some of its businesses and a renewed focus on growth in higher-value chemical products.

### ***Business segments and organisational structure***

Repsol currently operates the following business segments:

- *Upstream*, responsible for oil and gas exploration and development of crude oil and natural gas reserves; and
- *Downstream*, mainly responsible for (i) refining and petrochemistry, (ii) trading and transportation of crude and oil products, (iii) commercialisation of oil products, petrochemical products and LPG, and (iv) commercialisation, transportation and regasification of natural gas and LNG.

Below is a list of the significant investee companies of the Group as at 31 December 2017, including the country of incorporation, main activities and the direct or indirect ownership interest of the Guarantor in such investee companies.

Name	Country	Activity	% Control owned <sup>(1)</sup>
Repsol, S.A. ....	Spain	Portfolio company	N/A
Repsol Exploración, S.A. ....	Spain	Exploration and production of oil and gas	100.00%
Repsol Petróleo, S.A. ....	Spain	Refining	99.97%
Repsol Comercial de Productos Petrolíferos, S.A. ....	Spain	Marketing of oil products	96.68%
Repsol Butano, S.A. ....	Spain	Marketing of LPG	100.00%
Repsol Química, S.A. ....	Spain	Production and sale of petrochemicals	100.00%
Repsol Oil & Gas Canada, Inc <sup>(2)</sup> .....	Canada	Exploration and production of oil and gas	100.00%
Repsol International Finance B.V.....	Netherlands	Financing and portfolio company	100.00%
Petróleos del Norte, S.A. (Petronor).....	Spain	Refining	85.98%
Repsol E&P Bolivia, S.A. ....	Bolivia	Exploration and production of oil and gas	100.00%
Repsol Trading, S.A. ....	Spain	Trading of oil products	100.00%
Repsol Sinopec Brasil, S.A. ....	Brazil	Exploration and production of oil and gas	60.01%
Refinería de la Pampilla S.A.A <sup>(2)</sup> .....	Perú	Refining and marketing of oil products	82.39%

<sup>(1)</sup> There is no difference between the percentage of share capital owned and voting rights in the Guarantor.

<sup>(2)</sup> Indirect ownership interest.

### **Business Overview**

#### *Upstream*

Set forth below is certain information in respect of Repsol's operating data for the periods indicated.

	<u>30/06/2018</u>	<u>30/06/2017</u>	<u>31/12/2017</u>	<u>31/12/2016</u>
			(Unaudited)	
Net liquids production (kbbbl/d)	266	256	255	243
Net gas production (kboe/d)	458	429	440	447
Net hydrocarbon production (kboe/d)	724	685	695	690

Average crude oil realisation price (\$/bbl)	64.2	46.7	49.6	39.0
Average gas realisation price (\$/Thousand scf)	3.3	2.9	2.9	2.4

*Note: These metrics include, in proportion to the Group's respective ownership interest, the figures corresponding to its joint ventures or other companies managed as such.*

Upstream includes the exploration and production of crude oil and natural gas in different parts of the world. The Upstream segment's activity is mainly located in America (United States, Canada, Brazil, Trinidad and Tobago, Peru, Venezuela, Bolivia, Colombia, Ecuador and Mexico), North Africa (Algeria and Libya), Southeast Asia (Indonesia, Malaysia and Vietnam) and Europe (United Kingdom and Norway).

The following contains details of Repsol's material assets:

- U.S., where Repsol has interests in the Eagle Ford liquids-rich asset, a shale gas play located in southeast Texas and in the Marcellus dry gas shale play located in northeast Pennsylvania. Repsol also participates in the Shenzi offshore field and in the Mississippian Lime asset. In the Alaska North Slope project in March 2017, Repsol announced the largest U.S. onshore conventional hydrocarbons discovery in 30 years with the Horseshoe-1 and 1A wells confirming the Nanushuk play as a significant emerging play in Alaska's North Slope. In January 2018, Repsol started drilling operations as contemplated in the program for the development and start-up of the Buckskin deepwater project in the U.S. Gulf of Mexico.
- Canada, where Repsol has production operations mainly in the Greater Edson (oil and gas production) and Chauvin (heavy oil production) areas, located in the Western Canadian Sedimentary Basin, primarily in Alberta, Canada. Repsol also has interests in Duvernay, a non-mature area in its first phase of development and evaluation, with production of crude and gas, located in the region of West-Central Alberta.
- Offshore deepwater fields in Brazil, where in Sapinhoá field (block BM-S-9) in 2016 the plateau of production of 150,000 barrels per day of crude oil was reached in the North Area. In the South Area the plateau of production was reached in 2014, with a production capacity of 120,000 barrels per day of crude oil. Lapa field, in block BM-S-9A was put into production by the end of 2016. Repsol also has participations in the offshore production field Albacora Leste and in the exploratory block BM-C-33 where relevant discoveries to be developed have been made.
- Trinidad and Tobago, where Repsol has a 30% stake in the productive assets of bpTT. In June 2017, an important gas discovery was announced in this offshore area with the Savannah and Macadamia exploratory wells. The discoveries are located in East Block, inside the Columbus basin, to the East of Trinidad, in water deep of about 150 meters.
- Bolivia, where Repsol has a 37.5% stake in the Margarita-Huacaya gas productive project. In March 2018 Repsol received the official ratification of the extension for 10 years of the license until 2041, plus an additional 5 years. The Company has also interests in the San Alberto, San Antonio, Río Grande and Yapacani gas fields.
- Peru, where the Kinteroni field started its production in March 2014 and the Sagari field began production in November 2017. Both fields are located in block 57, where Repsol is the operator company, in the Ucayali-Madre de Dios basin, one of the most prolific gas areas in Peru. Repsol also has a 10% stake in Camisea productive Area (Blocks 56 and 88).
- Russia, where Repsol has an interest in development and production blocks in the Volga-Ural basin and in exploration blocks in the West Siberian basin.



- Venezuela, where Repsol has a 50% interest in the Cardon IV (Perla discovery) gas project and a 40% interest in the productive blocks Quiriquire, Barua Motatan and Mene Grande. Repsol also has an 11% interest in the Carabobo project.
- Algeria, where in December 2017, the Reggane Nord gas project came into production. The Reggane Nord project is composed of six gas fields and is jointly operated with Sonatrach. Repsol has a 35% stake in the Greater MLN/ Menzel Ledjmet Sud-Est productive Area in the east of Algeria. Repsol also has interests in the Tin Fouye Tabankort productive field in the Illizi basin. Repsol operates the exploratory block Sud Est Illizi where in the last years several discoveries have been made.
- Indonesia, where Repsol's assets include interests in an important production sharing contract (PSC) in the Corridor Block, located at the South Sumatra basin, and in the productive block Jambi Merang.
- Malaysia, where Repsol has production operations in Block PM-3 CAA PSC and in Kinabalu. In October 2017, production at the Kinabalu offshore field redevelopment project started. Repsol is the operator with a 60% stake in this project. In May 2018, gas production began in the Bunga Pakma gas development project in the offshore Block PM-3 CAA PSC (41.44% Repsol).
- Vietnam, where Repsol has production operations in block 15-2/01 (HST/HSD). In March 2018, the Vietnamese authorities asked Repsol and its partners to halt drilling work at the Red Emperor discovery in block 07/03 located in the South China Sea, where the final investment decision was approved in April 2017.
- Colombia, where Repsol has production in the Cravo Norte and CPO-9 blocks. In April 2018, approval was announced for the start of Phase 1 of the Akacias Project Development Plan, located in the CPO-9 block. Repsol also has a 49% stake in the Equion Joint Venture with Ecopetrol.
- Libya, where Repsol has participations in the oil productive blocks NC-115 and NC-186 in the Murzuq basin in the southwest of the country.
- UK and Norway, where Repsol has an interest in a relevant number of mature fields. In February 2018, Repsol acquired a 7.7% interest in the Norwegian offshore field Visund.
- Mexico, where Repsol was awarded five new offshore exploration blocks in 2018 in two exploratory rounds.

As of 30 June 2018, Repsol, through its Upstream segment, had oil and gas exploration and/or production interests in 31 countries, either directly or through its subsidiaries, and Repsol acted as operator in 26 of them.

Average Upstream production in the first six months of 2018 reached 724 Kboe/d, 39 Kboe/d higher than the same period in 2017, mainly as a result of the startup of production in new projects throughout 2017, including Reggane (Algeria), Monarb (UK), Kinabalu (Malaysia) and Juniper and TROC (Trinidad and Tobago); as well as the ramp up of production in Libya, the startup of production at new wells in Marcellus and the acquisition of Visund (Norway). These effects were partially compensated by the sale of the SK field (Russia) and natural decline.

In 2017, the average price of Brent crude was U.S.\$54.2 per barrel, compared to an average of U.S.\$81.8 per barrel reported over the 2004-2014 period and to an average of U.S.\$43.7 in 2016. In the first six months of 2018, Brent crude had an average price of U.S.\$70.6 per barrel, compared to an average of U.S.\$51.7 in the same period of the previous year.

Below is an overview of Repsol's net proved reserves corresponding to the years ended 31 December 2017 and 2016.

	Net proved reserves (unaudited)					
	Crude oil, condensate and LPG <sup>(1)</sup>		Natural gas <sup>(2)</sup>		Oil equivalent <sup>(3)</sup>	
	2017	2016	2017	2016	2017	2016
Europe	52	54	40	47	59	62
America	395	376	8,987	9,237	1,993	2,021
Venezuela	59	48	2,914	3,073	577	595
Peru	92	96	1,830	1,897	417	434
United States	77	77	1,724	1,646	384	370
Rest of America	167	155	2,519	2,621	615	622
Africa	108	107	110	98	128	125
Asia	63	47	620	711	174	174
<b>Total</b>	<b>617</b>	<b>584</b>	<b>9,757</b>	<b>10,093</b>	<b>2,355</b>	<b>2,382</b>

Note: The aggregated changes in reserves and total reserves at 31 December may differ from the individual values shown because the calculations use more precise figures than those shown in the table. Net proved reserves include, in proportion to the Group's respective ownership interest, the figures corresponding to its joint ventures or other companies managed as such.

(1) Millions of barrels of crude oil (mmbbl).

(2) Thousand Millions of cubic feet of gas (bcf).

(3) Millions of barrels of oil equivalent (mmboe).

At 31 December 2017, Repsol's net proved reserves, estimated in accordance with SPE/WPC/AAPG/SPEE Petroleum Resources Management System criteria (a system more commonly known by its acronym, SPE-PRMS, with SPE standing for the Society of Petroleum Engineers) amounted to 2,355 mmboe, of which 617 mmboe (26%) corresponded to crude oil, condensate and LPG, with the remainder, 1,738 mmboe (74%), corresponding to natural gas.

In 2017, reserves incorporation reached 227 mmboe, mainly from extensions and discoveries in the United States and revisions of previous estimates in Trinidad and Tobago, Brazil and the United States. In 2017, Repsol achieved a reserve replacement ratio (calculated by dividing total additions of proven reserves in the period by production for the period) of 89% (103% in 2016 and 509% in 2015) for crude oil, condensates, LPG and natural gas (135% in crude oil, condensates and LPG, and 63% in natural gas), incorporating resources that strengthen future growth. The organic reserve replacement ratio (not including purchases and sales) reached 93% for crude oil, condensates, LPG and natural gas combined (133% in crude oil, condensates and LPG, and 69% in natural gas).

### Downstream

Set forth below is certain information in respect of Repsol's unaudited operating data for the periods indicated.

	30/06/2018	30/06/2017	31/12/2017	31/12/2016
	(Unaudited)			
Refining capacity (kbbbl/d)	1,013	1,013	1,013	1,013
Conversion index in Spain (%)	63	63	63	63
Refining margin indicator in Spain (\$/bbl)	6.9	6.6	6.8	6.3
Crude processed (million t)	22.4	22.6	47.4	43.2
Oil product sales (kt)	25,217	25,071	51,836	48,048
LPG sales (kt)	739	750	1,375	1,747
Petrochemical product sales (kt)	1,313	1,407	2,855	2,892
Natural Gas sold in North America (Tbtu)	258	266	496	414

Note: these metrics include, in proportion to the Group's respective ownership interest, the figures corresponding to its joint ventures or other

*companies managed as such.*

Repsol's *Downstream* businesses engage refining and commercialisation of oil products, petrochemicals products, LPG, as well as the commercialisation of natural gas and LNG. Also includes the activities corresponding to the midstream phase (transportation and regasification of natural gas).

Repsol conducts refining activities in two countries (Spain and Peru). The Repsol Group owns and operates five refineries in Spain (Cartagena, A Coruña, Bilbao, Puertollano and Tarragona), with a combined distillation capacity of 896 thousand barrels of oil per day. Repsol holds a 82.38% interest and is the operator of La Pampilla refinery (Peru), which has an installed capacity of 117 thousand barrels of oil per day. Repsol refineries managed by the Downstream segment processed 47.4 million tons of crude oil in 2017, higher than comparative figures from 2016. The refining margin in Spain stood at U.S.\$6.8 per barrel in 2017, higher than in 2016 (U.S.\$6.3 per barrel).

