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 and 30 May 2014. 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.

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 2004/39/EC) 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 regulated market) and admitted to trading on the regulated market thereof (or any such other regulated 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 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 SA (**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 depositary on behalf of Euroclear and Clearstream, Luxembourg (the **Common Depositary**). 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 6 to 19 in this Base Prospectus.

Arranger
BofA Merrill Lynch

Dealers

Banca IMI	**Citigroup**	**Morgan Stanley**
Banco Bilbao Vizcaya Argentaria, S.A	**Credit Agricole CIB**	**Natixis**
Barclays	**Deutsche Bank**	**Santander Global Banking & Markets**
BNP PARIBAS	**Goldman Sachs International**	**Société Générale Corporate & Investment Banking**
BofA Merrill Lynch	**HSBC**	**UBS Investment Bank**
CaixaBank, S.A.	**J.P.Morgan**	**UniCredit Bank**

The date of this Base Prospectus is 22 September 2015.

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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 **Ps.** and **Argentinian pesos** are to the lawful currency/units of currency of Argentina, references to **U.S.$** and **U.S. dollars** are to the lawful currency/units of currency of the United States; references to **C.$** and **Canadian dollars** are to the lawful currency/units of currency of Canada; 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;

"**pd**" 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.

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.

Global economic growth is still weak and more fragile than expected. The latest International Monetary Fund (the **IMF**) forecasts (WEO Update July 2015) estimate that the global economy is slowly recovering, supported by the improvement in advanced economies. However, it should be noted that US growth was disappointing in the first three months of 2015 and growth is deteriorating in emerging economies. Overall, it is expected that global growth will be of around 3.3% in 2015, slightly worse than the 3.4% in 2014.

Further, in recent months the risk of a sharper slowdown in China and other emerging economies has increased. Regarding this, in August, after a bigger fall in the Chinese stock markets and the decision of the Chinese authorities to allow a small depreciation of its currency, markets experienced increased doubts

about the health of the economy and the ability of authorities to manage the situation. This has triggered a general correction in asset values, especially in emerging markets.

The growth adjustment in China has had global repercussions. The channels of influence should be through a weaker trade, especially affecting the rest of Asia but also dragging on the recovery of developing economies, through lower commodity prices, with the greatest impact being in Latin America.

Recently, crude oil prices have been under pressure from concerns about swollen inventories, high global production and uncertainties regarding global economic outlook, especially in China. From June to August 2015, crude oil prices have lost more than 30% of their value, reaching record lows of the year. The oversupply of oil and weak global demand has pushed down oil prices and those of commodities in general and has influenced the decline in inflation expectations. Notwithstanding all these uncertainties, a low crude oil price scenario should activate dynamics on the demand and supply side. Thus, low prices act as a positive stimulus to consumption in conjunction with a negative signal to investment, both of them acting to rebalance the market.

A further source of market uncertainty is the global adjustment to the potential rise of the United States' interest rate. There is the possibility that the United States may raise the benchmark interest rate mainly on the back of a strong labor market. The indecision of the Federal Reserve has been a source of the volatility seen in financial markets.

In this regard, the Open Market Committee of the Federal Reserve decided at its meeting in September 2015 to maintain the benchmark interest rates at low levels. This reflects the concern of the U.S. in developments occurring within an international context and their impact on financial markets. The decision has prompted the depreciation of the U.S. dollar which has eased the pressure on emerging economies with much of its debt denominated in U.S. dollars.

This environment of global economic weakness and lower inflation has reduced the gap which existed between the major central banks that positioned themselves to maintain an accommodative monetary policy to boost growth.

In addition to the geopolitical risks remaining latent in Ukraine and the Middle East, the Greek economic and political situation is once again a focus of tension, increasing market volatility.

Finally, the economic-financial situation could have a negative impact on third parties with whom Repsol does or could do 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, businesses, or results of operations of Repsol.

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

World oil prices have experienced significant changes over the last ten years, in addition to being subject to international supply and demand fluctuations, over which Repsol has no control.

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

Reductions in oil prices negatively affect Repsol's profitability, the value of its assets and its plans for capital investment. Likewise, any significant drop in capital investment could have an adverse effect on Repsol's ability to replace its crude oil reserves.

Regulatory and tax framework of Repsol's operations.

The oil industry is subject to extensive regulation and intervention by governments in matters 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.

Likewise, oil refining and petrochemical activities, in general, are subject to extensive government regulation and intervention in matters such as safety and environmental controls.

Finally, the energy sector, and particularly the oil industry, is subject to a singular fiscal 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 and risks.

Repsol is subject to extensive environmental and safety regulations in all the countries in which it operates. These regulations govern, among various matters, the Group's environmental operations concerning their producers, 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.

In addition, after the acquisition of Talisman Energy Inc. (**Talisman**), the Company increased its non-conventional hydrocarbons activity. From an environmental perspective, concern for the impact of exploration and operation of this type of resource could lead governments to approve new legislation or demand further requirements for its development, with the related impact on the Company.

These requirements have had, and will continue to have, an impact on Repsol's business, financial position and results of operations.

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 the production, facilities and transportation risks, mistakes or inefficiencies in operations management and purchasing processes, natural hazards and other uncertainties relating to the physical characteristics of oil and gas fields, and their decommissioning. In addition to this, 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 risk further. Moreover, any mean 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 must replace depleted oil and gas reserves with new proven reserves enabling 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 adversely affected.

Location of reserves.

Part of the oil and gas reserves of Repsol is located in countries that are or could be economically or politically unstable.

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.

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 oil and gas reserves, Repsol relies on the guidelines and the conceptual framework of the Securities and Exchange Commission's (SEC) definition of proven reserves and on the criteria established by the Petroleum Resources Management System of the Society of Petroleum Engineers (**PRMS-SPE**). In the estimation of non-proven oil and gas reserves, Repsol relies on the criteria and the guidelines established by the PRMS-SPE.

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 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. 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 their financial obligations or incur any other breach, that could affect the viability of the whole project.

Repsol may engage in acquisitions, investments and disposals as part of its strategy.

As part of Repsol's strategy, the Company 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 result, 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 conditions of Repsol. Any disposal of interest may also adversely affect Repsol's financial condition, if such disposal results in a loss to Repsol.

On 8 May 2015, Repsol acquired 100% of the shares of Talisman, a Canadian company devoted to the exploration and production of gas and oil. As is the case for any business combination, Repsol's capacity to reach its strategic goals for entering into the acquisition will depend on its capacity to integrate teams, processes, and procedures, as well as to maintain its relationships with clients and partners.

Talisman's results for the past two years were negative, mainly due to writing off its assets and future cost forecasts, including its corresponding joint ventures. Moreover, its businesses are subject to the inherent risks of oil and gas activities as well as other particulars, and there might be other unknown risks (such as those which are tax, legal, or environmental in nature). Should any such risks materialise after taking control of Talisman, a negative impact might be noted on the Repsol Group's operations, results, or financial situation.

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 case of 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 to the Group 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 condition and results of operations of the Repsol Group.

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 licenses 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.

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, results or financial position of the Repsol Group.

Repsol's operations may be affected by international programme sanctions.

The European Union, its Member States, the U.S. government and various other countries, as well as the United Nations, impose financial, economic sanctions and trade embargoes with respect to certain countries in support of its respective foreign policy and security goals. These financial, economic sanctions and 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 as a consecuence of new sanctions or an extension of previous sanction programmes coming in to force, Repsol's operations will not be affected 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 Repsol Group's information technology systems are critical to maintaining the availability of its business processes and the confidentiality and integrity of the data

belonging to the Company and third parties. Given that cyber-attacks are constantly evolving, the Repsol Group cannot guarantee that it will not suffer material losses in the future caused by such attacks.

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

Repsol's Ethics and Conduct Regulations, which are mandatory for all Group employees regardless of their geographic location, area of activity or professional level, establish the overall guidelines for the conduct of the Group and all its employees according to 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 relevant compliance aspects of the Ethics and Conduct Regulations. The existence of management misconduct or breach of applicable legislation, when occurring, could cause harm to the Company's reputation, in addition to incurring sanctions and legal liability.

