

## BASE PROSPECTUS



# 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 YPF, 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 YPF, S.A. entered into a euro 5,000,000,000 Guaranteed Euro Medium Term Note Programme (the **Programme**) and issued an Offering Circular in respect thereof. Further Offering Circulars describing the Programme were issued on 21 October 2002, 4 November 2003, 10 November 2004, 2 February 2007, 28 October 2008 and 23 October 2009. With effect from the date hereof, the Programme has been updated and this Base Prospectus supersedes any previous Offering Circular issued in respect of the Programme. 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 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 YPF, 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 under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities (the **Luxembourg Act**), for the approval of this Base Prospectus as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**). 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 to list such Notes on the AIAF Mercado de Renta Fija. Unlisted Notes and Notes to be listed and admitted to trading on other or additional regulated markets 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. The relevant Final Terms (as defined in "General Description of the Programme" below) in respect of the issue of any Notes will 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).

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.

Notes will not be issued 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 United States Securities Act of 1933, as amended (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, they are intended to be eligible collateral for Eurosystem monetary policy and 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 depository on behalf of Euroclear and Clearstream, Luxembourg (the **Common Depository**). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form" below.

The Programme has been rated by Moody's Investors Service Limited, by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc. and by Fitch Ratings Ltd. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. 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.

**Prospective investors should have regard to the factors described under the section headed "Risk Factors" on pages 15 to 27 in this Base Prospectus.**

Arranger

**Bank of America Merrill Lynch**  
Dealers

**Banco Bilbao Vizcaya Argentaria, S.A.**  
**Barclays Capital**  
**Caixa d'Estalvis i Pensions de Barcelona**  
**Citi**  
**Deutsche Bank**  
**ING Commercical Banking**  
**Santander Global Banking & Markets**  
**Société Générale Corporate and Investment Banking**

**Bank of America Merrill Lynch**  
**BNP PARIBAS**  
**Caja Madrid**  
**Crédit Agricole CIB**  
**Goldman Sachs International**  
**J.P. Morgan**  
**The Royal Bank of Scotland**  
**UBS Investment Bank**

The date of this Base Prospectus is 25 October 2010.

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 YPF**, the **Repsol YPF Group**, the **Group** and **the Company** refers to Repsol YPF, S.A. together with its consolidated subsidiaries, unless otherwise specified or the context otherwise requires, and the **Guarantor** refers to Repsol YPF, 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).

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 YPF since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Guarantor or Repsol YPF since the date hereof or the date upon which this Base Prospectus has been most recently amended or 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. 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 accept any responsibility for the contents of this 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 Prospectus or any such statement. Neither this Base Prospectus nor any other 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 other 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 condition 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)) in the applicable Final

Terms 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.* 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 and references to *€* and *euro* are to the lawful currency/units of currency of the 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. Where U.S. dollar and Argentine Peso amounts are converted into euro, the conversion rate applied is U.S.\$1.44: €1.00 and Ps.5.44: €1.00 respectively.

## SUPPLEMENTS TO THE BASE PROSPECTUS

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to Article 13 of the Luxembourg Act, the Issuer shall prepare and make available an appropriate amendment or 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.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have been filed with the CSSF, shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

<u>Document</u>	<u>Page reference</u>
(a) <b>Limited Review Report in respect of the Condensed Consolidated Interim Financial Statements and Interim Management's Report for the six-month period ended 30 June 2010</b>	1-2
(b) <b>Condensed consolidated interim financial statements of Repsol YPF and Investees composing the Repsol Group for the six-month period ended 30 June 2010:</b>	
- Consolidated balance sheet as at 30 June 2010 and 31 December 2009 .....	II-III
- Consolidated income statements for the interim periods ended 30 June 2010 and 2009.....	IV
- Consolidated statements of Recognised Income and Expenses for the interim periods ended 30 June 2010 and 2009 .....	V
- Consolidated statement of Changes in Equity for the interim periods ended 30 June 2010 and 2009 .	VI
- Consolidated statements of cash flow for the interim periods ended 30 June 2010 and 2009 .....	VII
- Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2010 .....	8-29
(c) <b>Consolidated Interim Management's Report of Repsol YPF and Investees composing the Repsol Group for the six-month period ended 30 June 2010</b>	1-15
(d) <b>Preview of the 2Q10 Income Statement of Repsol YPF, filed with the SEC on 30 July 2010:</b>	
- Contents.....	2
- Second Quarter 2010 Main Highlights and Key Financial Figures.....	3