Production of the Repsol Chemicals business is mainly concentrated at three petrochemical complexes located in Spain (Puertollano and Tarragona) and Portugal (Sines), where there is a high level of integration between basic and derivative chemicals, as well as with refining activities in the case of the Spanish facilities. Repsol also has a number of subsidiaries and affiliated companies, through which it produces polypropylene compounds, synthetic rubber and chemical specialties. Sales of petrochemical products to third parties in 2017 amounted to 2.855 kt, which is in line with the volume of 2016.

Repsol conducts distribution and marketing activities through its own personnel and facilities in five countries (Spain, Portugal, Peru, Italy and Mexico). As at 31 December 2017, Repsol had 4,709 service stations across Spain (3,445), Portugal (464), Peru (490), and Italy (310). During the first six months of 2018, the first service stations in Mexico were opened (50 as of 30 June 2018) which represents the start of a long-term project. Repsol is the leading retail distributor of LPG in Spain and maintaining top positions in Portugal. In Spain, Repsol distributes bottled and bulk LPG and autogas.

Oil product sales in 2017 were 51,836kt, higher than the 48,048kt recorded in 2016.

Additionally, the Group had both its regasification and transport assets in its marketing businesses in North America, including the Canaport regasification plant and the gas pipelines in Canada and the United States.

Repsol reached an agreement to purchase Viesgo's unregulated low-emissions electricity generation business (hydroelectric plants and combined-cycle gas plants), in addition to its gas and electricity retail business, see above "*Recent developments*".

## **Board of Directors, Senior Management and Employees**

### *Board of Directors*

As of the date of this Base Prospectus, the members of the Board of Directors of the Guarantor are as follows:

	<b>Position</b>
Antonio Brufau Niubó.....	Chairman
Manuel Manrique Cecilia <sup>(1)</sup> .....	Vice-Chairman
Josu Jon Imaz San Miguel.....	CEO
Maria Teresa Ballester Fornés.....	Director
Luis Carlos Croissier Batista .....	Director
Rene Dahan <sup>(2)</sup> .....	Director
Ángel Durández Adeva .....	Director
María del Carmen Ganyet i Cirera.....	Director
José Manuel Loureda Mantiñán <sup>(1)</sup> .....	Director

	<b>Position</b>
Ignacio Martín San Vicente.....	Director
Mariano Marzo Carpio .....	Director
Isabel Torremocha Ferrezuelo .....	Director
J. Robinson West.....	Director
Luis Suárez de Lezo Mantilla.....	Director and Secretary of the Board of Directors

- (1) Nominated for membership by Sacyr, S.A.  
(2) Nominated for membership by Temasek

The business address of each of the directors as directors of the Guarantor is Calle Méndez Álvaro, 44, 28045 Madrid, Spain.

There are no conflicts of interest between any duties owed by the directors of the Guarantor to the Guarantor and their respective private interests and/or other duties. The directors of the Guarantor have no principal activities performed by them outside the Guarantor where these are significant with respect to the Guarantor.

#### *Corporate Executive Committee (Comité Ejecutivo Corporativo)*

The Guarantor has a Corporate Executive Committee (*Comité Ejecutivo Corporativo*), which is responsible for defining the Group's strategy and for company-wide decisions and policies, and whose members, as of the date of this Base Prospectus, are as follows:

<b>Name</b>	<b>Position</b>
Josu Jon Imaz San Miguel.....	Chief Executive Officer (CEO)
Antonio Lorenzo Sierra .....	Chief Financial Officer (CFO)
Begoña Elices García .....	Executive Managing Director of Communication and Chairman's Office
Luis Cabra Dueñas .....	Executive Managing Director of Technology Development, Resources and Sustainability
Tomás García Blanco .....	Executive Managing Director of Exploration and Production
María Victoria Zingoni.....	Executive Managing Director of Downstream
Miguel Klingenberg Calvo .....	Executive Managing Director of Legal Affairs
Arturo Gonzalo Aizpiri .....	Executive Managing Director of People and Organisation

The business address of each of the members of the Corporate Executive Committee of the Guarantor is Calle Méndez Álvaro, 44, 28045 Madrid, Spain.

There are no conflicts of interest between any duties owed by the members of the Corporate Executive Committee of the Guarantor to the Guarantor and their respective private interests and/or other duties. The members of the Corporate Executive Committee of the Guarantor have no principal activities performed by them outside the Guarantor where these are significant with respect to the Guarantor.

#### *Employees*

According to the audited consolidated financial statements of Repsol, S.A. as of and for the financial year ended 31 December 2017 and the unaudited interim condensed consolidated financial statements of Repsol, S.A. for the six-month period ended 30 June 2018, the Group's average employee headcount was 24,675 and 24,352 persons, respectively.

## Share capital and major shareholders

As at the date of this Base Prospectus, the Guarantor's share capital is comprised of 1,596,173,736 shares at a nominal value of €1, fully subscribed and paid, and admitted to listing on the automated quotation system (*mercado continuo*) of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and on the Buenos Aires Stock Exchange. The Guarantor also has a programme of ADS, currently traded on the OTCQX market in the United States.

In accordance with the latest information available to Repsol, at the date of this Base Prospectus the Guarantor's major shareholders beneficially owned the following percentages of its ordinary shares:

Shareholder	Percentage ownership (direct)	Percentage ownership (indirect)	Total number of shares	Total percentage ownership
	%	%		%
CaixaBank, S.A. <sup>(1)</sup> .....	4.66	0.00	74,418,784	4.66
Sacyr, S.A. <sup>(2)</sup> .....	0.00	7.69	122,704,410	7.69
Temasek Holdings (Private) Limited <sup>(3)</sup> .....	0.00	2.98	47,484,977	2.98
Blackrock, Inc. <sup>(4)</sup> .....	0.00	4.63	73,921,683	4.63

(1) On 20 September 2018, CaixaBank, S.A. (CaixaBank) announced its decision to sell down its entire shareholding in the Guarantor. See "Information on the Guarantor and the Group—Recent Developments—Announcement by CaixaBank, S.A."

(2) Indirect ownership held through Sacyr Investments II, S.A., Sacyr Investments S.A. and Sacyr Securities, S.A.

(3) Temasek holds its stake through its subsidiary, Chembra Investment PTE, Ltd

(4) Blackrock Inc. holds its stake through various controlled entities.

## Material Contracts

Other than the agreement for the purchase of low-emission and electricity and gas distribution businesses from Viesgo, the agreements referred to in other parts of this document and agreements entered into in the ordinary course of its business, the Group is not a party to any material contracts.

## Shareholder remuneration

The Guarantor has remunerated its shareholders in each of the last 15 years. During 2014 the Guarantor purchased free of charge allocation rights (**Rights**) in two paid-up capital increases at a total price of €0.962 gross per Right as part of the "Repsol Flexible Dividend" programme and additionally, on 6 June 2014, paid an extraordinary interim cash dividend drawn from 2014 profits of €1 gross per share. Over the course of 2015 the Guarantor purchased Rights in two paid-up capital increases at a total price of €0.956 gross per Right. Over the course of 2016 the Guarantor purchased Rights in two paid-up capital increases at a price of €0.466 and €0.292 gross per Right as part of the "Repsol Flexible Dividend" programme. Over the course of 2017, the Guarantor purchased Rights in two paid-up capital increases at prices of €0.335 gross and €0.426 gross per Right as part of the "Repsol Flexible Dividend" programme. Over the course of 2018 the Guarantor purchased Rights in two paid-up capital increases at a price of €0.388 and €0.485 gross per Right as part of the "Repsol Flexible Dividend" programme.

On 11 May 2018, the Guarantor's shareholders approved at the Annual Shareholders' Meeting, within the "Repsol Flexible Dividend" programme and to replace what would have been the traditional interim dividend of 2018, another paid-up capital increase proposal charged to voluntary reserves from retained earnings.

In addition, the Guarantor's shareholders also approved a reduction of capital by means of the cancellation of treasury shares, contributing to the Company's shareholder remuneration by increasing the profit per share. This reduction of capital will be carried out through the cancellation of the treasury shares held as at 4 April 2018 and the shares acquired as part of a buy-back programme (which commenced on 4 September 2018) and, as applicable, the settlement of derivatives instruments entered into prior to 4 April 2018.

## Legal and Arbitration Proceedings

The Repsol Group companies are party to judicial and arbitration proceedings arising in the ordinary course of their business activities. The most significant of these, which may have, or have had in the recent past, significant effects on the Group's financial position or profitability, and their status at the reporting date are summarised below.

### United Kingdom

#### *Addax arbitration (in relation to the purchase of Talisman Energy (UK) Limited)*

On 13 July 2015, Addax Petroleum UK Limited (**Addax**) and Sinopec International Petroleum Exploration and Production Corporation (**Sinopec**) filed a Notice of Arbitration against Talisman Energy Inc. (now known as **ROGCI**) and Talisman Colombia Holdco Limited (**TCHL**) in connection with the purchase of 49% shares of TSEUK (now known as **RSRUK**). ROGCI and TCHL filed their responses to the Notice of Arbitration on 1 October 2015. On 25 May 2016, Addax and Sinopec filed the Statement of Claim, in which they seek, in the event that their claims are confirmed in their entirety, repayment of their initial investment in RSRUK, which was executed in 2012 through the purchase of 49% of RSRUK from TCHL, a wholly-owned subsidiary of ROGCI, together with any additional investment, past or future, in such company, and further for any loss of opportunity, and which they estimate in a total approximate amount of U.S.\$5,500 million. The Court of Arbitration has decided, among other procedural matters, the bifurcation of the proceedings: the hearing on liability issues which took place from 29 January to 20 February 2018, and, if necessary, the hearing on the assessment of any damages will take place later, on an as yet unspecified date, which Repsol estimates would be in early 2019. Repsol maintains its opinion that the claims included in the Statement of Claim are without merit.

The oral hearing on liability issues took place between 29 January and 22 February 2018 and between 18 and 29 June 2018, the latter being limited to the questioning of the experts of each party. Oral arguments were heard in July 2018 with written closing arguments scheduled for September 2018. Repsol maintains the view that the claims made in the arbitration proceedings are unfounded.

#### *"Galley" pipeline lawsuit*

In August 2012, there was damage and a leak in the Galley oil pipeline, in which Repsol Sinopec Resources UK Limited (**RSRUK**), formerly known as Talisman Sinopec Energy UK Limited, (**TSEUK**), and at that time had a 67.41% stake. In September 2012, RSRUK filed a claim seeking coverage of the damages and losses sustained as a result of the incident from the insurance company Oleum Insurance Company (**Oleum**), a wholly-owned subsidiary of ROGCI, which in turn has a stake of 51% in RSRUK. In July 2014, RSRUK filed a claim against Oleum seeking \$351 million for property damages and business interruption.

RSRUK filed a request for arbitration on 8 August 2016, which is taking place in London. The law governing the merits of the case is the law of the State of New York. In June 2017, the Court, at the

proposal of the parties, split the proceedings into two phases (*liability* and *quantum*). The oral hearing of the first phase ended on 2 March 2018. In the decision of 10 May 2018, the Court has concluded that the policy does not exclude coverage for property damage arising from the incident. Repsol does not believe that the resolution of this dispute will have a significant impact on its financial statements.

## **United States of America**

### *The Passaic River and Newark Bay lawsuit.*

The events underlying this lawsuit relate to the sale by Maxus Energy Corporation (**Maxus**) of its former chemicals subsidiary Diamond Shamrock Chemical Company (**Chemicals**) to Occidental Chemical Corporation (**OCC**). Maxus agreed to indemnify OCC for certain contingencies relating to the business and activities of Chemicals prior to 4 September 1986, including certain environmental liabilities relating to certain chemical plants and waste disposal sites used by Chemicals prior to 4 September 1986. In 1995, YPF acquired Maxus and subsequently (in 1999), Repsol, S.A. acquired YPF.

In December 2005, the New Jersey Department of Environmental Protection (**DEP**) and the New Jersey Spill Compensation Fund (together, the **State of New Jersey**) sued Repsol YPF S.A. (parent company of the Repsol Group, today called Repsol, S.A.), YPF, YPF Holdings Inc. (**YPFH**), CLH Holdings (**CLHH**), Tierra Solutions, Inc. (**Tierra**), Maxus and OCC for the alleged contamination caused by the former Chemicals plant located on Lister Avenue in Newark, which allegedly contaminated the Passaic River, Newark Bay and other bodies of water and properties in the vicinity (the **Passaic River and Newark Bay lawsuit**).

On 26 September 2012 OCC filed a “Second Amended Cross Claim” (the **Cross Claim**) against Repsol, YPF, Maxus, Tierra and CLHH (together, the **Defendants**).

Between June 2013 and August 2014, the Defendants signed a series of settlement agreements, without acknowledging liability, with the State of New Jersey under which the latter withdrew its cases against the former in exchange for certain payments.

The judge ruled on certain Motions to Dismiss presented by the Defendants in respect of the Cross Claim on 29 January 2015, dismissing, in full or in part, without scope for re-admission, 10 of the 12 claims presented by OCC.

On 14 January 2016 the Special Master issued its recommendations on these Motions admitting the ones submitted by Repsol in relation to its classification as alter ego to Maxus and rejecting OCC’s against Repsol’s claim vis-a-vis OCC in respect of U.S.\$65 million paid pursuant to the agreement with the New Jersey State.