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.

At 30 June 2015, Repsol held available resources in cash and other liquid financial instruments and undrawn credit lines which covered 41% of the gross debt (43% including €452 million in immediately available deposits). The Group had undrawn credit lines for €5,755 million and €3,312 million at 30 June 2015 and 31 December 2014, respectively.

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 the permanent credit evaluation of all its debtors and the determination of 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.

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. In addition, Repsol is also subject to credit rating risk.

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.

In order to mitigate this risk, and when considered appropriate, Repsol performs investing and financing transactions, using the currency for which risk exposures have been identified. Repsol can also carry out hedging transactions by means of financial derivative instruments for currencies that have a liquid market, with reasonable transaction costs.

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.

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.

Note 17 "*Financial risk and capital management*" and Note 18 "*Derivative transactions*" in the audited consolidated financial statements of Repsol, S.A. as of and for the financial year ended 31 December 2014, which are incorporated by reference into this Base Prospectus, include additional details on the financial risks to which the Repsol Group is exposed.

Credit rating risk. 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 Repsol, S.A. 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. Further information on the credit ratings of the Guarantor can be found on its website at www.repsol.com.

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.

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*", "*EU Saving Directive*", "*U.S. Foreign Account Tax Compliance Withholding Act*", 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.

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.

EU Savings Directive

Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or secured by such person for the benefit of) an individual resident, or to (or secured for) certain other types of entity established, in that other EU Member State, except that Austria will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise.

A number of non-EU countries and territories including Switzerland have adopted similar measures to the Savings Directive.

The Council of the European Union has adopted a Directive (the **Amending Savings Directive**) which would, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above, including by expanding the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and by expanding the circumstances in which payments must be reported or paid subject to withholding. The Amending Savings Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

The European Commission has published a proposal for a Council Directive repealing the Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements). The proposal also provides that, if it is adopted, EU Member States will not be required to implement the Amending Savings Directive.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, if the Amending Savings Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. However, investors should be aware that any custodians or intermediaries through which they hold their interest in the Notes may nonetheless be obliged to withhold or deduct tax pursuant to such laws unless the investor meets certain conditions, including providing any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

Investors who are in any doubt as to their position or would like to know more should consult their professional advisers.

U.S. Foreign Account Tax Compliance Withholding Act

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**), impose a 30% withholding tax on certain payments made to (x) "foreign financial institutions" that are not entitled to receive payments free of withholding under FATCA, (y) custodians or intermediaries in the payment chain leading to the ultimate investor that are not entitled (or fail to establish eligibility) to receive payments free of withholding under FATCA and (z) an ultimate investor that either fails to provide any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Withholding under FATCA is only expected to be required in respect of payments on Notes if, for purposes of FATCA, the Issuer is considered a "foreign financial institution" and payments on the Notes are considered "foreign passthru payments." The Issuer does not expect payments on the Notes will be subject to FATCA because (i) the Issuer does not believe it is, and does not expect to become, a foreign financial institution for purposes of FATCA and (ii) the Issuer does not expect that any payments on the Notes will be considered "foreign passthru payments" under current business plans. Additionally, no withholding under FATCA in respect of "foreign passthru payments" will be required (i) prior to 1 January 2017, at the earliest or, (ii) at any time, with respect to Notes that are issued on or prior to, and not materially modified after (which may result from a substitution of the Issuer), the date that is six months after the date on which final regulations defining the term "foreign passthru payments" are filed with the U.S. Federal Register, unless such Notes do not have a defined term or are treated as equity for U.S. federal income tax purposes. However, FATCA is subject to further development and no assurance can be made that withholding under FATCA will not apply to payments with respect to the Notes. If any amounts were withheld in respect of FATCA with respect to payments on the Notes, no additional amounts will be paid in respect of such withholding.

The proposed European financial transactions 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 (the participating Member States).

The proposed FTT has very broad scope and could, if introduced, apply to certain dealings in Notes (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 Notes 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.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016. However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. 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. The page references indicated for each document are to the page numbering of the electronic copies of such documents as available at www.bourse.lu.

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The base prospectuses dated 27 October 2011, 25 October 2012 and 30 May 2014 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 and 30 May 2014 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 Consolidated Management Reports contain information as of various historical dates and do not contain a full description of the Group's business, affairs or results. 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

Issuer:	Repsol International Finance B.V.
Guarantor:	Repsol, S.A.
Description:	Guaranteed Euro Medium Term Note Programme
Size:	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 "*Subscription and Sale*" below.
Arranger:	Merrill Lynch International
Dealers:	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 Morgan Stanley & Co. International plc Natixis 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 depositary 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. 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 (as defined below), 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 "*Risk Factors—U.S. Foreign Account Tax Compliance Withholding Act*" and "*Terms and Conditions of the Notes—7. Taxation*".
Governing Law:	English.
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, Japan, Switzerland, Hong Kong, Singapore and the Republic of Italy. See "*Subscription and Sale*".
	The Notes are 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 for their general corporate purposes.

INFORMATION ON THE ISSUER

History

The Issuer was incorporated in The Netherlands on 20 December 1990 as a limited liability company (*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 in 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—3. 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 the following investments:

	Percentage ownership
	%
Occidental de Colombia LLC., Delaware	25.00
Repsol Netherlands Finance BV., The Hague	66.50
Repsol Investeringen, BV., The Hague[(1)]	100.00
Repsol Capital, S.L., Madrid	99.99

(1) *On 14 September 2015, Repsol Investeringen, BV. commenced a process of voluntary liquidation.*

Administrative, management and supervisory bodies

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

Name	*Function*	*Principal activities outside Repsol*
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.
Francisco Javier Sanz Cedrón	Director	N/A
María Lourdes González – Poveda	Director	N/A
Francisco Javier Nogales Aranguez	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.

Until the financial year ended 31 December 2013, the Issuer made use of the exemption of Article 408 of Book 2 Title 9 of the Netherlands Civil Code, whereby no consolidated financial statements were required to be prepared. The financial information of the Issuer and its subsidiaries are included in the consolidated financial statements of the Guarantor.

On 19 November 2013, the Dutch parliament formally adopted the Financial Markets Supervision Act Amendment 2014. Under this amendment act, Public Interest Entities, such as the Issuer, are no longer allowed to make use of this exemption for intermediate consolidation. Therefore, in respect of the year ended 31 December 2014, the Issuer was obliged for the first time to prepare consolidated financial statements.

The consolidated financial statements of the Issuer for the year ended 31 December 2014 are the Issuer's first consolidated financial statements prepared in accordance with IFRS and IFRS 1 ("First-time Adoption of International Financial Reporting Standards") was applied. The transition date is 1 January 2013.

Recent developments

On 25 March 2015, the Issuer finalised the pricing and the terms and conditions of two subordinated bond issuances for a total amount of €2,000 million, with the subordinated guarantee of the Guarantor:

- A €1,000 million perpetual subordinated bond at 100% of its face value. These securities bear interest on their principal amount from (and including) the issue date to 25 March 2021 at a rate of 3.875% per annum, payable annually in arrears commencing on 25 March 2016; and from (and including) 25 March 2021, at the applicable 6 year swap rate plus:

- 3.56% per year up to 25 March 2025;
- 3.81% per year as from (and including) 25 March 2025 up to 25 March 2041; and
- 4.56% per year as from (and including) 25 March 2041.

• A €1,000 million 60-year subordinated bond at 100% of its face value. These securities will bear interest on their principal amount from (and including) the issue date to 25 March 2025 at a rate of 4.5% per annum, payable annually in arrears commencing on 25 March 2016; and from (and including) 25 March 2025, at the applicable 10 year swap rate plus:

  - 4.20% per year up to 25 March 2045; and
  - 4.95% per year as from (and including) 25 March 2045 until maturity (25 March 2075).

In June and July 2015, Repsol completed the liquidation of two subsidiaries of the Issuer: Caveant, S.A. (indirectly owned) and Repsol International Capital, Ltd.

INFORMATION ON THE GUARANTOR AND THE GROUP

Overview

The Guarantor is a limited liability company (*sociedad anónima*) duly incorporated on 12 November 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, liquefied petroleum gases (**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, 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.