<b>Document</b>	<b>Page reference</b>
- Breakdown of Results by Business Area.....	4-11
-     Upstream .....	4-5
-     LNG .....	6
-     Downstream.....	7-8
-     YPF .....	9-10
-     Gas Natural Fenosa .....	11
-     Corporate and Others.....	11
- Financial Income/Charges, Debt .....	12-13
- Other Captions in the Profit and Loss Account .....	14
-     Taxes .....	14
-     Equity on Earnings of Unconsolidated Affiliates .....	14
-     Minority Interests .....	14
- Highlights .....	15
- Comparison of Information.....	15-17
- Tables - 2Q 2010 Results .....	18-27
-     Repsol YPF Summarised Income Statement .....	19
-     Breakdown of Repsol YPF Results Adjusted to Non-Recurring Items .....	20
-     Breakdown of Repsol YPF Revenues from Continuous Operations before Financial Expenses by Activities and Geographical Areas.....	21
-     Breakdown of EBITDA by Activities and Geographical Areas.....	23
-     Breakdown of Repsol YPF Investments by Activities and Geographical Areas.....	24
-     Repsol YPF Comparative Balance Sheet .....	25
-     Statement of Cash Flow.....	26
-     Financial Income / Charges and Debt.....	27
- Tables - Operating Highlights 2Q 2010 .....	29-31
-     Operating Highlights Upstream.....	29
-     Operating Highlights Downstream .....	30
-     Operating Highlights YPF.....	31
<b>(e) Form 20-F of Repsol YPF, S.A. filed with the Securities and Exchange Commission (the SEC) on 29 June 2010, incorporating the Annual Report 2009 of Repsol YPF, S.A., including the audited consolidated annual financial statements of Repsol YPF for the year ended 31 December 2009, together with the notes to such financial statements and the audit report thereon:</b>	
- Oil and Gas Terms.....	iii
- Conversion table.....	iv
- References .....	iv
- Presentation of Certain Information.....	v
- Forward-looking Statements .....	v
- Key Information about Repsol YPF.....	1-8
- Information on Repsol YPF .....	9-90
- Operating and Financial Review and Prospects.....	91-119
- Directors, Senior Management and Employees.....	120-136
- Major Shareholders and Related Party Transactions.....	137-139

<b>Document</b>	<b>Page reference</b>
- Financial Information .....	139-149
- Offering and Listing .....	150-154
- Additional Information .....	154-167
- Quantitative or Qualitative Disclosure About Market Risk.....	168
- Description of securities Other than Equity Securities.....	169
- Defaults, Dividend Arrearages and Delinquencies .....	171
- Material Modifications to the Rights of Security Holders and Use of Proceeds .....	171
- Controls and Procedures .....	171
- Audit Committee Financial Expert.....	172
- Code of Ethics.....	172
- Principal Accountant Fees and Services .....	173
- Exemptions from the Listing Standards for Audit Committees .....	174
- Purchases of Equity Securities by the Issuer and Affiliated Purchasers .....	174
- Change in Registrant's Certifying Accountant .....	174
- Unresolved Staff Comments .....	174
- Corporate Governance .....	174
- Financial Statements.....	175
- Exhibits.....	175
- Signatures .....	177
- Financial Statements	
- Contents.....	F1
- Reports of Independent Registered Public Accounting Firms .....	F2-F4
- Consolidated Balance Sheet at 31 December 2009 and 2008.....	F5-F6
- Consolidated Income Statement for the year ended 31 December 2009, 2008 and 2007 ....	F7
- Consolidated Income Statement of Recognised Income and Expenses for the year ended 31 December 2009, 2008 and 2007 .....	F8
- Consolidated Statement of Changes in Equity for the year ended 31 December 2009, 2008 and 2007 .....	F9
- Consolidated Cash Flow Statement for the year ended 31 December 2009, 2008 and 2007	F10
- Notes to the Consolidated Financial Statements for 2009 .....	F11-F135
- Appendices to the Consolidated Financial Statements for 2009 .....	F136-F188
- Supplemental information on Oil and Gas exploration and production activities (unaudited).....	F189-F199
- Exhibits (excluding the Spanish-language by-laws of Repsol YPF set forth in Exhibit 1.1) <sup>(1)</sup> .....	F200 <i>et seq.</i>