The presiding judge decided on 5 April 2016 to uphold all of the recommendations issued by the Special Master, thereby dismissing in full OCC’s suit against Repsol. This decision can be appealed. On 16 June 2016, the Special Master agreed to hear the Motion for Summary Judgment presented by Repsol with regard to its claim against OCC for the U.S.\$65 million paid as part of the settlement reached with the State of New Jersey. On 17 June 2016, Maxus filed for bankruptcy protection before the United States Bankruptcy Court for the District of Delaware, also seeking release from its main litigation liability, a petition the Court must rule on. On 19 October 2017, the judge decided to fully uphold the recommendations of the Special Master and thereby upheld the motion for summary judgment in relation to Repsol’s claim against OCC for U.S.\$65 million. On 22 November 2017, OCC was formally ordered to pay the U.S.\$65 million plus interest and expenses. On 8 January 2018, Maxus and OCC announced the formal submission of an appeal against these rulings and, as at the date of this Base Prospectus, this appeal has not been filed yet.

On 14 June 2018, the Maxus Bankruptcy Administration filed a lawsuit in the Federal Bankruptcy Court of the State of Delaware against YPF, Repsol and certain subsidiaries of both companies for the same claims as those contained in the *Cross Claim (New Claim)*. Repsol maintains the view that, as has been shown in the *Cross Claim*, the claims made in the *New Claim* are unfounded.

### *Administrative and legal proceedings with tax implications*

Repsol does business globally, operating as a vertically-integrated oil and gas company, which translates into growing complexity with respect to tax management in the current international context.

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the inspection period in each tax jurisdiction has prescribed.

The years for which the Repsol Group has its tax returns open to inspection in respect of the main applicable taxes are as follows:

<b>Country</b>	<b>Years open to inspection</b>
Algeria	2013-2017
Australia	2013-2017
Bolivia	2012-2017
Canada	2010-2017
Colombia	2012-2017
Ecuador	2014-2017
Indonesia	2012-2017
Libya	2010-2017
Malaysia	2013-2017
The Netherlands	2016-2017
Norway	2015-2017
Papua New Guinea	2014-2017
Peru	2013-2017
Portugal	2014-2017
Singapore	2013-2017
Spain	2014-2017
Trinidad and Tobago	2013-2017
United Kingdom	2011-2017
United States	2014-2017
Venezuela	2011-2017

Whenever discrepancies arise between Repsol and the tax authorities with respect to the tax treatment applicable to certain operations, the Group acts with the authorities in a transparent and cooperative manner in order to resolve the resulting controversy, using the legal avenues at its disposition with a view to reaching non-litigious solutions. However, in these fiscal years, as in previous years, there are administrative and legal proceedings with tax implications that might be adverse to the Group's interest and that have given rise to litigious situations that could result in contingent tax liabilities. Repsol believes that it has acted lawfully in handling the foregoing matters and that its defence arguments are underpinned by



reasonable interpretations of prevailing legislation, to which end it has lodged appeals as necessary to defend the interests of the Group and its shareholders.

It is difficult to predict when these tax proceedings will be resolved due to the extensive appeals process. Based on the advice received from in-house and external tax experts, the Company believes that the tax liabilities that may ultimately derive from these proceedings will not have a significant impact on Repsol's financial statements. In the Group's experience, the result of lawsuits claiming sizeable amounts have either tended to result in immaterial settlements or the courts have found in favour of the Group.

The Group's general criterion is to recognise provisions for tax-related proceedings that it deems it is likely to lose and does not recognise provisions when the risk of losing the case is considered possible or remote. The amounts to be provisioned are calculated on the basis of the best estimate of the amount needed to settle the proceeding in question, underpinned, among others, by a case-by-case analysis of the facts, the legal opinions of its in-house and external advisers and prior experience in these matters.

The main tax-related lawsuits affecting the Group at 30 June 2018 are as follows:

### ***Bolivia***

Repsol E&P Bolivia, S.A. and YPFB Andina, S.A. are pursuing several lawsuits against administrative resolutions denying the possibility of deducting royalties and hydrocarbon interests for corporate income tax calculation purposes, prior to the nationalisation of the oil sector.

The first lawsuits of Repsol E&P Bolivia, S.A. and YPFB Andina, S.A. were resolved unfavourably to Repsol by the Supreme Court and upheld by the Constitutional Court.

The Company is involved in other lawsuits for the same matters, considering that its position is expressly endorsed by Law 4115, 26 September 2009.

### ***Brazil***

Petrobras, as operator of block BM-S-9, in which Repsol has a 25% ownership interest, has been served by the Sao Paulo tax authorities of an infraction notice in relation to purported breaches of formal requirements related to the onshore-offshore movement of materials and equipment from/to the offshore drilling platform. The criterion adopted by Petrobras was in line with widespread industry practice. A court of first instance ruled in favour of the tax payer. The State of Sao Paulo lodged an appeal. Recently the Courts have ruled in favour of Petrobras/Repsol. Such decision has become non-actionable and final, so the tax contingency has disappeared.

Secondly, Petrobras, as operator of the Albacora Leste, BM-S-7 and BMS-9 consortia, has received notices with respect to several taxes for the period 2008 to 2012 in relation to payments to foreign companies for the chartering of exploration platforms and related services used at the above-listed blocks. All notices have been appealed and are in administrative tribunals (2009-2012) or are being appealed (2008).

In addition, Repsol Sinopec Brasil received notices with respect to withholdings (2009 and 2011) in relation to payments to foreign companies for the chartering of exploration vessels and related services used at blocks BM S-48 and BM-C33, which Repsol Sinopec Brasil operates. The administrative federal tribunal of second instance has ruled against the Company. However, the Company believes its actions are within the law and its behaviour is in line with widespread sector practice and therefore it has launched a new appeal with the administrative tribunals.

In relation to the last two lawsuits, Law 13586/17 was recently approved and published, by virtue of which it is possible to reduce the disputed amount quite substantially, provided that the taxpayer refrains from fighting the lawsuits in question. The Company requested to take advantage of this new regulation,

requesting the termination of the processes related to the contractual structure for contracting platforms in the part related to the withholdings.

### ***Canada***

The Canada Revenue Agency, or **CRA**, has disallowed the application of tax incentives related to the assets of the Canaport project. The Company filed appeals against the inspection assessments (2005-2008). Canada's Tax Court ruled in favour of Repsol on 27 January 2015. However, this decision was appealed before the Federal Court of Appeal, which, in September 2017, ruled in favour of Repsol. As the decision has not been appealed, it is now final.

Furthermore, the CRA regularly inspects the ROGCI Group companies (formerly Talisman Group companies, acquired by Repsol in 2015) resident in Canada. In 2017, the audit corresponding to the period from 2006 to 2009 was concluded satisfactorily. Tax years 2010 to 2015 are currently subject to inspection.

### ***Ecuador***

The Ecuador internal revenue service (**SRI**) has disallowed the deduction from income tax (2003 to 2010) of payments for the transportation of crude oil to Ecuador company Oleoducto de Crudos Pesados, S.A. under a "Ship or pay" arrangement. The National Court of Justice has dismissed the appeals regarding 2003 and 2005 on procedural grounds, without addressing the merits of the case.

The SRI has also called into question, for the years 2004 to 2010, the criteria used to set the benchmark price applicable to sales of production from Block 16, in which Repsol Ecuador, S.A. holds a 35% interest. The National Court of Justice has dismissed the appeal regarding 2005 on procedural grounds, without addressing the merits of the case. As a result, the government of Ecuador has been notified that an international arbitration action may be lodged.

In addition, Oleoducto de Crudos Pesados, S.A (**OCP**), a 29.66% investee of Repsol Ecuador, S.A., is disputing with the government of Ecuador the tax treatment of subordinated debt issued to finance its operations. The National Court handed down a favourable ruling for this company, which the authorities appealed before the Constitutional Court. The Constitutional Court has rendered the ruling null and ordered a new ruling. The government also dismissed the National Court members who ruled in favour of the company. Later, the National Court issued rulings in favour of the interests of SRI in respect of the 2003 to 2006 fiscal years. OCP's appeals before the Constitutional Court were dismissed. In March 2018, an international arbitration action was lodged.

### ***Spain***

In 2013, the main proceedings over income tax for inspections of the years 1998 to 2001 and 2002 to 2005 came to an end. The corresponding decisions and rulings had the effect of cancelling 90% of the tax liability initially assessed by the Spanish tax authorities (**AEAT**) and that had been appealed by the Company. With regard to the penalties linked to those inspections, they have been cancelled by the Courts for the large part.

In addition, with regard to the inspection of the years 2006 to 2009, the principal matters under discussion in terms of the audit are mainly related to transfer pricing, foreign portfolio loss recognition and investment incentives, and they involve a change in the tax authority's criteria with respect to earlier inspections. Recently, a ruling has been received from the Central Economic Administrative Tribunal (**TEAC**) that partially upheld the Company's appeal in relation to some income tax issues included in the assessments and in the sanctions decisions of the years 2007-2009. An administrative appeal has been filed before the National High Court for matters that were not upheld by the TEAC.

The assessment for the year 2006 and the assessment that contains adjustment of transfer prices for the years 2007 to 2009 are suspended, as a conflict was brought before the Arbitration Board of the Basque Economic Agreement.

The Company believes it has acted within the law, based on the reports provided by its internal and external tax advisors and other experts consulted. As a result, no liabilities are expected to arise that might have a significant impact on the Group's income.

In August 2017, the Spanish tax authorities completed the tax audit corresponding to period from 2010 to 2013. These activities have been completed without any sanctions being imposed and, for the large part, resulted in the issuance of declarations of conformity concerning Corporate Income Tax, VAT, personal income tax withholdings and non-resident personal income tax withholdings, for which no significant liabilities have been incurred by the Group. However, in terms of the deductibility of interest for the late payment of taxes and the calculation of losses on overseas business corresponding to Corporate Income Tax, the administrative decision has been subject to appeal, as the Company believes it has acted within the law.

The AEAT also started audit activities on Tax Group 6/80 concerning the 2014 and 2015 tax years in August 2017.

In relation to the sentence issued by the European Union Court of Justice on 27 February 2014, declaring the Tax on the Retail Sale of Certain Hydrocarbons (IVMDH for its acronym in Spanish), levied from 2002 to 2012, contrary to EU law, Repsol has initiated several proceedings against the Spanish tax authorities in order to uphold the interests of its customers and their right to seek the refund of the amounts incorrectly collected in this respect.

### *Indonesia*

Indonesian Corporate Tax Authorities have been questioning various aspects of the taxation of permanent establishments that the Group has in the country. These proceedings are pending a court hearing or administrative appeal.

### *Malaysia*

Repsol Oil & Gas Malaysia Ltd. and Repsol Oil & Gas Malaysia (PM3) Ltd., the Group's operating subsidiaries in Malaysia, have received notifications from the Inland Revenue Board (**IRB**) in respect of the years 2007, 2008 and 2011, questioning, primarily, the deductibility of certain costs. The aforementioned actions have resulted in a reconciliation agreement currently pending ratification by the tax court, under which Repsol's subsidiaries will receive a refund of the taxes initially retained by the IRB.

## TAXATION

### The Netherlands

#### *Introduction*

The following summary does not purport to be a comprehensive description of all Dutch tax considerations that could be relevant to holders of the Notes. This summary is intended for general information only. Each prospective holder should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes. This summary is based on Dutch tax legislation and published case law in force as of the date of this document. It does not take into account any developments or amendments thereof after that date, whether or not such developments or amendments have retroactive effect. For the purposes of this section, “the Netherlands” shall mean that part of the Kingdom of the Netherlands that is in Europe.

#### *Scope*

Regardless of whether or not a holder of Notes is, or is treated as being, a resident of the Netherlands, with the exception of the section on withholding tax below, this summary does not address the Dutch tax consequences for such a holder:

- i. having a substantial interest (*aanmerkelijk belang*) in the Issuer (such a substantial interest is generally present if an equity stake of at least 5%, or a right to acquire such a stake, is held, in each case by reference to the Issuer’s total issued share capital, or the issued capital of a certain class of shares);
- ii. who is a private individual and who may be taxed in box 1 for the purposes of Dutch income tax (*inkomstenbelasting*) as an entrepreneur (*ondernemer*) having an enterprise (*onderneming*) to which the Notes are attributable, or who may otherwise be taxed in box 1 with respect to benefits derived from the Notes;
- iii. which is a corporate entity and a taxpayer for the purposes of Dutch corporate income tax (*vennootschapsbelasting*), having a participation (*deelneming*) in the Issuer (such a participation is generally present in the case of an interest of at least 5% of the Issuer’s nominal paid-in capital);
- iv. which is a corporate entity and an exempt investment institution (*vrijgestelde beleggingsinstelling*) or investment institution (*beleggingsinstelling*) for the purposes of Dutch corporate income tax, a pension fund, or otherwise not a taxpayer or exempt for tax purposes;
- v. which is a corporate entity and a resident of Aruba, Curaçao or Sint Maarten; or
- vi. which is not considered the beneficial owner (*uiteindelijk gerechtigde*) of the Notes and/or the benefits derived from the Notes.

This summary does not describe the Dutch tax consequences for a person to whom the Notes are attributed on the basis of the separated private assets provisions (*afgezonderd particulier vermogen*) in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and/or the Dutch Gift and Inheritance Tax Act 1956 (*Successiewet 1956*).