- Between 1999 and 2000, Repsol acquired 99% of YPF S.A., Argentina's leading oil company and a former national operator in the industry. On 7 May 2012, 51% of the Group's shares in YPF S.A. and YPF Gas S.A. were declared of public interest and subject to expropriation following the passing of the Expropriation Act in the Argentinian Parliament, with the law taking effect on the same date (the **Expropriation**). On 27 February 2014, the Repsol Group and the Republic of Argentina signed two agreements designed to put an end to the controversy originated by the Expropriation and pursuant to which the parties agreed to withdraw ongoing legal procedures and the granting of a series of waivers and mutual indemnities. As a consequence, the Republic of Argentina delivered to Repsol, S.A. a portfolio of Argentinian sovereign bonds with a total nominal value of U.S.$5,317 million.

- On 9, 13 and 22 of May 2014, respectively, Repsol agreed with JP Morgan Securities plc several transactions relating to the sale of the whole portfolio of Government Bonds delivered by the Republic of Argentina pursuant to the Agreement for a total of U.S.$4,997 million. These sales extinguished the debt recognised by the Republic of Argentina to Repsol under the Agreement. In addition, Repsol also sold substantially all its interest in the share capital of YPF S.A. which had not been subject to expropriation. As at the date of this Base Prospectus, Repsol's interest in YPF S.A. is below 0.001%.

- On 31 May 2012, the general shareholders' meeting of the Guarantor agreed to change the corporate name of Repsol YPF, S.A. to Repsol, S.A. On the same date, the Guarantor's Board of Directors approved a resolution to move the company's registered office to Calle Méndez Álvaro, 44, Madrid, Spain.

- 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.

- On 8 May 2015, Repsol acquired Talisman by acquiring 100% of its ordinary shares at U.S.$8 each, as well as 100% of its preferred shares at C.$25 each.

  After the closing of the transaction, Talisman's ordinary shares were delisted from the Toronto and New York Stock Exchanges and its preferred shares were delisted from the Toronto Stock Exchange, the latter having converted into ordinary shares subsequently. Talisman is incorporated under the Canada Business Corporations Act.

  The total amount paid out for the acquisition amounts to €8,005 million (including the effect of exchange rate hedging transactions on the acquisition price), which includes U.S.$8,289 million paid for its ordinary shares, and C.$201 million, paid for its preferred shares.

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;

- *Downstream*, responsible for (i) refining, trading and transportation of crude and oil products, as well as commercialisation of oil products, petrochemical products and liquefied petroleum gases, (ii) commercialisation, transportation and regasification of natural gas and liquefied natural gas (**LNG**) and (iii) renewable energy power projects; and

- *Gas Natural Fenosa*, through its shareholding in Gas Natural SDG, S.A. (**Gas Natural SDG**), whose main activities are the distribution and commercialisation of natural gas, and the generation, distribution and commercialisation of electricity.

Below is a list of the significant investee companies of the Group as at 30 June 2015, 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[(1)]
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	99.78%
Repsol Butano, S.A.	Spain	Marketing of LPG	100.00%
Repsol Química, S.A.	Spain	Production and sale of petrochemicals	100.00%
Talisman Energy Inc [(2)]	Canada	Exploration and production of oil and gas	100.00%
Gas Natural SDG, S.A.	Spain	Distribution of gas and electricity	30.00%
Repsol International Finance B.V.	Netherlands	Financing and portfolio company	100.00%

Name	Country	Activity	% Control owned[1]
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[2].	Perú	Refining and marketing of oil products	51.03%
Repsol Nuevas Energías, S.A.	Spain	Gas & Power[3]	100.00%

(1) *There is no difference between the percentage of share capital owned and voting rights in the Guarantor.*
(2) *Indirect ownership interest.*
(3) *The transportation, commercialisation, trading and liquefied natural gas activities of Gas & Power are conducted through subsidiaries of Repsol Exploración, S.A. and the renewable generation activities are conducted through Repsol Nuevas Energías, S.A.*

Business Overview

Upstream

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

	30/06/2015	30/06/2014	31/12/2014	31/12/2013
	Unaudited	Unaudited	Unaudited	Unaudited
Net liquids production (kbbl/d)	168	126	134	139
Net gas production (kboe/d)	273	214	220	207
Net hydrocarbon production (kboe/d)	440	340	355	346
Average crude oil realisation price ($/bbl)	51.1	86.9	79.6	88.7
Average gas realisation price ($/Thousand scf)	3.1	4.1	3.8	4.0

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 Repsol *Upstream* segment manages its project portfolio with the objective of achieving profitable, diversified and sustainable growth, with a commitment to safety and the environment. The acquisition of the Canadian company Talisman, effective from 8 May 2015, has greatly strengthened its strategy of increasing production and reserves, diversifying its business geographically by increasing its presence in Organisation for Economic Co-operation and Development (**OECD**) countries, achieving operating excellence and maximising the profitability of its assets.

Geographically, the *Upstream* segment's strategy had been based on key traditional regions, located in America (mainly Brazil, United States, Trinidad and Tobago, Peru, Venezuela, Bolivia, Colombia and Ecuador) and in North Africa (Algeria and Libya). Following the acquisition of Talisman, to these have been added key new strategic assets mainly in America (Canada, United States and Colombia), Southeast Asia (Indonesia, Malaysia, Vietnam, Australia/Timor-Leste and Papua New Guinea), Europe (United Kingdom and Norway), Algeria and Iraq. Talisman's North America operations include assets in both Canada and the United States. Talisman has production operations 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; the Eagle Ford liquids-rich, shale gas play located in southeast Texas; and the Marcellus dry gas shale play located in northeast Pennsylvania. Talisman's Indonesian assets include interests in production sharing contracts (**PSCs**) at Corridor Block. It also has production operations in Block PM-3 CAA PSC in Malaysia and in Block HST/HSD in Vietnam. Also in Vietnam, the Final Investment Decision (**FID**) to development the important Red Emperor discovery in block 07/03 is expected to be taken by November 2015.

The following contains details of Repsol's material assets (excluding the assests acquired in the purchase of Talisman):

- Offshore deepwater fields in Brazil, where in Sapinhoá field in block BM-S-9 in the first half of 2015 started to produce two new wells in the area north of Sapinhoa with the FPSO (Floating Production, Storage and Offloading) "City of Ilhabela". It is expected that at the end of 2015 the plateau production of 150,000 barrels per day of crude oil will be reached. In the area south of Sapinhoa, where the "plateau" of production was already reached in 2014, a new well through the FPSO "Cidade de São Paulo" which has a production capacity of 120,000 barrels a day of crude oil was in production in March 2015.

- Trinidad and Tobago, where Repsol has a 30% in the productives assets of bpTT and a 70% in TSP block.

- Bolivia, where Repsol is already working on the third phase of the gas project Margarita-Huacaya. The first phase of this project came on-stream in May 2012, with the second phase officially opened in October 2013.

- U.S. Gulf of Mexico, where Repsol participates in the important Shenzi field in operation since 2009 and in the non-conventional assets in the Mississippian Line providing additional production for the Group since the first half of 2012.

- Peru, where the Kinteroni field started its production in March 2014 and Repsol is working to place Sagary discovery in production.

- Russia, where in January 2013 the process of formation of the joint venture AROG (51% NNK/Alliance Oil and 49% Repsol) was successfully completed and in February 2013, the field Syskonsyninskoye (SK) came on-stream.

- Venezuela, where Repsol has two main projects: Cardón IV (Perla discovery) and Carabobo. In Cardon IV, the installation of the main platform for gas production was successfully completed in May 2015. The first phase of the development of Perla will allow the production of 150 million cubic feet a day. In the following development phases, it is estimated that a production of up to 450 million cubic feet per day and later 800 and 1,200 million cubic feet per day can be achieved. The connection of the first producing well was announced in July 2015.

- Algeria, where drilling of development wells in the important project of gas of Reggane Nord began in January 2015, with the target of starting gas production in the second half of 2017.

As of 30 June 2015, 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 28 of them.