**(f) The sections listed below of the Annual Report 2008 of Repsol YPF, S.A., including the audited consolidated financial statements for the year ended 31 December 2008 together with the notes to such financial statements and the audit report thereon:**

- Contents.....	3
- Independent auditor's report and financial statements .....	
- Independent auditors' report .....	8-9
- Consolidated balance sheet as at 31 December 2008 and 2007 .....	10-11
- Consolidated income statements for the years ended 31 December 2008 and 2007.....	12

<b>Document</b>	<b>Page reference</b>
- Consolidated statements of Recognised Income and Expenses for the years ended 31 December 2008 and 2007 .....	13
- Consolidated statements of cash flow for the years ended 31 December 2008 and 2007 ....	14
- Notes to the consolidated financial statements .....	16-111
- Appendices to the consolidated financial statements .....	112-130
Supplementary information on oil and gas exploration and production activities.....	132-141
Consolidated management report 2008.....	143-181
Annual Corporate Governance Report 2008 .....	182-239
<b>(g) 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 2009:</b>	
- Balance sheet as at 31 December 2009 .....	3-4
- Statement of income for the year ended 31 December 2009 .....	5
- Notes to financial statements at 31 December 2009.....	6-13
- Additional information .....	14
- Auditors' report.....	15-16
<b>(h) 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 2008:</b>	
- Balance sheet as at 31 December 2008 .....	3-4
- Statement of income for the year ended 31 December 2008 .....	5
- Notes to financial statements at 31 December 2008.....	6-13
- Additional information .....	14
- Auditors' report.....	15-16

<sup>(1)</sup> The Spanish text included in Exhibit 1.1 referred to above is incorporated by reference as the complete English translation thereof is separately incorporated by reference by virtue of this Base Prospectus.

As long as any of the Notes are outstanding, this Base Prospectus, any Supplement to the Base Prospectus and each document incorporated by reference into this Base Prospectus will be available for inspection, free of charge, at the specified offices of the Issuer, at the specified office of the Luxembourg Paying Agent, during normal business hours, and on the website of the Luxembourg Stock Exchange at "[www.bourse.lu](http://www.bourse.lu)". In addition, copies of the documents referred to in sub-paragraphs (a) to (f) above can be obtained from the website of Repsol YPF at "[www.repsol.com](http://www.repsol.com)" and copies of the documents referred to in sub-paragraphs (g) and (h) above can be obtained from the website of the Issuer at "[www.repsolinternationalfinancebv.com](http://www.repsolinternationalfinancebv.com)".

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 (whether expressly, by implication or otherwise). 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 (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Any information not listed in, or specifically excluded from, the cross-reference list set out above but included within the documents incorporated by reference is given for information purposes only and is not incorporated in, and does not form part of, this Base Prospectus.