#### *Withholding tax*

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, except where Notes are issued under such terms and conditions that such Notes can be classified as equity of the Issuer for Dutch civil law purposes and/or for

Dutch tax purposes or function as equity of the Issuer within the meaning of article 10, paragraph 1, letter d, of the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

### ***Income tax***

#### ***Resident holders:***

A holder who is a private individual and a resident, or treated as being a resident of the Netherlands for the purposes of Dutch income tax, must record Notes as assets that are held in box 3. Taxable income with regard to the Notes is then determined on the basis of a certain deemed return on the holder's yield basis (*rendementsgrondslag*) at the beginning of the calendar year insofar the yield basis exceeds a €30,000 threshold (*heffingvrij vermogen*), rather than on the basis of income actually received or gains actually realised. Such yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes, less the fair market value of certain qualifying liabilities at the beginning of the calendar year. The fair market value of the Notes will be included as an asset in the holder's yield basis. The holder's yield basis is allocated to up to three brackets for which different deemed returns apply. The first bracket includes amounts up to and including €70,800, which amount will be split into a 67% low-return part and a 33% high-return part. The second bracket includes amounts in excess of €70,800 and up to and including €978,000, which amount will be split into a 21% low-return part and a 79% high-return part. The third bracket includes amounts in excess of €978,000, which will be considered high-return in full. For 2018 the deemed return on the low-return parts is 0.36% and on the high-return parts is 5.38%. The deemed return percentages will be reassessed every year. The deemed return on the holder's yield basis is taxed at a rate of 30%.

***Non-resident holders:*** A holder who is a private individual and neither a resident, nor treated as being a resident, of the Netherlands for the purposes of Dutch income tax, will not be subject to such tax in respect of benefits derived from the Notes, unless such holder is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise which is effectively managed in the Netherlands, to which enterprise the Notes are attributable.

### ***Corporate income tax***

***Resident holders:*** A holder which is a corporate entity and, for the purposes of Dutch corporate income tax, a resident, or treated as being a resident, of the Netherlands, is taxed in respect of benefits derived from the Notes at rates of up to 25%.

***Non-resident holders:*** A holder which is a corporate entity and, for the purposes of Dutch corporate income tax, is neither a resident, nor treated as being a resident, of the Netherlands, will not be subject to corporate income tax, unless such holder has an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands, a Dutch Enterprise (*Nederlandse onderneming*), to which Dutch Enterprise the Notes are attributable, or such holder is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable. Such holder is taxed in respect of benefits derived from the Notes at rates of up to 25%.

### ***Gift and inheritance tax***

***Resident holders:*** Dutch gift tax or inheritance tax (*schenk- of erfbelasting*) will arise in respect of an acquisition (or deemed acquisition) of Notes by way of a gift by, or on the death of, a holder of Notes who is a resident, or treated as being a resident, of the Netherlands for the purposes of Dutch gift and inheritance tax.

***Non-resident holders:*** No Dutch gift tax or inheritance tax will arise in respect of an acquisition (or deemed acquisition) of Notes by way of a gift by, or on the death of, a holder of Notes who is neither a resident, nor treated as being a resident, of the Netherlands for the purposes of Dutch gift and inheritance tax.

### ***Other taxes***

No Dutch turnover tax (*omzetbelasting*) will arise in respect of any payment in consideration for the issue of Notes, with respect to any cash settlement of Notes or with respect to the delivery of Notes. Furthermore, no Dutch registration tax, capital tax, transfer tax or stamp duty (nor any other similar tax or duty) will be payable in connection with the issue or acquisition of the Notes.

### ***Residency***

A holder will not become a resident, or a deemed resident, of the Netherlands for Dutch tax purposes by reason only of holding the Notes.

## **The Kingdom of Spain**

### ***General***

The following is an overview of the principal Spanish tax consequences of the ownership and disposition of Notes.

This overview is not a complete analysis or listing of all the possible tax consequences of the ownership or disposition of the Notes. Prospective investors should, therefore, consult their tax advisers with respect to the Spanish and other tax consequences taking into consideration the circumstances of each particular case. The statements regarding Spanish tax laws set out below are based on those laws in force at the date of this Base Prospectus.

#### ***a) Withholding tax***

##### ***Payments made by the Issuer***

On the basis that the Issuer is not resident in the Kingdom of Spain for tax purposes and does not operate in the Kingdom of Spain through a permanent establishment, branch or agency, all payments of principal and interest in respect of the Notes can be made free of any withholding or deduction for or on account of any taxes in the Kingdom of Spain of whatsoever nature imposed, levied, withheld, or assessed by the Kingdom of Spain or any political subdivision or taxing authority thereof or therein, in accordance with applicable Spanish law.

Under certain conditions, withholding taxes may apply to Spanish taxpayers when a Spanish resident entity or a non-resident entity that operates in the Kingdom of Spain through a permanent establishment in the Kingdom of Spain is acting as depository of the Notes or as collecting agent of any income arising from the Notes.

##### ***Payments made by the Guarantor***

In the opinion of the Guarantor, any payments of principal and interest made by the Guarantor under the Guarantee should be characterised as an indemnity and, accordingly, be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Kingdom of Spain or any political subdivision or authority thereof or therein having power to tax.

However, although no clear precedent, statement of law or regulation exists in relation thereto, in the event that the Spanish Tax Authorities take the view that the Guarantor has validly, legally and effectively assumed all the obligations of the Issuer under the Notes subject to and in accordance with the Guarantee, they may attempt to impose withholding tax in the Kingdom of Spain on any payments made by the Guarantor in respect of interest. Such interest withholding tax shall not apply, among others, when the recipient is either (a) resident for tax purposes in a Member State of the European Union, other than Spain,

not acting through a territory considered as a tax haven pursuant to Spanish law (currently set out in Royal Decree 1080/1991, of 5 July) nor through a permanent establishment in Spain, provided that such person submits to the Guarantor the relevant tax residence certificate, issued by the competent Tax Authorities, each certificate being valid for a period of one year beginning on the date of the issuance, (b) resident in a country which has entered into a Tax Treaty with Spain which provides for the exemption from withholding of interest paid under the Notes, provided that such person submits to the Guarantor the relevant tax resident certificate, issued by the competent Tax Authorities, each certificate being valid for a period of one year beginning on the date of the issuance, or (c) a Spanish Corporate Income Taxpayer, provided that the Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange, as initially envisaged. Tax treaties could eliminate or reduce this hypothetical withholding taxation. See condition 7 (*Taxation*) of the Terms and Conditions of the Notes.

***b) Taxes on income and capital gains.***

***Non-Resident Holder***

This paragraph is of application to a non-resident of Spain, whose holding of Notes is not effectively connected to a permanent establishment in Spain through which such person or entity carries on a business or trade in Spain (**Non-Resident Holder**).

For Spanish tax purposes the holding of the Notes will not in and of itself cause a non-Spanish resident to be considered a resident of Spain nor to be considered to have a permanent establishment in Spain.

Payments made by the Issuer to a Non-Resident Holder will not be subject to Spanish tax.

Subject to the above (see "*Payments made by the Guarantor*"), any payment by the Guarantor that could be made pursuant to the Guarantee to a Non-Resident Holder will not be subject to withholding tax levied by Spain, and such Holder will not, by virtue of receipt of such payment, become subject to other additional taxation in Spain.

A Non-Resident Holder will not be subject to any Spanish taxes on capital gains in respect of a gain realised on the disposal of a Note.

***Residents***

Spanish tax-residents are subject to Corporate or Individual Income Tax on a worldwide basis. Accordingly, income obtained from the Notes will be taxed in Spain when obtained by persons or entities that are considered residents in Spain for tax purposes. The fact that (i) a Spanish corporation pays interest, or (ii) interest is paid in Spain, will not lead an individual or entity being considered tax-resident in Spain.

As a general rule, non-Spanish taxes withheld at source on income obtained out of Spain are deducted when computing tax liability, provided that they do not exceed the corresponding Spanish tax. Specific rules may apply according to tax treaties.

It is to be noted that if Notes are traded in Spain, general rules governing advanced taxation at source (*retenciones*) will be applicable in connection with Spanish tax-resident holders of the Notes. The rate of taxation at source is set at 19%. However, when the income recipient is a corporation, certain exemptions have been established, so corporate holders are suggested to obtain independent tax advice. The advanced tax is credited against final Individual or Corporate Income Tax with no limit; hence, any excess entitles the taxpayer to a refund.

As at the date of this Base Prospectus the Income Tax rates applicable in Spain are:

- (i) for individual taxpayers 19% up to €6,000; 21% from €6,000.01 to €50,000 and 23% on the excess over €50,000, as capital income, for individual taxpayers; and
- (ii) for corporate taxpayers 25%, though, under certain circumstances (small companies, non-profit entities, among others), a lower rate may apply.

### ***Net Wealth Tax (NWT)***

This tax is only applicable to individuals (i.e., corporations and entities, either resident or non-resident, are not affected by this particular tax but by legislation of Corporate Income Tax or Non-Resident Income Tax).

#### ***Non-residents***

NWT may be levied in Spain on non-resident individuals only on those assets and rights that are located or that may be exercised or fulfilled within the Spanish territory.

As the Notes are issued by a non-resident entity and are not payable in Spain, no tax liability would arise for those non-resident individual investors without a permanent establishment in Spain.

#### ***Residents***

Under Law 19/1991, 6 June 1991, as amended (the **NWT Law**), all Spanish-resident individual shareholders are liable for NWT on all net assets and rights deemed to be owned as of 31 December, irrespective of where these assets are located or where the rights may be exercised, and amounting to more than €700,000 (such amount may be lower depending on the Spanish region of domicile of the taxpayer). A Holder who is required to file a NWT return should value the Notes at their average trading price in the last quarter of the year. Such average trading price is published on an annual basis by the Spanish Ministry of Finance.

NWT is levied at rates ranging between 0.2% and 2.5%, without prejudice to any relevant exemption which may apply and the relevant laws and regulations in force in each autonomous region of Spain. Thus, investors should consult their tax advisers according to the particulars of their situation.

However, from the year 2019, a full exemption on NWT (*bonificación del 100%*) should apply and therefore from year 2019 Spanish individual Holders should be released from formal and filing obligations in relation to this NWT, unless such exemption is revoked.

### ***Inheritance and Gift Tax (IGT)***

This tax is only applicable to individuals (i.e., corporations and entities, either resident or non-resident, are not affected by this particular tax).

#### ***Non-residents***

IGT may be levied in Spain on non-resident individuals only on those assets and rights that are located or that may be exercised or fulfilled within the Spanish territory.

As the Notes are issued by a non-resident entity and are not payable in Spain, no tax liability would arise for those non-resident individual investors without a permanent establishment in Spain.



### *Residents*

The transfer of the Notes by inheritance, gift or legacy (on death or as a gift) to individuals resident in Spain is subject to IGT as set out in Law 29/1987, of 18 December (the **IGT Law**), being payable by the person who acquires the securities, at an effective tax rate ranging from 7.65% to 81.60%, depending on relevant factors (such as the specific regulations imposed by each Spanish region, the amount of the pre-existing assets of the taxpayer and the degree of kinship with the deceased or donor).

As the actual collection of this tax depends on the regulations of each Autonomous Community, investors should consult their tax advisers according to the particulars of their situation.

## SUBSCRIPTION AND SALE

### Overview of Dealer Agreement

Subject to the terms and on the conditions contained in the Amended and Restated Dealer Agreement dated 2 October 2018 (as further amended and/or supplemented from time to time, the **Dealer Agreement**) between the Issuer, the Guarantor, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### Selling Restrictions

#### *Belgium*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

#### *United States*

The Notes and the Guarantee have not been and will not be registered under the Securities Act of 1933 (**The Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (**Regulation S**).

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code and U.S. Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it has not offered and sold the Notes of any identifiable tranche, and shall not offer and sell the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche, as determined and certified to the Issuer and each relevant Dealer, by the Issuing and Paying Agent or, in the case of Notes issued on a syndicated basis, the Lead Manager, within the United

States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period, as defined in Regulation S under the Securities Act, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### ***Prohibition of Sales to EEA Retail Investors***

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### ***United Kingdom***

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000, as amended (the **FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## ***The Netherlands***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Zero Coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen*, as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen* (the **SCA**)) may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of those Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a business or profession, and (iii) the issue and trading of those Notes, if they are physically issued outside The Netherlands and are not distributed in The Netherlands in the course of primary trading or immediately thereafter.

## ***Spain***

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that, the Notes may not be offered, sold or distributed in Spain, nor may any subsequent resale of the Notes be carried out except (i) in circumstances which do not constitute a public offering of securities in Spain within the meaning of section 35 of the Restated Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, of 23 October 2015 (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) (the **Securities Market Act**), as developed by Royal Decree 1310/2005 of 4 November on admission to listing and on issues and public offers of securities (*Real Decreto 1310/2005 de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, de Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), and supplemental rules enacted thereunder or in substitution thereof from time to time; and (ii) by institutions authorised to provide investment services in Spain under the Securities Market Act (and related legislation) and Royal Decree 217/2008 of 15 February on the Legal Regime Applicable to Investment Services Companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*).

Neither the Notes nor the Base Prospectus have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and, therefore, the Base Prospectus is not intended to be used for any public offer of Notes in Spain.