Average production in the first half of 2015 (440 Kboe/d) was 30% higher than the same period in 2014 (340 Kboe/d), essentially as a result of the consolidation of Talisman's assets from 8 May 2015. The contribution of these assets to the average production in the first half of 2015 was 92 Kboe/d. Excluding Talisman, production increased 2% due to the start-up and ramp-up of the strategic projects in Brazil, USA, Peru and Bolivia that made up for the absence of production in Libya due to security issues and lower activity in Trinidad and Tobago as a result of drilling activity and maintenance. Excluding the effect of Libya, production grew by 5%.

Below is an overview of Repsol's net proved reserves corresponding to the years ended 31 December 2014 and 2013.

	Net proved reserves (unaudited)					
	Crude oil, condensate and LPG [1]		Natural gas [2]		Oil equivalent [3]	
	2014	2013	2014	2013	2014	2013
Europe	3	4	-	-	3	4
South America	257	242	5,913	5,872	1,311	1,287
Trinidad and Tobago	28	29	1,611	1,665	315	325
Venezuela	42	44	2,260	2,304	445	454
Peru	84	78	1,553	1,433	361	333
Rest of South America	103	91	489	470	190	175
North America	46	38	83	44	60	46
Africa	105	112	113	149	125	139
Asia	30	26	55	73	40	39
Total	**441**	**422**	**6,164**	**6,138**	**1,539**	**1,515**

Note: This table does not include any reserves from Talisman Energy Inc. 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 2014, Repsol's proven reserves, estimated in accordance with the SEC's conceptual framework for the oil and gas industry and in accordance with the criteria envisaged under the Petroleum Resources Management System of the Society of Petroleum Engineers (PRMS-SPE), amounted to 1,539 mmboe, of which 441 mmboe (29%) corresponds to crude oil, condensate and liquefied gases, and the remaining 1,098 mmboe (71%) to natural gas.

In 2014, the development of these reserves was positive with a total incorporation of 153 mmboe, mainly from the extensions and discoveries in Peru and Brazil, and review of the preview estimates in Trinidad & Tobago, the U.S. and Brazil. In 2014, Repsol achieved a proven reserves replacement ratio (measuring total additions of proven reserves over the period relative to production for the period) of 118% (275% in 2013 and 204% in 2012) for crude oil, condensate, LPG and natural gas (139% for crude oil, condensate and LPG, and 106% for natural gas), in line with the long-term objectives, incorporating resources which Repsol believes will strengthen future growth.

According to the FORM 40-F filed with the SEC by Talisman for the year ended 31 December 2014, proved reserves prepared using the standards of the SEC amounted to 197 mmbbl of oil and natural gas liquids and 3,156 bcf of natural gas (of which approximately 75% and 68% respectively were developed).

During 2015, oil prices have been significantly lower than in recent times. In 2014, Brent crude oil prices averaged U.S.$98.9 per barrel, compared to an average of U.S.$81.8 per barrel reported over the 2004-2014 period. During the first six months of 2015, the price range stood between approximately U.S.$45.2 to 66.7 per barrel, with an average price of U.S.$57.8 per barrel. In the first two months of the second half of 2015, Brent crude oil prices averaged U.S.$51.9 per barrel, compared to an average of U.S.$104.2 per barrel for the same period of 2014. Low crude oil prices negatively affect *Upstream* earnings (see risk factors titled "*Fluctuations in international prices of crude oil and reference products and in demand, due to factors beyond Repsol's control*" and "*Uncertainty in the current economic context*"). If the current trend continues, income and revenue of Repsol's *Upstream* segment could continue to be eroded until crude oil prices rise back.

Downstream

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

	30/06/2015	30/06/2014	31/12/2014	31/12/2013
		(unaudited)		
Refining capacity (kbbl/d)	998	998	998	998
Conversion index (%)	59	59	59	59
Refining margin indicator in Spain ($/bbl)	8.9	3.5	4.1	3.3
Refining margin indicator in Peru ($/bbl)	5.7	1.8	4.8	0.8
Crude processed (million t)	20.8	19.2	39.5	38.1
Number of service stations	4,698	4,618	4,649	4,604
Oil product sales (kt)	22,721	21,143	43,586	43,177
LPG sales (kt)	1,230	1,219	2,506	2,464
Petrochemical product sales (kt)	1,424	1,334	2,661	2,337
Natural Gas sold in North America (tbtu)	164	150	274	184
LNG regasified (100%) in Canaport (tbtu)	19	14	18	37

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, liquefied petroleum gas, as well as the commercialisation of natural gas and liquefied natural gas. Also includes the activities corresponding to the midstream phase (transportation and regasification of natural gas) and renewable energy power projects.

Repsol is the leader in the Spanish market and conducts refining activities in two countries (Spain and Peru) and distribution and marketing activities through its own personnel and facilities in four countries (Spain, Portugal, Peru and Italy). Additionally the Group maintains its regasification and transport assets and its marketing businesses in North America.

The refining margin in Spain stood at U.S.$8.9 per barrel in the half year 2015, higher than 2014 (U.S.$4.1 per barrel). In Peru, the refining margin came in at U.S.$5.7 per barrel, in comparison to the U.S.$4.8 per barrel seen in 2014.

In this context, the Repsol refineries managed by the *Downstream* segment processed 20.8 million tons of crude oil in the first half of 2015, representing an increase of 8% compared to the first half of 2014. Oil product sales in half year 2015 was 22,721 kt, higher than the 21,143 kt recorded in the first half of 2014.

Gas Natural Fenosa

Repsol reports activities undertaken by Gas Natural Fenosa and its affiliates under a separate segment.

Repsol is involved, through Gas Natural Fenosa, mainly in the natural gas and electricity sectors. In the natural gas sector, Gas Natural Fenosa is engaged in the supply, storage, transportation, distribution and marketing of natural gas. In the electricity sector, it is engaged in electricity generation, commercialisation and distribution.

As of the date of this Base Prospectus, Repsol has a 30% interest in Gas Natural SDG, S.A. (see "*— Material Contracts*" below).

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:

	Position
Antonio Brufau Niubó	Chairman and Director
Isidro Fainé Casas[(1)]	Vice-Chairman and Director
Manuel Manrique Cecilia[(2)]	Vice-Chairman and Director
Josu Jon Imaz San Miguel	CEO and Director
Artur Carulla Font	Director
Luis Carlos Croissier Batista	Director
Rene Dahan[(3)]	Director
Ángel Durández Adeva	Director
Javier Echenique Landiríbar	Director
Mario Fernández Pelaz	Director
María Isabel Gabarró Miquel	Director
Gonzalo Gortázar Rotaeche[(1)]	Director
José Manuel Loureda Mantiñán[(2)]	Director
Henri Philippe Reichstul	Director
J. Robinson West	Director
Luis Suárez de Lezo Mantilla	Director and Secretary of the Board of Directors

(1) Nominated for membership by CaixaBank, S.A., entity controlled by Fundación Bancaria Caixa d'Estalvis y Pensions de Barcelona.

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

(3) 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.

In accordance with best practices in corporate governance and as a result of Repsol's enlarged international presence, the Board of Directors, at the suggestion of Chairman Antonio Brufau and with the favourable recommendation of the Appointment and Compensation Committee, has approved the new organisational structure for the company resulting from the integration of Talisman (see "*Information on the Guarantor and the Group—Business Overview*").

This new organisation, which is the foundation for Repsol's transformation into a group with a relevant presence on every continent, reinforces the business units' capabilities to increase efficiency and create value under the leadership of Chief Executive Officer Josu Jon Imaz, who holds all the executive functions within the company.

Three top-level committees were created under the chairmanship of the CEO: The Corporate Executive Committee, The Exploration and Production Executive Committee and the *Downstream* Executive Committee. These committees have full responsibility over their businesses.

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:

Name	Position
Josu Jon Imaz San Miguel	Chief Executive Officer (CEO)
Luis Suárez de Lezo Mantilla	General Counsel and Secretary of the Board of Directors
Miguel Martínez San Martín	Chief Financial Officer (CFO)
Pedro Fernández Frial	Executive Managing Director of Strategy, Control and Resources
Cristina Sanz Mendiola	Executive Managing Director of People and Organisation
Begoña Elices García	Executive Managing Director of Communication and Chairman's Office
Luis Cabra Dueñas	Executive Managing Director of Exploration and Production
María Victoria Zingoni	Executive Managing Director of *Downstream*
Miguel Klingenberg Calvo	Corporate Director of Legal Affairs
Antonio Lorenzo	Corporate Director of Planning, Control and Global Solutions

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.

According to the audited consolidated financial statements, for the six months ended 30 June 2015 the Group's average employee headcount was 27,510 persons.

Share capital and major shareholders

As at the date of this Base Prospectus, the Guarantor's share capital is comprised of 1,400,361,059 shares at a nominal value of €1, fully subscribed and paid, and admitted in its entirety 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
	%	%		%
Fundación Bancaria Caixa d' Estalvis i Pensions de Barcelona.[(1)]	0.00	11.51	161,515,618	11.53
Sacyr, S.A.[(2)]	0.00	8.73	122,208,433	8.73

Temasek[3]	0.00	5.92	81,214,988	5.80
Blackrock, Inc.[4]	0.00	3.25	44,733,487	3.25

(1) Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona holds its interest through CaixaBank, S.A.

(2) Indirect ownership held through Sacyr Participaciones Mobiliarias, S.L., a wholly-owned subsidiary.

(3) Temasek Holdings (Private) Limited (Temasek) holds its stake through Chembra Investments PTE Ltd.

(4) Blackrock holds its share through several subsidiaries, all of them with the same voting policies. This information is based on the statement filed by Blackrock with the CNMV on 24 June 2015 on Repsol S.A.'s share capital at that date.

Material Contracts

The material contract to which the Group is a party, other than the agreements referred to in other parts of this document and agreements entered into in the ordinary course of its business, is described below.

Agreement between Repsol and "la Caixa" for joint control of Gas Natural Fenosa

Repsol and "la Caixa" (currently "Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona") entered into an agreement in relation to Gas Natural Fenosa on 11 January 2000, which was subsequently amended on 16 May 2002, 16 December 2002 and 20 June 2003.

The key terms of these agreements with "la Caixa" are as follows:

- Repsol and "la Caixa" will control Gas Natural Fenosa jointly in accordance with the principles of transparency, independence and professional diligence.
- The board of directors of Gas Natural SDG shall be formed by 17 directors. Repsol and "la Caixa" shall have the right to propose five directors each. Repsol and "la Caixa" shall vote in favour of the directors proposed by the other party. One director shall be proposed by Caixa de Catalunya and the remaining six shall be independent directors.
- "la Caixa" shall propose the Chairman of Gas Natural SDG's board of directors and Repsol shall propose the Chief Executive. Both parties undertake that the directors proposed and appointed by each shall support appointments to these offices within the Board of Directors.
- The Delegate Committee of the board of directors of Gas Natural SDG shall have eight members, of whom three shall be proposed by Repsol and three by "la Caixa" from among the directors proposed for the board of directors of Gas Natural SDG, including the Chairman and the Chief Executive Officer. The remaining two Executive Directors shall be independent directors.
- Before presentation to the board of Gas Natural SDG, Repsol and "la Caixa" shall jointly agree (i) Gas Natural Fenosa's strategic plan, which shall include all decisions affecting the key strategies of Gas Natural Fenosa; (ii) Gas Natural Fenosa's organisational structure; (iii) Gas Natural Fenosa's annual budget; (iv) merger transactions; and (v) any acquisition or disposal of material assets pertaining to any strategic lines of development of Gas Natural Fenosa.

These agreements remain in effect while Repsol and "la Caixa" hold minimum ownership interests equal to 15% of Gas Natural SDG's share capital.

Shareholder remuneration

The Guarantor has remunerated its shareholders in each of the last 15 years. For instance, during 2013 the Guarantor purchased free of charge allocation rights (**Rights**) in two paid-up capital increases at a total price of €0.918 gross per Right as part of the "*Repsol Flexible Dividend*" programme and additionally, on 20 June 2013, paid a cash dividend drawn from 2012 profits of €0.04 gross per share. Over the course of 2014 the Guarantor purchased 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 as part of the "*Repsol Flexible Dividend*" programme.

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 and their status at the reporting date are summarised below.

Argentina

Claim filed against Repsol and YPF by the Union of Consumers and Users

The plaintiff claims the reimbursement of all the amounts the consumers of bottled LPG were allegedly charged in excess from 1993 to 2001, corresponding to a surcharge for such product. With respect to the period from 1993 to 1997, the claim is based on the fine imposed on YPF S.A. by the Secretariat of Industry and Commerce through its resolution of 19 March 1999. It should be noted that Repsol has never participated in the LPG market in Argentina and that the fine for abusing a dominant position was imposed on YPF S.A. In addition, YPF S.A. has alleged that charges are barred by the applicable statute of limitations. Hearings have commenced and are in process. The claim amounts to 91 million Argentine Peso (€17 million) for the period from 1993 to 1997, amount which updated at 18 August 2012 by an expert appraiser, this amount would total 387 million Argentine Peso (€43 million) plus interest and expenses.

This claim has been pending court ruling since 10 February 2014 and an appeal has been lodged to have the sentence issued. In February 2015, this claim was remitted for court ruling.

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 September 4, 1986 (the date of the Chemicals share purchase agreement), including certain environmental liabilities relating to certain chemical plants and waste disposal sites used by Chemicals prior to the Closing Date. In 1995, YPF acquired Maxus and 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**). In August 2010, the lawsuit was extended to YPF International S.A. (**YPFI**), and Maxus

International Energy Company (**MIEC**) (all of which together, **Original Defendants**). In February 2009, Maxus and Tierra included another 300 companies in the suit (including certain municipalities) as third parties since they are potentially liable.

On 26 September 2012, OCC lodged a Second Amended Cross Claim (the **Cross Claim**) against Repsol S.A., YPF, Maxus, Tierra and CLHH.

On 6 June 2013, the Original Defendants (with the exception of OCC) signed a Settlement Agreement with the State of New Jersey, in which they do not acknowledge liability but do undertake to pay $130 million ($65 million payable by Repsol S.A. and the other $65 million payable by YPF/Maxus) in exchange for the withdrawal by the State of New Jersey of its proceedings against Repsol S.A., YPF, YPFI, YPFH, CLHH, MIEC, Maxus, and Tierra and a level of protection against potential future lawsuits. Under the Settlement Agreement, the State of New Jersey reserves the right to proceed with its case against OCC, which was not party to the Settlement Agreement. In turn, OCC is entitled to press ahead with its Cross Claim. The Settlement Agreement, which has been approved by the Court of New Jersey, stipulates that the related hearings may not take place before December 2015.

In August 2014, OCC signed an agreement with the State of New Jersey which was approved by the state court on 16 December 2014.

In November 2014, the judge issued a new timeline for the proceedings, setting the date for the hearing for 7 December 2015, among other things. On 21 November 2014, Repsol S.A., YPF and Maxus presented Motions to Dismiss OCC's Cross Claim.

On 13 January 2015, the assistant judge on the case (the **Special Master**) issued an opinion and recommendation with respect to the Motions to Dismiss presented by Maxus, YPF and Repsol S.A. in favour of dismissing most of OCC's claims. OCC appealed the Special Master's opinion and recommendation before the Court of New Jersey. OCC's appeal was heard on 29 January 2015. The judge decided to uphold the Special Master's recommendation in its entirety, dismissing, in full or in part, without scope for re-admission, 10 of the 12 claims presented by OCC.

In February 2015, Repsol S.A., YPF and Maxus responded to the Cross Claim. In addition, the counterclaims filed by Repsol S.A. and Maxus against the Cross Claim were answered on 2 March 2015 by OCC. On 1 July 2015, the judge issued a new procedural calendar which, among other things, fixed the date of the hearing for June 2016.

United Kingdom

Galley pipeline lawsuit

In August 2012, a portion of the Galley pipeline, in which Talisman Sinopec Energy UK LTD (**TSEUK**) has a 67.41% interest, suffered an upheaval buckle.