## ***Switzerland***

Unless explicitly stated otherwise in the Final Terms of the relevant Notes, Notes issued under this Programme may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. The Notes do not constitute a participation in a collective investment scheme in the meaning of the Swiss Federal Act on Collective Investment Schemes (the **CISA**) and neither the Issuer nor the Notes are authorised by or registered with the Swiss Financial Market Supervisory Authority FINMA (**FINMA**) under the CISA. Therefore, investors in the Notes do not benefit from protection under the CISA or supervision by FINMA.

## *Japan*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **Financial Instruments and Exchange Act**). Accordingly, each Dealer has represented and agreed, and each further Dealer will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## *Hong Kong*

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## *Singapore*

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (the **MAS**). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Base Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes may not be circulated or distributed, nor may any Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly,

to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:
  - (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
  - (ii) where no consideration is or will be given for the transfer;
  - (iii) where the transfer is by operation of law;
  - (iv) as specified in Section 276(7) of the SFA or
  - (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore** - Unless otherwise stated in the applicable Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products/capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products/Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### ***Republic of Italy***

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa (CONSOB)*, the Italian Securities Regulator, pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Base Prospectus or any other document relating to the Notes in Italy except:

- (a) to qualified investors (*investitori qualificati*), as referred to in Article 100 of Legislative Decree no. 58 of 24 February 1998 (the **Financial Services Act**) and Article 34-ter, paragraph 1, letter

(b) of CONSOB regulation No. 11971 of 14 May 1999 (the **Issuers Regulation**), all as amended from time to time; or

- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation and Article 34-ter of the Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the **Banking Act**), CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

*Investors should note that, in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) and (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and the Issuers Regulation. Furthermore, Notes which were initially offered and placed in Italy or abroad to qualified investors only (under an exemption from the rules on public offerings) and are, in the following year “systematically” distributed on the secondary market in Italy to investors other than qualified investors, become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and Issuers Regulation unless any exemptions from the rules on public offerings applies. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the purchasers of Notes who are acting outside of the course of their business or profession.*

### **France**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, delivered or sold and will not offer, deliver or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) and/or a limited circle of investors (*cercle restreint*), acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French *Code monétaire et financier*.

### **General**

These selling restrictions may be modified by the agreement of the Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive.

Each Dealer has agreed, and each further Dealer will be required to agree, that it will comply with all relevant laws, regulations and directives in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense.

Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer, the Guarantors and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

Other than in Luxembourg, no action has been taken in any jurisdiction by the Issuer, the Guarantor or the Dealers that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

None of the Issuer, the Guarantor, the Trustee or the Dealers represents that Notes may, at any time, lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer, the Guarantor and the relevant Dealer shall agree amongst themselves.



## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, save for the text in italics and subject to completion in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the provisions of the relevant Final Terms or (ii) these terms and conditions as so completed, shall be endorsed on such Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by the Amended and Restated Trust Deed dated 30 May 2017 (as amended and/or supplemented as at the date of issue of the Notes (the **Issue Date**), the **Trust Deed**) between the Issuer, the Guarantor, and Citicorp Trustee Company Limited (the **Trustee**, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes, Receipts, Coupons and Talons referred to below. The Amended and Restated Agency Agreement (as amended and/or supplemented as at the Issue Date, the **Agency Agreement**) dated 30 May 2017 has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the paying agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the **Issuing and Paying Agent**, the **Paying Agents** (which expression shall include the Issuing and Paying Agent), and the **Calculation Agent(s)**. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Agency & Trust, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified offices of the Paying Agents.

The Noteholders, the holders of the interest coupons (the **Coupons**) relating to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the **Talons**) (the **Couponholders**) and the holders of the receipts for the payment of instalments of principal (the **Receipts**) relating to Notes of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement and the relevant Final Terms.

### 1. Form, Specified Denomination and Title

The Notes are issued in bearer form (**Notes**) in each case in the Specified Denomination(s) shown in the relevant Final Terms, provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of those Notes). Notes of one Specified Denomination may not be exchanged for Notes of another denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Instalment Note or a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the relevant Final Terms.

So long as the Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradable only in (a) if the Specified Denomination stated in the relevant Final Terms is €100,000 (or its equivalent in another currency), the authorised denomination of €100,000 (or its equivalent in another currency) and integral multiples of €100,000 (or its equivalent in another currency) thereafter, or (b) if the Specified Denomination stated in the relevant Final Terms is €100,000 (or its equivalent in another currency) and integral multiples of €1,000 (or its equivalent in another currency) in excess thereof, the minimum authorised denomination of €100,000 (or its equivalent in another currency) and higher integral multiples of €1,000 (or its equivalent in another

currency), notwithstanding that no definitive notes will be issued with a denomination above €199,000 (or its equivalent in another currency).

Notes are serially numbered in the Specified Currency and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Title to the Notes and the Receipts, Coupons and Talons shall pass by delivery. The holder (as defined below) of any Note, Receipt, Coupon or Talon shall (except as otherwise required by law) be deemed to be and may be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it or its theft or loss) and no person shall be liable for so treating the holder.

In these Conditions, **Noteholder** means the bearer of any Note and the Receipts relating to it, **holder** (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Note, Receipt, Coupon or Talon and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2. Guarantee and Status

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes, Receipts and Coupons. Its obligations in that respect (the **Guarantee**) are contained in the Trust Deed.
- (b) **Status:** The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 3) unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by the laws of bankruptcy and other laws affecting the rights of creditors generally and subject to Condition 3, at all times rank at least equally with all their respective other present and future unsecured and unsubordinated obligations.

## 3. Negative Pledge

So long as any of the Notes, Receipts or Coupons remain outstanding (as defined in the Trust Deed), each of the Issuer and the Guarantor undertakes that it will not create or have outstanding any mortgage, charge, pledge, lien or other security interest (each a **Security Interest**) upon the whole or any part of its undertaking, assets or revenues (including any uncalled capital), present or future, in order to secure any Relevant Indebtedness (as defined below) or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness unless (a) all amounts payable by the Issuer and/or the Guarantor under the Notes, the Receipts, the Coupons and the Trust Deed are equally and rateably secured therewith by such Security Interest to the satisfaction of the Trustee or (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (B) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

In these Conditions, **Relevant Indebtedness** means any obligation in respect of present or future indebtedness in the form of, or represented or evidenced by, bonds, debentures, notes or other securities which are, or are intended to be (with the consent of the issuer thereof), quoted, listed, dealt in or traded on any stock exchange or over-the-counter market other than such indebtedness which by its terms will mature within a period of one year from its date of issue.

#### 4. Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f).
- (b) **Interest on Floating Rate Notes:**
- (i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f). Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to any of ISDA Determination, Screen Rate Determination or Linear Interpolation shall apply, depending upon which is specified in the relevant Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the relevant Final Terms;
- (y) the Designated Maturity is a period specified in the relevant Final Terms; and

- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity, Reset Date and Swap Transaction** have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00a.m. (London time in the case of LIBOR, LIBID and LIMEAN or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) if the Relevant Screen Page is not available or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, LIBID or LIMEAN, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, LIBID or LIMEAN at approximately 11.00a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, LIBID or LIMEAN at approximately 11.00a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference

Rate by leading banks in, if the Reference Rate is LIBOR, LIBID or LIMEAN, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, LIBID or LIMEAN, at approximately 11.00a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, LIBID or LIMEAN, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified in the relevant Final Terms as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where “Screen Rate Determination” is specified in the relevant Final Terms as being applicable) or the relevant Floating Rate Option (where “ISDA Determination” is specified in the relevant Final Terms as being applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period, provided, however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer than the relevant Interest Accrual Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

**Applicable Maturity** means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).

- (d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date.
- (e) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
- (i) If any Margin is specified in the relevant Final Terms (either (x) generally or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
  - (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes *unit* means the lowest amount of such currency that is available as legal tender in the country or countries (as appropriate) of such currency.
- (f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the relevant Final Terms, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Change of Control Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Change of Control Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Change of Control Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation

Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange or other relevant authority of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 8, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (h) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Change of Control Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.
- (i) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**Business Day** means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **TARGET Business Day**) and/or
- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

**Day Count Fraction** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the **Calculation Period**):

- (i) if **Actual/Actual**, **Actual/Actual (ISDA)**, **Act/Act** or **Act/Act (ISDA)** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the

actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (ii) if **Actual/Actual (ICMA)** or **Act/Act (ICMA)** is specified in the relevant Final Terms, a fraction equal to “number of days accrued/number of days in year”, as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Markets Association (the **ICMA Rule Book**), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non-U.S. dollar denominated straight and convertible bonds issued after 31 December 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period;
- (iii) if **Actual/365 (Fixed)**, **Act/365 (Fixed)**, **A/365 (Fixed)** or **A/365F** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iv) if **Actual/365 (Sterling)** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if **Actual/360**, **Act/360** or **A/360** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (vi) if **30/360**, **360/360** or **Bond Basis** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{DayCount Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30;

- (vii) if **30E/360** or *Eurobond Basis* is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{DayCount Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$



where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

(viii) if **30E/360 (ISDA)** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{DayCount Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

**Eurozone** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended from time to time.

**Interest Accrual Period** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

**Interest Amount** means (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and, in the case of Fixed Rate Notes, the Fixed Coupon Amount or Broken Amount, specified in the relevant Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

**Interest Commencement Date** means the Issue Date or such other date as may be specified in the relevant Final Terms.

**Interest Determination Date** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

**Interest Period** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**Interest Period Date** means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

**ISDA Definitions** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the issue date of the first Tranche (as defined in the Trust Deed) of the relevant Series of Notes, unless otherwise specified in the relevant Final Terms.

**Rate of Interest** means the rate of interest payable from time to time in respect of this Note and that is specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions.

**Reference Banks** means, in the case of a determination of LIBOR, LIBID or LIMEAN, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Calculation Agent or as specified in the relevant Final Terms.

**Reference Rate** means the rate specified as such in the relevant Final Terms.

**Relevant Date** means whichever is the later of:

- (i) the date on which payment first becomes due and
- (ii) if the full amount payable has not been received by the Issuing and Paying Agent or the Trustee on or prior to such due date, the date on which the full amount having been so received, notice to that effect shall have been given to the Noteholders.

Any reference in these Conditions to **principal** and/or **interest** shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

**Relevant Screen Page** means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms.

**Specified Currency** means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated.

**TARGET System** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System, which was launched on 19 November 2007, or any successor thereto.

- (j) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Change of Control Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## 5. Redemption, Purchase and Options

### (a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, or purchased and cancelled, as provided in this Condition 5, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, or purchased and cancelled, as provided below, each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount or, in the case of a Note falling within sub-paragraph (i) above, its final Instalment Amount.

### (b) Early Redemption:

#### (i) *Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to a formula, upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.

- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 8 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 8, shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.
- (c) **Redemption for Taxation Reasons:** The Notes (other than Notes in respect of which the Issuer shall have given a notice of redemption pursuant to Conditions 5(d), 5(e), 5(f) or 5(g) or in respect of which a Noteholder shall have exercised its option under Condition 5(h) in each case prior to any notice being given under this Condition 5(c)) may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 5(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it or (if the Guarantee were called) the Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of The Netherlands or (in the case of a payment to be made by the Guarantor) the Kingdom of Spain, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer (or two authorised officers of the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on Noteholders and Couponholders.

- (d) **Redemption at the Option of the Issuer:** If Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a principal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn up in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Residual Maturity Call Option:** If a Residual Maturity Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with Condition 15 (which notice shall specify the date fixed for redemption (the **Residual Maturity Call Option Redemption Date**)), redeem all (but not only some) of the Notes at their principal amount together with interest accrued to the date fixed for redemption, which shall be no earlier than (i) three months before the Maturity Date in respect of Notes having a maturity of not more than ten years or (ii) six months before the Maturity Date in respect of Notes having a maturity of more than ten years.

For the purpose of the preceding paragraph, the maturity of not more than ten years or the maturity of more than ten years shall be determined as from the Issue Date of the first Tranche of the relevant Series of Notes.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

- (f) **Redemption following a Substantial Purchase Event:** If a Substantial Purchase Event is specified in the Final Terms as being applicable and a Substantial Purchase Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with Condition 15 (which notice shall specify the date fixed for redemption), redeem the Notes in whole, but not in part, in accordance with these Conditions at any time, in each case at their principal amount together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

For the purposes of this Condition, a **Substantial Purchase Event** shall be deemed to have occurred if at least 80 per cent. of the aggregate principal amount of the Notes originally issued (which for these purposes shall include any further Notes issued subsequently) is purchased by the Issuer, the Guarantor or any Subsidiary of the Guarantor (and in each case is cancelled in accordance with Condition 5(k));

- (g) **Make-Whole Redemption:** If a Make-Whole Redemption is specified in the relevant Final Terms as being applicable, then the Issuer may, subject to compliance with all relevant laws, regulations and

directives and on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with Condition 15 redeem the Notes, in whole or in part, at any time or from time to time prior to (but no later than the Residual Maturity Call Option Redemption Date, if applicable) their Maturity Date (the **Make-Whole Redemption Date**) at their Make-Whole Redemption Amount (as defined below).

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn up in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

For the purposes of this Condition, **Make-Whole Redemption Amount** means in respect of any Notes to be redeemed an amount, calculated by, at the election of the Issuer, the Issuing and Paying Agent or a leading investment, merchant or commercial bank appointed by the Issuer for the purposes of calculating the relevant Make-Whole redemption amount, and notified to the Noteholders in accordance with Condition 15, equal to the greater of (x) 100 per cent. of the nominal amount of the Notes so redeemed and, (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes (not including any interest accrued on the Notes to, but excluding, the relevant Make-Whole Redemption Date) discounted to the relevant Make-Whole Redemption Date on an annual basis at the Make-Whole Redemption Rate (specified in the relevant Final Terms) plus a Make-Whole Redemption Margin (specified in the relevant Final Terms), plus in each case of (x) and (y) above, any interest accrued on the Notes to, but excluding, the Make-Whole Redemption Date.

- (h) **Redemption at the Option of Noteholders:** If Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option, the holder must deposit such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent, together with a duly completed option exercise notice (**Exercise Notice**) in the form obtainable from any Paying Agent, within the notice period. No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (i) **Redemption at the option of the Noteholders upon a Change of Control:** If a Change of Control Put Option is specified in the relevant Final Terms as being applicable and a Change of Control (as defined below) occurs and, during the Change of Control Period, a Rating Downgrade occurs (together, a **Put Event**), the holder of any such Note will have the option (the **Change of Control Put Option**) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of such Notes on the Optional Redemption Date at the Change of Control Redemption Amount.

A **Change of Control** shall be deemed to have occurred at each time that any person or persons acting in concert (**Relevant Persons**) or any person or persons acting on behalf of such Relevant Persons, acquire(s) control, directly or indirectly, of the Guarantor.

**control** means: (a) the acquisition or control of more than 50% of the voting rights of the issued share capital of the Guarantor; or (b) the right to appoint and/or remove all or the majority of the members of the Guarantor's Board of Directors or other governing body, whether obtained directly or indirectly, whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

**Change of Control Period** means the period commencing on the date on which the relevant Change of Control occurs or the date of the first relevant Potential Change of Control Announcement, whichever is the earlier, and ending on the date which is 90 days after the date of the occurrence of the relevant Change of Control.

**Change of Control Redemption Amount** means an amount equal to par plus interest accrued to but excluding the Optional Redemption Date.

**Potential Change of Control Announcement** means any public announcement or statement by the Issuer or any actual or bona fide potential bidder relating to any potential Change of Control.

**Rating Agency** means any of the following: (a) Standard & Poor's Credit Market Services Europe Limited (**S&P**); (b) Moody's Investors Service Limited (**Moody's**); (c) Fitch Ratings España, S.A.U. (**Fitch Ratings**); or (d) any other credit rating agency of equivalent international standing specified from time to time by the Issuer and, in each case, their respective successors or affiliates.

A **Rating Downgrade** shall be deemed to have occurred in respect of a Change of Control if, within the Change of Control Period, the rating previously assigned to the Guarantor is lowered by at least two full rating notches (by way of example, BB+ to BB-, in the case of S&P) (a **downgrade**) or withdrawn, in each case, by the requisite number of Rating Agencies (as defined above), and is not, within the Change of Control Period, subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) to its earlier credit rating or better, such that there is no longer a downgrade or withdrawal by the requisite number of Rating Agencies. For these purposes, the **requisite number of Rating Agencies** shall mean (i) at least two Rating Agencies, if, at the time of the rating downgrade or withdrawal, three or more Rating Agencies have assigned a credit rating to the Guarantor, or (ii) at least one Rating Agency if, at the time of the rating downgrade or withdrawal, fewer than three Rating Agencies have assigned a credit rating to the Guarantor.

Notwithstanding the foregoing, no Rating Downgrade shall be deemed to have occurred in respect of a particular Change of Control if (a) following such a downgrade, the Guarantor is still assigned an Investment Grade Rating by one or more of the Rating Agencies effecting the downgrade, or (b) the Rating Agencies lowering or withdrawing their rating do not publicly announce or otherwise confirm in writing to the Issuer that such reduction or withdrawal was the result, in whole or part, of any event or circumstance comprised in, or arising as a result of, or in respect of, the applicable Change of Control.

**Investment Grade Rating** means: (1) with respect to S&P, any of the categories from and including AAA to and including BBB- (or equivalent successor categories); (2) with respect to Moody's, any of the categories from and including Aaa to and including Baa3 (or equivalent successor categories); (3) with respect to Fitch Ratings, any of the categories from and including AAA to and including BBB- (or equivalent successor categories); and (4) with respect to any other credit rating agency of equivalent international standing specified from time to time by the Issuer, a rating that is equivalent to, or better than, the foregoing.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (**Put Event Notice**) to the Issuing and Paying Agent, the Paying Agents and the Noteholders in accordance with Condition 15 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option, as well as the date upon which the Put Period (as defined below) will end and the Optional Redemption Date (as specified in the relevant Final Terms).

To exercise the Change of Control Put Option to require redemption or, as the case may be, purchase of such Note under this section, the holder of such Note must transfer or cause to be transferred its

Notes to be so redeemed or purchased to the account of the Agent specified in the Put Option Notice for the account of the Issuer within the period (**Put Period**) of 45 days after the Put Event Notice is given together with a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Put Option Notice**) and in which the holder may specify a bank account to which payment is to be made under this section.

The Issuer shall redeem or, at the option of the Issuer, procure the purchase of the relevant Notes in respect of which the Change of Control Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the account of the Issuing and Paying Agent for the account of the Issuer as described above on the Optional Redemption Date which is specified in the relevant Final Terms. Payment in respect of any Note so transferred will be made in the relevant Specified Currency to the holder to the relevant Specified Currency denominated bank account in the Put Option Notice on the Optional Redemption Date via the relevant account holders.

- (j) **Purchases:** The Issuer, the Guarantor and any other Subsidiary may at any time purchase Notes in the open market or otherwise at any price (provided that they are purchased together with all unmatured Receipts and Coupons and unexchanged Talons relating to them). The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any other Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8, 11(a) and 12.

In these Conditions, **Subsidiary** means any entity of which the Guarantor has control and “control” for the purpose of this definition means the beneficial ownership whether direct or indirect of the majority of the issued share capital or the right to direct the management and policies of such entity, whether by the ownership of share capital, contract or otherwise. A certificate executed by any two authorised officers of the Guarantor listing the entities that are Subsidiaries at any time shall, in the absence of manifest error, be conclusive and binding on all parties.

- (k) **Cancellation:** All Notes so redeemed or purchased (other than, at the discretion of the Issuer, the Guarantor or any other Subsidiary, as applicable, those purchased pursuant to Condition 5(j) above) and any unmatured Receipts and Coupons and all unexchanged Talons attached to or surrendered with them will be surrendered for cancellation by surrendering to the Issuing and Paying Agent and may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

## 6. Payments and Talons

- (a) **Payments of Principal and Interest:** Payments of principal and interest shall be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note) (or in the case of partial payment, endorsement thereof), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(e)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(e)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Payments in the United States:** Notwithstanding the foregoing, if any Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States and its possessions with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner



provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

- (c) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations (including all laws and regulations to which the Issuer, the Guarantor or their Agents agree to be subject) but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (d) **Appointment of Agents:** The Issuing and Paying Agent, the Paying Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) Paying Agents having specified offices in at least two major European cities (including Luxembourg) so long as the Notes are listed on the Luxembourg Stock Exchange and (iv) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Notes denominated in U.S. dollars in the circumstances described in paragraph (b) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

- (e) **Unmatured Coupons and Receipts and Unexchanged Talons:**
  - (i) Upon the due date for redemption of Notes which comprise Fixed Rate Notes, they should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Change of Control Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
  - (ii) Upon the due date for redemption of any Note comprising Floating Rate Notes, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (iii) Upon the due date for redemption of any Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

- (iv) Upon the due date for redemption of any Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note.
- (f) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Paying Agents in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (g) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, **business day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as **Financial Centre(s)** in the relevant Final Terms and:
  - (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
  - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## 7. Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges (collectively, **Taxes**) of whatever nature imposed, levied, collected, withheld or assessed by or within The Netherlands or the Kingdom of Spain or any authority therein or thereof having power to tax, (each a **Taxing Authority**) unless such withholding or deduction is required by law.

In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts (**Additional Amounts**) as may be necessary in order that the net amounts received by the Noteholders and Couponholders after such withholding or deduction of Taxes shall equal the respective amounts of principal and interest which would have been received in respect of the Notes or (as the case may be) Coupons, in the absence of such withholding or deduction of Taxes; except that no such Additional Amounts shall be payable with respect to any payment in respect of a Note, Receipt or Coupon or (as the case may be) under the Guarantee:

- (a) to, or to a third party on behalf of, a holder or to the beneficial owner of any Note, Receipt or Coupon who is liable for Taxes in respect of such Note, Receipt or Coupon by reason of his having some connection with The Netherlands or the Kingdom of Spain other than the mere holding of the Note or Coupon;
- (b) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant holder or the beneficial owner thereof would have been entitled to such Additional Amounts on presenting the same for payment on the thirtieth such day;
- (c) in relation to any estate, inheritance, gift, sales, transfer or similar Taxes;
- (d) to, or to a third party on behalf of, a holder or to the beneficial owner of any Note, Receipt or Coupon who could fully or partially avoid such withholding or deduction of Taxes by complying with the Issuer's or the Guarantor's request addressed to the holder or the beneficial owner to provide a valid certificate of tax residence duly issued by the tax authorities of the country of tax residence of the holder or the beneficial owner of any Note or Coupon confirming that the holder or the beneficial owner is (i) resident for tax purposes in a Member State of the European Union, not considered a tax haven pursuant to Spanish law, other than Spain; or (ii) resident for tax purposes in a jurisdiction with which Spain has entered into a tax treaty to avoid double taxation, which makes provision for full exemption from tax imposed in Spain on interest and within the meaning of the referred tax treaty;
- (e) to, or to a third party on behalf of, a holder or to the beneficial owner of any Note, Receipt or Coupon who could fully or partially avoid such withholding or deduction of Taxes by providing to the Issuer or the Guarantor or an Agent acting on behalf of the Issuer or the Guarantor the information concerning such Noteholder as may be required in order to comply with the procedures for the application of any exemption for Taxes by the relevant tax authority;
- (f) presented for payment in the Kingdom of Spain or The Netherlands;
- (g) where such withholding or deduction is required pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the **Code**), the regulations thereunder and official interpretations thereof, agreements entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (collectively, **FATCA**); or
- (h) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union.

In addition, Additional Amounts will not be payable with respect to (i) any Taxes that are imposed in respect of any combination of the items set forth above and to (ii) any holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment, to the extent that payment would be required by the laws of the relevant Taxing Authority to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a beneficial owner who would not have been entitled to the Additional Amounts had it been the holder.

## 8. Events of Default

If any of the following events (each an **Event of Default**) occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-fifth in principal amount of the Notes then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) shall, subject to its being indemnified to its satisfaction, give notice to the Issuer that the

Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together with accrued interest:

- (a) **Non-Payment:** the Issuer fails to pay any interest on any of the Notes when due and such failure continues for a period of 14 days; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed, which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer or the Guarantor by the Trustee; or
- (c) **Cross-Default:**
  - (i) any Relevant Indebtedness of the Issuer or the Guarantor becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or
  - (ii) any Relevant Indebtedness of the Issuer or the Guarantor is not paid when due or, as the case may be, within any applicable grace period; or
  - (iii) the Issuer or the Guarantor fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Relevant Indebtedness of any other person, provided that the aggregate of all such amounts which have become due and payable, as described in (c)(i) above, and/or have not been paid when due, as described in (c)(ii) and/or (c)(iii) above (as the case may be), equals or exceeds the greater of an amount equal to 0.25% of Total Shareholders Equity and U.S.\$50,000,000 or its equivalent (as reasonably determined by the Trustee); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any substantial part of the property, assets or revenues of the Issuer or the Guarantor and is not discharged or stayed within 30 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor becomes enforceable against the whole or any substantial part of the assets or undertaking of the Issuer or the Guarantor and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or
- (f) **Insolvency:** the Issuer or the Guarantor is insolvent or bankrupt, stops, suspends or threatens to stop or suspend payment of all of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or substantially all of the debts of the Issuer or the Guarantor; or
- (g) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or the Guarantor, or the Issuer or the Guarantor ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (h) **Illegality:** it is unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or

- (i) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or
- (j) **Guarantee:** the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect, provided that in the case of an event falling within paragraphs (b) to (e) or (h) to (j) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

For the purposes of this Condition:

**Total Shareholders' Equity** means the total shareholders' equity of the Guarantor, as shown in the then latest audited consolidated accounts of the Guarantor.

## 9. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date.

## 10. Replacement of Notes, Receipts, Coupons and Talons

If any Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Paying Agent in London or at the specified office of the Paying Agent in Luxembourg, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security and indemnity and otherwise as the Issuer and the Guarantor may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 11. Meetings of Noteholders, Modification, Waiver and Substitution

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10% in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one person being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes, or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the nominal amount of, or interest on, the Notes, (iii) to change the currency of payment of the Notes or the Coupons, (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or cancel the Guarantee, in which case the necessary quorum shall be one person holding or representing not less than 75%, or at any adjourned meeting not less than 25%, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75% in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one of more Noteholders.

- (b) **Modification and waiver:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of certain other entities in place of the Issuer or Guarantor, or of any previous substituted company, as principal debtor or Guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

## 12. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding, and (b) it shall have been indemnified to its satisfaction. No Noteholder, holder of Receipts or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## 13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any other Subsidiary and any entity related to the Issuer or the Guarantor or any other Subsidiary without accounting for any profit.