In September 2012, TSEUK, in which Talisman holds a 51% interest, claimed for the suffered losses as a consequence of the incident to Oleum Insurance Company (**Oleum**), a wholly-owned Talisman subsidiary. TSEUK delivered a proof of loss seeking recovery under the insurance agreement of $315 million.

In November 2014, TSEUK delivered extensive documentation purpoting to substantiate its claim. The information delivered to date does not support a determination of coverage and Oleum is seeking additional information from TSEUK to facilitate final coverage determination.

Addax Arbitration

On 13 July 2015, Addax Petroleum UK Limited and Sinopec International Petroleum Exploration and Production Corporation, filed a Notice of Arbitration against Talisman and Talisman Colombia Holdco Limited in connection with the purchase of 49% shares of TSEUK. In Repsol's opinion the claims included in the Notice of Arbitration are without merit.

Spain

Claims against the Quarterly Resolutions issued by the Directorate-General of Energy and Mining Policy regarding bottled LPG prices during parts of 2009 to 2012

During 2014, Repsol Butano, S.A. was notified of four sentences issued by the Contentious Administrative Court of the National High Court (Audiencia Nacional) and one issued by the Madrid High Court (Tribunal Superior de Justicia de Madrid) awarding Repsol Butano, S.A. the right of being compensated for the damages caused by the quarterly resolutions issued by the Directorate-General of Energy and Mining Policy determining the maximum retail prices for regulated LPG containers for the second, third and fourth quarters of 2011 and the first, second and third quarter of 2012 totalling €93.5 million of principal plus the corresponding late payment interest legally due.

In those sentences, the Courts declared the existence in these cases of the elements that determine the public administration pecuniary liability and also confirmed the quantification of the damages caused by the quarterly resolutions appealed by Repsol Butano, S.A. as stated by the independent experts designated by Repsol Butano, S.A. and the court, for the aforementioned amount.

Although the above sentences are being appealed by the State Attorney, the public administration did not dispute its pecuniary liability but rather questioned the assessment and quantification of the damages with arguments that have been individually dismissed on substantiated grounds by the above mentioned sentences upholding the claims of Repsol Butano, S.A.

Such reasoning of the courts, along with the arguments raised by Repsol Butano, S.A. to defend its claim, means the probability of the abovementioned sentences being upheld by the Supreme Court (*Tribunal Supremo*) is very elevated.

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:

Country	Years open to inspection
Algeria	2010-2014
Bolivia	2009-2014
Canada	2010-2014
Ecuador	2011-2014
Spain	2010-2014
United States	2010-2014

Libya	2007-2014
Netherlands	2009-2014
Peru	2010-2014
Portugal	2011-2014
Trinidad and Tobago	2010-2014
Venezuela	2010-2014

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 channels at its disposal with a view to reaching non-litigious solutions.

However, 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 of undetermined amounts at present. 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, Repsol believes that the tax liabilities that may ultimately derive from these proceedings will not have a significant impact on the financial statements although the Group can give no assurance that this will be the case. 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 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 things, by a case-by-case analysis of the facts, the legal opinions of its in-house and external advisers or prior experience in these matters.

As detailed in Note 3 of the Interim Condensed Consolidated Financial Statement of 30 June 2015, the Repsol Group closed the acquisition of Talisman on 8 May 2015.

The main tax-related lawsuits to which Talisman and its subsidiaries are parties at 30 June 2015 are as follows:

Canada

The Canadian tax authorities, ("*Canada Revenue Agency*", **CRA**) regularly inspect the tax matters of the Talisman Group companies based in Canada. In 2015, verification and investigation activities related to the years 2006-2010 have been made.

As part of these proceedings, the CRA has questioned certain restructuring transactions, although this line of questioning has not resulted in court proceedings to date.

Indonesia

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

Malaysia

Talisman Malaysia Ltd. and Talisman Malaysia (PM3) Ltd., Talisman Group's operating subsidiaries in Malaysia, have received a notification from the Inland Revenue Board (IRB) in respect of 2007, 2008 and 2011 questioning, primarily, the deductibility of certain costs. These proceedings are being heard at an administrative instance before court hearing.

Norway

As part of the process of verifying the tax affairs of Talisman Energy Norge AS, Talisman Group's subsidiary in Norway, the Norwegian tax authorities have questioned the deductibility of certain items. These proceedings are being heard at an administrative instance before court hearing.

Timor-Leste

The authorities of Timor-Leste have questioned the deduction by TLM Resources (JPDA 06-105) Pty Limited, Talisman Group's subsidiary in East Timor of certain expenses for income tax purposes. This line of questioning is at a very preliminary stage of debate with the authorities.

As for the main tax proceedings affecting Repsol Group at 30 June 2015, the following should be noted:

Bolivia

Repsol E&P Bolivia, S.A. and YPFB Andina, S.A. (in which Repsol has an 48.33% interest), are pursuing several lawsuits against administrative resolutions that denied the deductibility of royalties and hydrocarbon interests payments for corporate income tax calculation purposes prior to the nationalization of the oil sector.

A first lawsuit concerning Repsol E&P Bolivia S.A. was resolved unfavorably by the Supreme Court. After the corresponding appeal, the Constitutional Court overruled the sentence and ordered that the proceeding be returned to the Supreme Court, which has not yet made a pronouncement on this matter.

Moreover, in one of several disputes YPFB Andina, SA pusues in relation to this concept, the Constitutional Court dismissed the action brought by the company against an unfavorable Supreme Court resolution. The judgment does not enter into the merits, therefore it does not constitute mandatory jurisprudence to the unresolved lawsuits. In this regard, the company believes that there are legal arguments that protect their position, expressly endorsed with interpretative effects 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 notified by the Sao Paolo tax authorities of an assessment that it had breached certain formal requirements (the issuance of supporting tax documentation) related to the onshore-offshore movement of materials and equipment to the offshore drilling platform (including the movement of the platform itself to the drilling site). The criterion adopted by Petrobras is in line with widespread industry practice. This case is being heard at an administrative state court of third instance.

Elsewhere, Petrobras, as operator of the Albacora Leste, BM-S-7 and BMS-9 consortia (and other consortia in which Repsol Sinopec Brasil has no interests), has received infraction notices with respect to withholding income tax (*Imposto de Renda Retido na Fonte* or IRRF) and CIDE (*Contribuição de Intervenção no Domínio Econômico*), withholdings made in 2008 and 2009 and in respect of these same taxes as well as the Social Integration and Contribution to the Social Security Financing Program (PIS/COFINS for its acronym in Portuguese) in 2010 in relation to payments to foreign companies for the

chartering of exploration platforms and related services used at the above-listed blocks. The Company is evaluating its liability in the matter from both a tax and also a contractual perspective.

In addition, Repsol Sinopec Brasil received notices of infraction with respect to IRRF and CIDE withholdings made in 2009 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 Company, in keeping with the reports provided by its internal and external tax consultants, believes that its approach is both legal and in line with widespread sector practice. This case is being heard at an administrative federal court of second instance.

Canada

The Canadian tax authorities have rejected the application of certain tax incentives related to the Canaport assets. Repsol Energy Canada Ltd. and Repsol Canada, Ltd. appealed the corresponding tax assessments (2005-2008), firstly via administrative and subsequently via judicial redress proceedings. Canada's Tax Court ruled in favour of Repsol on 27 January 2015.

However, this sentence was appealed by the Crown before the "*Federal Court of Appeal"* on 9 March 2015.

Ecuador

The Ecuador internal revenue service (SRI) has questioned the deduction from income tax of payments for the transportation of crude oil to Ecuador company Oleoducto de Crudos Pesados, S.A. (**OCP**) under a ship-or-pay arrangement by several consortia in which Repsol Ecuador, S.A. has ownership interests. The matter has been appealed before Ecuador's National Court of Justice.

The SRI has also queried the criteria used to set the benchmark price applicable to sales of its crude to the Bloque 16 consortium in which Repsol Ecuador, S.A. holds a 35% interest. This matter is pending sentencing by the Tax Court.