## 14. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding

securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## 15. Notices

Notices to Noteholders will be valid if published in a leading newspaper having general circulation in the United Kingdom (which is expected to be the *Financial Times*) and (so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require), published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

## 16. The Contracts (Rights of Third Parties) Act 1999

The Notes confer no rights on any person pursuant to the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect right or remedy of the third party which exists or is available apart from that Act.

## 17. Governing Law

- (a) **Governing Law:** The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, Receipts, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes, Receipts, Coupons or Talons or the Guarantee (**Proceedings**) may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.
- (c) **Agent for Service of Process:** Each of the Issuer and the Guarantor has irrevocably appointed an agent in England to receive service of process in any Proceedings in England based on any of the Trust Deed, the Notes, Receipts, Coupons or Talons or the Guarantee.

## OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Initial Issue of Notes

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, the relevant clearing systems will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility and, if so, will be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any and all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes that are issued in CGN form may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a Common Depository, Euroclear or Clearstream, Luxembourg (the **Clearing Systems**) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the Notes represented by such Global Note shall be the aggregate amount from time to time entered in the records of both Clearing Systems. The records of such Clearing Systems shall be conclusive evidence of the nominal amount of Notes represented by such Global Note and, for these purposes, a statement issued by a Clearing System stating the nominal amount of Notes represented by such Global Note at any time shall be conclusive evidence of the records of the relevant Clearing System at the relevant time.

Notes that are initially deposited with the Common Depository may also (if indicated in the relevant Final Terms) be credited to the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes or so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

### Exchange

#### *Temporary Global Notes*

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*General Description of the Programme—Selling Restrictions*”), in whole, but not in part, for the Definitive Notes (as defined and described below); and



- (ii) otherwise, in whole or in part, upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

In relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for Definitive Notes in accordance with options (i) and (ii) above, such Notes shall be tradable only in principal amounts of at least the Specified Denomination.

### ***Permanent Global Notes***

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes”, in part, for Definitive Notes:

- (i) if the Permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system (an **Alternative Clearing System**) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) if principal in respect of any Notes is not paid when due,

in each case by the holder giving notice to the Issuing and Paying Agent of its election for such exchange.

### **Partial Exchange of Permanent Global Notes**

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due.

### **Delivery of Notes**

If the Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent.

In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or (iii) if the Global Note is an NGN, procure that details of such exchange be entered *pro rata* in the records of the relevant Clearing System.

In this Base Prospectus, **Definitive Notes** means, in relation to any Global Note, the definitive Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

## **Exchange Date**

**Exchange Date** means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, or, in the case of failure to pay principal in respect of any Notes when due, 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## **Amendment to Conditions**

The Temporary Global Notes and Permanent Global Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is an overview of some of those provisions:

## **Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is an NGN, the Issuer shall procure that details of such payment be entered *pro rata* on the records of the relevant Clearing System and, in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant Clearing System and represented by the Global Note will be reduced accordingly. Payment under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "Business Day" set out in condition 6(g) ("*Non-Business Days*").

## **Prescription**

Claims in respect of principal and interest will become void unless presentation for payment is made, as required by Condition 6, within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date as defined in Condition 7.

## **Meetings**

The holder of a Permanent Global Note shall (unless such Permanent Global Note represents only one Note) be treated as being one person for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

## **Cancellation**

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note.

## **Purchase**

The Issuer, the Guarantor and any other Subsidiary may at any time purchase Notes in the open market or otherwise at any price (provided that they are purchased together with all unmatured Coupons relating to them). Any purchase by tender shall be made available to all Noteholders alike. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any other Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Noteholders or for the purposes of Conditions 8, 11(a) and 12.

## **Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of such clearing system (to be reflected in the records of such clearing system as either a pool factor or a reduction in nominal amount, at their discretion).

## **Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note may be exercised by the holder of the Permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the Permanent Global Note is a CGN, presenting the Permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is an NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant Clearing System and the nominal amount of the Notes recorded in those records will be reduced accordingly.

## **NGN Nominal Amount**

Where the Global Note is an NGN, the Issuer shall procure that any exchange, payment, cancellation or exercise of any option or any right under the Notes, as the case may be, shall be entered in the records of the relevant clearing systems and, upon such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

## **Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note.

## **Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as

required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*).

### **Specified Denominations**

So long as the Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable as follows: (a) if the Specified Denomination stated in the relevant Final Terms is €100,000 (or its equivalent in another currency), in the authorised denomination of €100,000 (or its equivalent in another currency) and integral multiples of €100,000 (or its equivalent in another currency) thereafter, or (b) if the Specified Denomination stated in the relevant Final Terms is €100,000 (or its equivalent in another currency) and integral multiples of €1,000 (or its equivalent in another currency) in excess thereof, in the minimum authorised denomination of €100,000 (or its equivalent in another currency) and higher integral multiples of €1,000 (or its equivalent in another currency), notwithstanding that no definitive notes will be issued with a denomination above €199,000 (or its equivalent in another currency).

## FORM OF FINAL TERMS

The form of the Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions and the completion of applicable provisions:

**MiFID II product governance / Professional investors and ECPs only target market** – solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore [(the SFA)]** - [To insert notice if classification of the Notes is not “[prescribed capital markets products]/[capital markets products other than prescribed capital markets products]”<sup>1</sup>, pursuant to Section 309B of the SFA].<sup>2</sup>

Final Terms dated [●]

**REPSOL INTERNATIONAL FINANCE B.V.**

**Legal Entity Identifier (LEI): 5493002YCY6HTK0OUR29**

**Issue of [Aggregate Nominal Amount of Tranche] [Title and Type of Notes]**

**Guaranteed by Repsol, S.A.**

**under the Euro 10,000,000,000 Euro Medium Term Note Programme**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 2 October 2018 [and the Supplement dated [●] to the Base Prospectus dated 2

<sup>1</sup> To amend depending on the “upfront” product classification.

<sup>2</sup> Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

October 2018 which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Directive 2003/71/EC (as amended, the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [http://www.repsol.com/es\\_en/corporacion/accionistas-inversores/informacion-financiera/financiacion/repsol-international-finance/programa-emision-continua.aspx](http://www.repsol.com/es_en/corporacion/accionistas-inversores/informacion-financiera/financiacion/repsol-international-finance/programa-emision-continua.aspx) and is available for viewing on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the **Conditions**) set forth in the Base Prospectus dated [27 October 2011 / 25 October 2012 / 30 May 2014 / 22 September 2015 / 26 September 2016] which are incorporated by reference into the Base Prospectus dated 2 October 2018 and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated 2 October 2018 [and the Supplement dated [●] to the Base Prospectus dated 2 October 2018 which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the base prospectus dated [27 October 2011 / 25 October 2012 / 30 May 2014 / 22 September 2015 / 26 September 2016]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 2 October 2018 [and the Supplement dated [●] to the Base Prospectus dated 2 October 2018]. The Base Prospectus [and the Supplement to the Base Prospectus dated 2 October 2018] [has/have] been published on [http://www.repsol.com/es\\_en/corporacion/accionistas-inversores/informacion-financiera/financiacion/repsol-international-finance/programa-emision-continua.aspx](http://www.repsol.com/es_en/corporacion/accionistas-inversores/informacion-financiera/financiacion/repsol-international-finance/programa-emision-continua.aspx) and [is/are] available for viewing on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable should be deleted). Italics denote directions for completing the Final Terms.]*

1. (a) Series Number: [●]
  - (b) Tranche Number: [●]
  - (c) Date on which Notes become fungible: [The Notes shall be consolidated, form a single series and be interchangeable with the [*insert issue amount / insert interest rate*] Notes due [*insert maturity date*] on [*insert date*]/[the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below [which is expected to occur on or about [*insert date*]]]/[N/A]
2. Specified Currency or Currencies: [●]
  3. Aggregate Nominal Amount: [●]
    - (a) Series: [●]

- (b) Tranche: [●]
4. Issue Price: [●]% of the Aggregate Nominal Amount [plus accrued interest from [●]]
5. (a) Specified Denomination: €[●] and integral multiples of €[●] in excess thereof up to and including €[●]. No Notes in definitive form will be issued with a denomination above €[●]
- (b) Calculation Amount [●]
6. (a) Issue Date: [●]
- (b) Interest Commencement Date [●]/[Issue Date]/[Not Applicable]
7. Maturity Date: [●]
8. Interest Basis: [[●] % Fixed Rate]
- [[●] month [LIBOR]/[LIBID]/[LIMEAN]/[EURIBOR] +/- [●]% Floating Rate]
- [Zero Coupon]
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●][*Insert percentage which shall not be less than 100*]/[100]% of their nominal amount
10. Change of Interest or Redemption/Payment Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) *[date]* paragraph [13/14] applies and for the period from (and including) *[date]*, up to (and including) the Maturity Date, paragraph [13/14] applies]/[Not Applicable]
11. Put/Call Options: [Investor Put]
- [Issuer Call]
- [Change of Control Put Option/Put Event]
- [Residual Maturity Call Option]
- [Substantial Purchase Event]
- [Make-Whole Redemption]
- (See paragraph [16/17/18/19/20/21] below)
12. Date approval for issuance of Notes obtained: [●]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

13. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Rate[(s)] of Interest: [●]% per annum [payable [annually / semi annually / quarterly / monthly] in arrear] on each Interest Payment Date
  - (b) Interest Payment Date(s): [●] [and [●]] in each year
  - (c) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
  - (d) Broken Amount(s): [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[N/A]
  - (e) Day Count Fraction: [Actual/Actual / Actual/Actual (ISDA) / Act/Act / Act/Act (ISDA) / Actual/Actual (ICMA) / Act/Act (ICMA) / Actual/365 (fixed) / Act/365 (fixed) / A/365 (fixed) / A/365F / Actual/365 (Sterling) / Actual/360 / Act/360 / A/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / 30E/360 (ISDA)]
  - (f) [Determination Dates: [[●] in each year]]
14. **Floating Rate Note Provisions** [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Interest Period(s): [●], subject to adjustment in accordance with the Business Day Convention set out in (e) below] / [not subject to any adjustment, as the Business Day Convention in (e) below is specified to be Not Applicable]]
  - (b) Specified Interest Payment Dates: [[●] in each year] [, subject to adjustment in accordance with the Business Day Convention set out in (d) below/, not subject to any adjustment, as the Business Day Convention in (d) below is specified to be Not Applicable]
  - (c) Interest Period Date [Not Applicable] / [[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (e) below] / [not subject to any adjustment[, as the Business Day Convention in (e) below is specified to be Not Applicable]]
  - (d) First Interest Payment Date: [●]
  - (e) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day



- Convention/ Preceding Business Day Convention]  
/[N/A]
- (f) Business Centre(s): [●]
- (g) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination]/[ISDA Determination]
- (h) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing and Paying Agent): [[●] shall be the Calculation Agent]
- (i) Screen Rate Determination:
- Reference Rate: [●] month [LIBOR]/[LIBID]/[LIMEAN]/[EURIBOR]
  - Interest Determination Date(s): [●]
  - Relevant Screen Page: [●]
- (j) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (k) Linear Interpolation: [Not Applicable] / [Applicable — the Rate of Interest for the [long/short] [first / last] Interest Period shall be calculated using linear interpolation]]
- (l) Margin(s): [+/-][●] % per annum
- (m) Minimum Rate of Interest: [●] % per annum
- (n) Maximum Rate of Interest: [●] % per annum
- (o) Day Count Fraction: [Actual/Actual / Actual/Actual (ISDA) / Act/Act / Act/Act (ISDA) / Actual/Actual (ICMA) / Act/Act (ICMA) / Actual/365 (fixed) / Act/365 (fixed) / A/365 (fixed) / A/365F / Actual/365 (Sterling) / Actual/360 / Act/360 / A/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / 30E/360 (ISDA)]
15. **Zero Coupon Note Provisions** [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) [Amortisation/ Accrual] Yield: [●]% per annum

- (b) [Reference Price: [●]]
- (c) [Day Count Fraction in relation to Early Redemption Amounts [Actual/Actual / Actual/Actual (ISDA) / Act/Act / Act/Act (ISDA) / Actual/Actual (ICMA) / Act/Act (ICMA) / Actual/365 (fixed) / Act/365 (fixed) / A/365 (fixed) / A/365F / Actual/365 (Sterling) / Actual/360 / Act/360 / A/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / 30E/360 (ISDA)]]

**PROVISIONS RELATING TO REDEMPTION**

- 16. **Call Option** [Applicable]/[Not Applicable]
 

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

  - (a) Optional Redemption Date(s): [●]
  - (b) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
  - (c) If redeemable in part:
    - (i) Minimum Redemption Amount: [●] per Calculation Amount
    - (ii) Maximum Redemption Amount: [●] per Calculation Amount
  - (d) Notice period: [●] days
- 17. **Put Option** [Applicable]/[Not Applicable]
 

*(If not applicable, delete the remaining sub-paragraph of this paragraph)*

  - Optional Redemption Date(s): [●]
- 18. **Change of Control Put Option** [Applicable]/[Not Applicable]
 

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

  - (a) Optional Redemption Date(s): [●] days after expiration of Put Period
  - (b) Put Period [●]
  - (c) Put Date [●]
- 19. **Residual Maturity Call Option** [Applicable]/[Not Applicable]
- 20. **Substantial Purchase Event** [Applicable]/[Not Applicable]

21. **Make-Whole Redemption** [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Make-Whole Redemption Rate: [The yield to maturity on the [●] Business Day preceding the Make-Whole Redemption Date of the [●] due [●] (ISIN: [●])/[●]
- (b) Make-Whole Redemption Margin: [●]%
22. **Final Redemption Amount of each Note** [●] per Calculation Amount
23. **Early Redemption Amount**
- Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default or other early redemption: [●] per Calculation Amount

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]
25. New Global Note: [Yes]/[No]
26. Financial Centre(s): [Not Applicable]/[●]
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes]/[No]
28. Details relating to Instalment Notes: [Applicable]/[Not Applicable]

(a) Instalment Amount(s): [●]

(b) Instalment Date(s): [●]

**THIRD PARTY INFORMATION**

[[●] has been extracted from [●]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[N/A].