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 National Court ruling null and void and has ordered a new ruling. The government also dismissed the National Court members who ruled in favour of the company. The National Court has issued three rulings that overrule the first ruling (i.e., in favour of the interests of SRI) in respect of 2003 to 2006 fiscal years. OCP is taking the opportune steps before the Constitutional Court and is analysing the possibility of filing an arbitration claim against the government of Ecuador for various reasons.

Spain

The main litigations deriving from the inspections of income tax returns from 1998 to 2001 and from 2002 to 2005 concluded in 2013. The corresponding sentences and rulings had the effect of cancelling 90% of the tax liability initially assessed by the tax authorities and that had been appealed by the Company. With regard to the penalties linked to those inspections, the Courts have cancelled all the penalties that have already been pronounced as at the date of the Base Prospectus.

Elsewhere, the settlements and fines deriving from the inspections corresponding to the 2006-2009 corporate income tax, value added tax and hydrocarbon tax returns and other duties and withholdings are still open to final administrative decision. The matters under discussion, which are mainly related to corporate income tax (transfer pricing, foreign portfolio loss recognition, investment incentives) imply a change in the tax authority's criteria with respect to earlier inspections. Repsol, in keeping with the reports

provided by its internal and external tax advisers, believes that it has acted lawfully in these matters and, accordingly, does not expect them to result in liabilities that could have a significant impact on the Group's results. The Group will appeal the assessments handed down by the tax authorities as necessary in order to uphold and defend the Group's legitimate interests.

In 2015, the Spanish tax authorities initiated an inspection of the Group's corporate income tax, value added tax and other duties and withholdings corresponding to fiscal years 2010 to 2013.

Lastly, 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.

Trinidad and Tobago

In 2015, BP Trinidad & Tobago LLC, a company in which the Repsol Group has a 30% interest along with BP, signed an agreement with the local authorities ("Board of Inland Revenue"), resolving most of the matters under dispute in relation to several taxes and for the years 2003-2009: "Petroleum Profit Tax" (income tax), "Supplemental Petroleum Tax" (production tax), and non-resident personal income tax withholdings and the issues recurring in the years not subject to inspection (2010-2014).

TAXATION

The Netherlands

The following is a general overview and the tax consequences as described here may not apply to a Holder of Notes (as defined below). Any potential investor should consult his tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes in his particular circumstances.

This taxation overview solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of Notes issued on or after the date of this Base Prospectus. It does not consider every aspect of taxation that may be relevant to a particular Holder of Notes under special circumstances or who is subject to special treatment under applicable law. Where in this overview English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this taxation overview the terms "The Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of The Netherlands.

This overview is based on the tax laws of The Netherlands (unpublished case law not included) as it stands at the date of this Base Prospectus. These laws upon which this overview is based are subject to change, perhaps with retroactive effect. Any such change may invalidate the contents of this overview, which will not be updated to reflect such change. This overview assumes that each transaction with respect to Notes is at arm's length.

Where in this section "*Taxation—The Netherlands*" reference is made to a "Holder of Notes", that concept includes, without limitation:

1. an owner of one or more Notes who in addition to the title to such Notes has an economic interest in such Notes;

2. a person who or an entity that holds an economic interest in one or more Notes;

3. a person who or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Dutch tax purposes, the assets of which comprise one or more Notes, within the meaning of 1. or 2. above; or

4. a person who is deemed to hold an interest in Notes, as referred to under 1. to 3., pursuant to the attribution rules of article 2.14a, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting* 2001), with respect to property that has been segregated, for instance in a trust or a foundation.

Withholding tax

All payments under Notes may be made free from withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority of or in The Netherlands, except where Notes are issued (i) 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 actually 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)*, or (ii) that are redeemable in exchange for, convertible into or linked to shares or other equity instruments issued or to be issued by the Issuer or by any entity related to the Issuer.

Taxes on income and capital gains

The overview set out in this section "*Taxes on income and capital gains*" applies only to a Holder of Notes who is neither resident nor deemed to be resident in The Netherlands for the purposes of Dutch income tax or corporation tax, as the case may be, and who, in the case of an individual, is not considered a qualifying foreign taxpayer as stipulated in article 7.8 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) for Dutch income tax purposes (a **Non-Resident Holder of Notes**).

Individuals

A Non-Resident Holder of Notes who is an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefits derived or deemed to be derived from Notes, including any payment under Notes and any gain realised on the disposal of Notes, except if:

1. he derives profits from an enterprise, whether as an entrepreneur *(ondernemer)* or pursuant to a co-entitlement to the net value of such enterprise (other than as a holder of securities), such enterprise either being managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in The Netherlands and his Notes are attributable to The Netherlands assets of to such enterprise; or

2. he derives benefits or is deemed to derive benefits from Notes that are taxable as benefits from miscellaneous activities in The Netherlands *(resultaat uit overige werkzaamheden in Nederland)*.

If a Holder of Notes is an individual who does not fall under exception 1 above, and if he derives or is deemed to derive benefits from Notes, including any payment under such Notes and any gain realised on the disposal thereof, such benefits are taxable as benefits from miscellaneous activities in The Netherlands if he, or an individual who is a connected person in relation to him as meant by article 3.91, paragraph 2, letter b, or c, of the Dutch Income Tax Act 2001 *(Wet inkomstenbelasting 2001)*, has a direct or indirect substantial interest *(aanmerkelijk belang)* or a deemed direct or indirect substantial interest in the Issuer.

A deemed substantial interest may be present if shares, profit participating certificates or rights to acquire shares in the Issuer are held or deemed to be held following the application of a non-recognition provision.

Generally, a person has a substantial interest in the Issuer if such person – either alone or, in the case of an individual, together with his partner *(partner)*, if any, or pursuant to article 2.14a, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) – owns or is deemed to own, directly or indirectly, either a number of shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer, or rights to acquire, directly or indirectly, shares, whether or not already issued, representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer, or profit participating certificates *(winstbewijzen)* relating to 5% or more of the annual profit of the Issuer, or to 5% or more of the liquidation proceeds of the Issuer.

A person who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and such person's entitlement to such benefits is considered a share or a profit participating certificate, as the case may be.

Furthermore, a Holder of Notes who is an individual and who does not fall under exception 1 above may, *inter alia*, derive, or be deemed to derive, benefits from Notes that are taxable as benefits from miscellaneous activities in the following circumstances, if such activities are performed or deemed to be performed in The Netherlands:

a. if his investment activities go beyond the activities of an active portfolio investor, for instance in the case of use of insider knowledge *(voorkennis)* or comparable forms of special knowledge;

b. if he makes Notes available or is deemed to make Notes available, legally or in fact, directly or indirectly, to certain parties as meant by articles 3.91 and 3.92 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) under circumstances described there, or

c. if he holds Notes, whether directly or indirectly, and any benefits to be derived from such Notes are intended, in whole or in part, as remuneration for activities performed or deemed to be performed in The Netherlands by him or by a person who is a connected person in relation to him as meant by article 3.92b, paragraph 5, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

Attribution rule

Benefits derived or deemed to be derived from certain miscellaneous activities by a child or a foster child who is under eighteen years of age are attributed to the parent who exercises, or the parents who exercise, authority over the child, irrespective of the country of residence of the child.

Entities

A Non-Resident Holder of Notes, other than an individual, will not be subject to any Dutch taxes on income or capital gains in respect of benefits derived or deemed to be derived from Notes, including any payment under Notes and any gain realised on the disposal of Notes, except if:

(a) such Non-Resident Holder of Notes derives profits from an enterprise directly or pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, such enterprise either being managed in The Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and its Notes are attributable to The Netherlands assets of such enterprise; or

(b) such Non-Resident Holder of Notes has a direct or indirect substantial interest (as described above under Individuals) or a direct or indirect deemed substantial interest in the Issuer, with the predominant objective to avoid the levy of income taxation or dividend withholding tax of another person and this substantial interest is not attributable to an enterprise of such Holder of Notes.

A deemed substantial interest may be present if shares, profit participating certificates or rights to acquire shares in the Issuer are held or deemed to be held following the application of a non-recognition provision.