Signed on behalf of Repsol International Finance B.V.:

By: .....

Duly authorised

Signed on behalf of Repsol, S.A.:

By: .....

Duly authorised

**PART B – OTHER INFORMATION**

**1. LISTING AND ADMISSION TO TRADING**

(a) Admission to trading: Application [has been made] [is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange/[specify other relevant market] with effect from [●]

(b) Estimate of total expenses [●] related to admission to trading:

**2. RATINGS**

Ratings: [Not Applicable]/[[The Notes to be issued [have been/are expected to be] rated] /[[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:  
[S&P: [●]]  
[Moody's: [●]]  
[[Fitch: [●]]  
[[Other]: [●]]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)(Insert one (or more) of the following options, as applicable)*

**[●]** *(Insert legal name of particular credit rating agency entity providing rating)* is established in the EU and registered under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (the “**CRA Regulation**”). A list of registered credit rating agencies is published at the European Securities and Market Authority's website: [www.esma.europa.eu](http://www.esma.europa.eu).

**[●]** *(Insert legal name of particular credit rating agency entity providing rating)* is established in the EU and has applied for registration under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (the “**CRA Regulation**”), although notification of the registration decision has not yet been provided.

**[●]** *(Insert legal name of particular credit rating agency entity providing rating)* is established in the EU and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (the “**CRA Regulation**”).

**[●]** *(Insert legal name of particular credit rating agency entity providing rating)* is not established in the EU but the rating it has given to the Notes is endorsed by **[●]** *(insert legal name of credit rating agency)*, which is established in the EU and registered under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (the “**CRA Regulation**”). A list of registered credit rating agencies is published at the European Securities and Market Authority's website: [www.esma.europa.eu](http://www.esma.europa.eu). **[●]** *(Insert legal name of particular credit rating agency entity providing rating)* is not established in the EU but is certified under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (the “**CRA Regulation**”). **[●]** *(Insert legal name of particular credit rating agency entity providing rating)* is not established in the EU and is not certified under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (the “**CRA Regulation**”) and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.]

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue/offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Guarantor and any of their affiliates in the ordinary course of business for which they may receive fees.] *[Amend as appropriate if there are other interests]*

4. **Fixed Rate Notes only – YIELD**

Indication of yield: [●]

5. **OPERATIONAL INFORMATION**

(a) ISIN: [●]

(b) Common Code: [●]

(c) FISN: [Not Applicable]/[●]

(d) CFI Code: [Not Applicable]/[●]

(e) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg, the relevant addresses and the identification number(s): [Not Applicable]/[●]

(f) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No][Not Applicable]

[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have

been met.]

(g) Delivery: Delivery [against/free of] payment

(h) Names and addresses of additional Paying Agent(s) (if any): [●]/[N/A]

6. **DISTRIBUTION**

(a) Method of distribution: [Syndicated / Non-syndicated]

(b) If syndicated:

(A) Names of Managers: [Not Applicable/*give names*]

(B) Stabilising Manager(s) (if any) [Not Applicable/*give name*]

(c) If non-syndicated, name of Dealer: [Not Applicable/*give name*]

(d) U.S. Selling Restrictions: [Reg. S Compliance Category 2 / TEFRA C / TEFRA D / TEFRA not applicable]

## GENERAL INFORMATION

- (1) The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in The Netherlands and the Kingdom of Spain, respectively, in connection with the establishment of the Programme and the guarantee relating to the Programme. The establishment of the Programme was authorised by resolutions of the Board of Managing Directors of the Issuer passed on 7 September 2001 and the update of the Programme was authorised by resolutions of the sole shareholder and the Board of Managing Directors of the Issuer, both passed on 15 May 2018. The giving of the guarantee relating to the Programme by the Guarantor was authorised by a resolution of the Board of Directors of the Guarantor passed on 19 July 2001 and the update of the Programme was authorised by a resolution of the Board of Directors of the Guarantor passed on 27 February 2018.
- (2) To the best of the knowledge of the Issuer, there has been no material adverse change in its prospects since 31 December 2017 (being the date of the last published audited financial statements) nor has there been any significant change in the financial or trading position of the Issuer and its consolidated subsidiaries since 31 December 2017.

To the best of the knowledge of the Guarantor, there has been no material adverse change in its prospects since 31 December 2017 (being the date of the last published audited financial statements) nor has there been any significant change in the financial or trading position of the Group since 30 June 2018.

- (3) Each Note, Receipt, Coupon and Talon having maturity of more than 365 days will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- (4) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the Financial Instrument Short Name (FISN), the Classification of Financial Instruments Code (CFI Code) and/or the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

- (5) For so long as Notes may be issued pursuant to this Base Prospectus, the following documents (or copies thereof) will be available (in the case of (iv), (v), (vi), (vii), (viii) and (ix) free of charge), during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of Banque Internationale à Luxembourg, S.A.:
  - (i) the Trust Deed (which includes the guarantee relating to the Programme, the form of the Global Notes, the definitive Notes, the Coupons, the Receipts and the Talons);
  - (ii) the Articles of Association (*Statuten*) of the Issuer;
  - (iii) the By-laws (*Estatutos sociales*) of the Guarantor;
  - (iv) the audited consolidated financial statements of the Issuer, including the notes to such financial statements and the audit reports thereon, for the financial year ended 31 December 2017 (prepared in accordance with IFRS-EU) and the audited consolidated financial statements of the Issuer, including the notes to such financial statements and the audit reports thereon, for the financial year ended 31 December 2016 (prepared in accordance with IFRS-EU);



- (v) the unaudited interim condensed consolidated financial statements of Repsol and investees for the six-month period ended 30 June 2018, together with the notes to such interim financial statements and the limited review report thereon;
  - (vi) the Annual Report 2017 of Repsol, including the audited consolidated annual financial statements for the financial year ended 31 December 2017, which were prepared in accordance with IFRS-EU, together with the notes to such financial statements and the audit report thereon;
  - (vii) the Annual Report 2016 of Repsol, including the audited consolidated annual financial statements of Repsol for the financial year ended 31 December 2016, which were prepared in accordance with IFRS-EU, together with the notes to such financial statements and the audit report thereon;
  - (viii) each Final Terms for Notes that are listed on the official list of the Luxembourg Stock Exchange or any other stock exchange;
  - (ix) copy of this Base Prospectus, together with any Supplement to the Base Prospectus or further Base Prospectus;
  - (x) copy of the subscription agreement for Notes issued on a syndicated basis that are listed on the official list of the Luxembourg Stock Exchange; and
  - (xi) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus.
- (6)
- (i) The consolidated financial statements of the Guarantor and its subsidiaries for the years ended 31 December 2017 and 2016 have been audited by Deloitte, S.L. (members of the *Registro Oficial de Auditores de Cuentas*), Independent Auditors of the Group. The address of Deloitte, S.L. is Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020 Madrid, Spain. From the year 2018, the Guarantor has appointed PricewaterhouseCoopers Auditores, S.L. (members of the Spanish *Registro Oficial de Auditores de Cuentas*), as Independent Auditors of the Group. The address of PricewaterhouseCoopers Auditores, S.L. is Torre PwC, Paseo de la Castellana 259B, 28046 Madrid, Spain.
  - (ii) The consolidated financial statements of the Issuer and its subsidiaries for the financial years ended 31 December 2017 and 2016 have been audited by Deloitte Accountants B.V., Independent Auditors of the Issuer. The auditors signing the independent auditors' report is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*). The address of Deloitte Accountants B.V. is Wilhelminakade 1, 3072 AP, Rotterdam, The Netherlands or P.O. Box 2031 3000CA, Rotterdam, The Netherlands. From the year 2018, the Issuer has appointed PricewaterhouseCoopers Accountants N.V., as Independent Auditors of the Issuer. The auditor signing on behalf of PricewaterhouseCoopers Accountants N.V. is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*). The address of PricewaterhouseCoopers Accountants N.V. is Fascinatio Boulevard 350, 3065 WB Rotterdam, P.O. Box 8800, 3009 AV Rotterdam, The Netherlands.
- (7) In relation to any tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

- (8) Freshfields Bruckhaus Deringer LLP has acted as legal adviser to the Issuer and the Guarantor as to English law and Spanish law; Linklaters LLP has acted as legal adviser to the Dealers as to English law, Dutch tax law and Spanish law; and Van Doorne N.V. has acted as legal adviser to the Issuer as to Dutch law (other than Dutch tax law); in each case in relation to the update of the Programme.
- (9) The Dealers and their affiliates have engaged in, and may in the future engage in, financing, investment banking and other commercial dealings in the ordinary course of business with Repsol or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of its business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Repsol or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with Repsol routinely hedge their credit exposure to Repsol, as the case may be, consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in Repsol's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph, the term "affiliates" includes parent companies.

**REGISTERED OFFICE OF THE ISSUER**

Koninginnegracht 19  
2514 AB The Hague (The Netherlands)

**REGISTERED OFFICE OF THE GUARANTOR**

Calle Méndez Álvaro 44  
28045 Madrid (Spain)

**TRUSTEE****Citicorp Trustee Company Limited**

Citigroup Centre  
Canada Square  
Canary Wharf

London E14 5LB (United Kingdom)

**LISTING AGENT AND PAYING AGENT****Banque Internationale à Luxembourg, société anonyme**

69 route d'Esch  
L-2953 Luxembourg (Grand Duchy of Luxembourg)

**ISSUING AND PAYING AGENT AND CALCULATION AGENT****Citibank, N.A., London Branch**

Citigroup Centre  
Canada Square  
London E14 5LB (United Kingdom)

**AUDITORS OF THE ISSUER****PricewaterhouseCoopers Accountants N.V.**

Fascinatio Boulevard 350  
3065 WB Rotterdam  
P.O. Box 8800  
3009 AV Rotterdam  
The Netherlands

**AUDITORS OF THE GUARANTOR****PricewaterhouseCoopers Auditores, S.L.**

Torre PwC Paseo de la Castellana 259B  
28046 Madrid  
Spain

**ARRANGER****Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ (United Kingdom)

**DEALERS****Banca IMI S.p.A**

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**Banco Bilbao Vizcaya Argentaria, S.A**

Ciudad BBVA  
Asia Building  
1st floor – C/Sauceda, 28  
28050 Madrid (Spain)

**Banco Santander, S.A.**

Gran Vía de Hortaleza, 3  
Edificio Pedreña – Planta 1  
28033 Madrid (Spain)

**Barclays Bank PLC**

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Canary Wharf  
London E14 4BB (United Kingdom)

**BNP Paribas**

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**CaixaBank, S.A.**

Calle Pintor Sorolla, 2-4  
46002 Valencia (Spain)

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB (United Kingdom)

**Credit Agricole Corporate and Investment Bank**

12, Place des Etats-Unis  
CS 70052  
92547 MONTROUGE CEDEX (France)

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB (United Kingdom)

**Goldman Sachs International**  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB (United Kingdom)

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ (United Kingdom)

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP (United Kingdom)

**Merrill Lynch International**  
2 King Edward Street  
London EC1A 1HQ (United Kingdom)

**Mizuho International plc**  
Mizuho House  
30 Old Bailey  
London EC4M 7AU (United Kingdom)

**Morgan Stanley & Co. International plc**  
25 Cabot Square  
Canary Wharf  
London E14 4QA (United Kingdom)

**MUFG Securities EMEA plc**  
Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AJ (United Kingdom)

**Natixis**  
30 Avenue Pierre Mendès France  
75013 Paris (France)

**NatWest Markets Plc**  
250 Bishopsgate  
London EC2M 4AA (United Kingdom)

**Société Générale**  
29 Boulevard Haussmann  
75009 Paris (France)

**UBS LIMITED**  
5 Broadgate  
London EC2M 2QS (United Kingdom)

**UniCredit Bank AG**  
Arabellastraße 12  
81925 Munich (Germany)

#### **LEGAL ADVISERS**

*To the Issuer and the Guarantor as to English and Spanish law:*

**Freshfields Bruckhaus Deringer LLP**  
Torre Europa  
Paseo de la Castellana, 95  
28046 Madrid (Spain)

*To the Issuer as to Dutch law (other than Dutch tax law):*

**Van Doorne N.V.**  
Jachthavenweg 121  
1081 KM Amsterdam (The Netherlands)

*To the Dealers as to English law, Spanish law and Dutch tax law:*

**Linklaters LLP**  
One Silk Street  
London EC2Y 8HQ (United Kingdom)