General

Subject to the above, a Non-Resident Holder of Notes will not be subject to income taxation in The Netherlands by reason only of the execution *(ondertekening)*, delivery *(overhandiging)* and/or enforcement of the documents relating to the issue of Notes or the performance by the Issuer of its obligations under such documents or under Notes.

Gift and inheritance taxes

If a Holder of Notes disposes of Notes by way of gift, in form or in substance, or if a Holder of Notes who is an individual dies, no Dutch gift tax or Dutch inheritance tax, as applicable, will be due, unless:

(i) the donor is, or the deceased was resident or deemed to be resident in The Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, as applicable; or

(ii) the donor made a gift of Notes, then became a resident or deemed resident of The Netherlands, and died as a resident or deemed resident of The Netherlands within 180 days of the date of the gift.

For purposes of the above, a gift of Notes made under a condition precedent (*opschortende voorwaarde*) is deemed to be made at the time the condition precedent is satisfied.

Other taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in The Netherlands in respect of or in connection with (i) the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of The Netherlands) of the documents relating to the issue of Notes, (ii) the performance by the Issuer or the Guarantor of its obligations under such documents or under Notes, or (iii) the transfer of Notes, except that Dutch real property transfer tax (*overdrachtsbelasting*) may be due by a Holder of Notes if in satisfaction of all or part of any of its rights under Notes, it acquires any asset, or an interest in any asset (*economische eigendom*), that qualifies as real property or as a right over real property situated in The Netherlands for the purposes of Dutch real property transfer tax (*overdrachtsbelasting*) or where Notes are issued under such terms and conditions that they represent an interest in assets (*economische eigendom*) that qualify as real property, or rights over real property, situated in The Netherlands, for the purposes of Dutch real property transfer tax.

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 depositary 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. General principles

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.

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 19.5% from 12 July 2015 to 31 December 2015 and at 19% for 2016. 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 19.5% up to €6,000; 21.5% from €6,000.01 to €50,000 and 23.5% on the excess over €50,000, as capital income, for individual taxpayers; and

(ii) for corporate taxpayers 28% for tax periods that started in 2015 and 25% for those that started in 2016, 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 by Royal Decree Law 13/2011, of 16 September 2011 and by Law 36/2014, of 26 December 2014 (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 and Public Administration.

NWT is levied at rates ranging from 0.2% to 2.5% depending on the Spanish region of domicile of the taxpayer, certain tax allowances may be available. Thus, investors should consult their tax advisers according to the particulars of their situation.

In principle, as from 1 January 2016, NWT is expected to be effectively abolished

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 81.6%, 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 22 September 2015 (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

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 with in 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, US 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, US 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.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

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.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be offered to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive (as defined under "European Economic Area" above) unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Prospectus Directive or (ii) standard exemption wording and logo are disclosed as required by Section 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

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 or sold in the Kingdom of Spain by means of a public offer as defined and construed in the Spanish Securities Market Law of 28 July 1988 (*Ley 24/1988, de 28 de julio, del Mercado de Valores*), Royal Decree 1310/2005 of 4 November 2005 (*Real Decreto 1310/2005, de 4 de noviembre)* and any other regulations supplementing, completing, or amending such laws and decrees, each, as amended and restated, unless such sale, offer of distribution is made in compliance with the provisions of the Spanish Securities Market Law, Royal Decree 1310/2005 of 4 November 2005 and the applicable regulation.

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.

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. 16190 of 29 October 2007, 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 22 September 2015 (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 22 September 2015 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:

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

where:

Y_1 is the year, expressed as a number, in which the first day of the Calculation Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

D_1 is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

D_2 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 D1 is greater than 29, in which case D_2 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:

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

where:

Y_1 is the year, expressed as a number, in which the first day of the Calculation Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

D_1 is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

D_2 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_2 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:

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

where:

Y_1 is the year, expressed as a number, in which the first day of the Calculation Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

D_1 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_1 will be 30; and

D_2 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_2 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 a 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 Condition 5(d) or in respect of which a Noteholder shall have exercised its option under Condition 5(e) 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) **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.

(f) **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.

(g) **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.

(h) **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(g) 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 and (v) a Paying Agent with a specified office in a European Union member state other than The Netherlands or Spain (if any) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

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 unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured 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, unmatured 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 unexchanged 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 mereholding 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 imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26 to 27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;

(h) 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

(i) 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) 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 Depositary.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a Common Depositary, 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 Depositary 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 tradeble 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:

Final Terms dated [•]

REPSOL INTERNATIONAL FINANCE B.V.
Issue of [*Aggregate Nominal Amount of Tranche*] [*Title 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 22 September 2015 [and the Supplement dated [●] to the Base Prospectus dated 22 September 2015 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 and is available for viewing on the website of the Luxembourg Stock Exchange at 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] which are incorporated by reference into the Base Prospectus dated 22 September 2015 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 22 September 2015 [and the Supplement dated [●] to the Base Prospectus dated 22 September 2015 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]. 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 22 September 2015 [and the Supplement dated [●] to the Base Prospectus dated 22 September 2015]. The Base Prospectus [and the Supplement to the Base Prospectus dated [•]] [has/have] been published on 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.

[*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 [●][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] (See paragraph [16/17/18] 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-paragraphs of this paragraph)*
	Optional Redemption Date(s):		[●]

18.	**Change of Control Put Option**		[Applicable]/[Not Applicable] *(If not applicable, delete the remaining sub-paragraph of this paragraph)*
	(a)	Optional Redemption Date(s):	[●] days after expiration of Put Period
	(b)	Put Period	[●]
	(c)	Put Date	[●]
19.	**Final Redemption Amount of each Note**		[●] per Calculation Amount
20.	**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

21.	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.]
22.	New Global Note:	[Yes]/[No]
23.	Financial Centre(s):	[Not Applicable]/[●]
24.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes]/[No]
25.	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 regulated market*] with effect from [●]]/[Not Applicable]
(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]: [●]]

[and endorsed by [●]]

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)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg, the relevant addresses and the identification number(s):	[Not Applicable]/[●]
(d)	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.]
(e)	Delivery:	Delivery [against/free of] payment
(f)	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) Stabilisation Manager(s) (if any)	[Not Applicable/*give name*]

(c)	If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
(d)	US 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 2 September 2015. 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 30 April 2015.

(2) To the best of the knowledge of the Issuer, there has been no material adverse change in its prospects since 31 December 2014 (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 2014.

To the best of the knowledge of the Guarantor, there has been no material adverse change in its prospects since 31 December 2014 (being the date of the last published audited financial statements) save as disclosed on page 39 in the final paragraph of the section "*Business overview-Upstream*" nor has there been any significant change in the financial or trading position of the Group since 30 June 2015.

(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 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) 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 2014 (prepared in accordance with IFRS-EU) and the audited non-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 2013 (prepared in accordance with Dutch GAAP);

(v) the Annual Report 2014 of Repsol, including the audited consolidated annual financial statements for the financial year ended 31 December 2014, which were prepared in accordance with EU-IFRS, together with the notes to such financial statements and the audit report thereon;

(vi) the Annual Report 2013 of Repsol, including the audited consolidated annual financial statements of Repsol for the financial year ended 31 December 2013, which were prepared in accordance with EU IFRS, together with the notes to such financial statements and the audit report thereon;

(vii) the interim condensed consolidated financial statements of Repsol, and investees composing the Group for the six months ended 30 June 2015;

(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 2014 and 2013 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 de Picasso, 1, Torre Picasso, 28020 Madrid, Spain.

(ii) The financial statements of the Issuer have been audited for the financial years ended 31 December 2014 and 2013 by Deloitte Accountants B.V. (members of *Koninklijk Nederlands Instituut van Registeraccountants*), Independent Auditors of the Issuer. The address of Deloitte Accountants B.V. is Wilhelminakade 1, 3072 AP, Rotterdam, The Netherlands or P.O. Box 2031 3000CA, 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 (other than Spanish tax law); Linklaters LLP has acted as legal adviser to the Dealers as to English law, Dutch tax law and Spanish law; Van Doorne N.V. has acted as legal adviser to the Issuer as to Dutch law (other than Dutch tax law); and Análisis Asesoramiento e Información, S.L. has acted as legal adviser to the Guarantor as to Spanish 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.

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