## TABLE OF CONTENTS

	<u>Page</u>
GENERAL DESCRIPTION OF THE PROGRAMME .....	8
RISK FACTORS.....	14
USE OF PROCEEDS .....	26
INFORMATION ON REPSOL INTERNATIONAL FINANCE B.V.....	27
INFORMATION ON REPSOL YPF, S.A.....	30
BUSINESS DESCRIPTION.....	33
LEGAL AND ARBITRATION PROCEEDINGS.....	53
TAXATION.....	63
SUBSCRIPTION AND SALE.....	69
TERMS AND CONDITIONS OF THE NOTES.....	74
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM .....	94
FORM OF FINAL TERMS.....	99
GENERAL INFORMATION .....	113

## GENERAL DESCRIPTION OF THE PROGRAMME

<b>Issuer:</b>	Repsol International Finance B.V.
<b>Guarantor:</b>	Repsol YPF, S.A.
<b>Description:</b>	Guaranteed Euro Medium Term Note Programme
<b>Size:</b>	Up to €10,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the size of the Programme in accordance with the terms of the Dealer Agreement.
<b>Arranger:</b>	Merrill Lynch International
<b>Dealers:</b>	Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander S.A. Barclays Bank PLC BNP PARIBAS Caixa d'Estalvis i Pensions de Barcelona Caja de Ahorros y Monte de Piedad de Madrid Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Deutsche Bank AG, London Branch Goldman Sachs International ING Bank N.V. J.P. Morgan Securities Ltd. Merrill Lynch International Société Générale The Royal Bank of Scotland plc UBS Limited
	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 <b>Permanent Dealers</b> 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 <b>Dealers</b> are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
<b>Trustee:</b>	Citicorp Trustee Company Limited



<b>Issuing and Paying Agent:</b>	Citibank, N.A., London Branch
<b>Certain Restrictions:</b>	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 " <i>Subscription and Sale</i> ") including the following restrictions applicable at the date of this Base Prospectus.
<b>Notes having a maturity of less than one year</b>	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 " <i>Subscription and Sale</i> ".
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a <b><i>Series</i></b> ) having one or more issue dates and on terms otherwise identical (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 <b><i>Tranche</i></b> ) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a final terms supplement to this Base Prospectus (the <b><i>Final Terms</i></b> ).
<b>Issue Price:</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
<b>Form of Notes:</b>	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 "Summary of the Programme – Selling Restrictions"), otherwise such Tranche will be represented by a Permanent Global Note.
<b>Clearing Systems:</b>	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.
<b>Initial Delivery of Notes:</b>	If the Global Note is intended to be issued in NGN form, the Global Note representing Notes will, on or before the issue date for each Tranche, be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. If the Global Note is not intended

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

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

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

**Specified Denomination:** Definitive Notes will be in such denominations as may be specified in the relevant Final Terms, save that: (i) the minimum denomination of each Note will be such amount as may be allowed or required, from time to time, by the relevant regulatory authority or any laws or regulations applicable to the relevant Specified Currency; and (ii) the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive will be €50,000 (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 tradeable as follows: (a) if the Specified Denomination stated in the relevant Final Terms is €50,000 (or its equivalent in another currency), in the authorised denomination of €50,000 (or its equivalent in another currency) and integral multiples of €50,000 (or its equivalent in another currency) thereafter, or (b) if the Specified Denomination stated in the relevant Final Terms is €50,000 (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 €50,000 (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 €99,000 (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 (or such other benchmark as may be specified in the relevant Final Terms) 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.

**Dual Currency Notes:**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Final Terms.

**Index-Linked Notes:**

Payments of principal in respect of Index-Linked Redemption Notes or of interest in respect of Index-Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.

**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. All such information will be set out in the relevant Final Terms.

**Redemption:**

The relevant Final Terms will specify the basis for calculating 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.

**Other Notes:**

Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the Issuer, the Guarantor, the Trustee and the relevant Dealer(s) may agree to issue under the Programme will be set out in the relevant Final Terms.

<b>Optional Redemption:</b>	<p>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, and if so the terms applicable to such redemption.</p> <p>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).</p>
<b>Risk Factors:</b>	<p>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.</p>
<b>Status of Notes:</b>	<p>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”.</p>
<b>Negative Pledge:</b>	<p>See “Terms and Conditions of the Notes – Negative Pledge” below.</p>
<b>Cross Default:</b>	<p>See “Terms and Conditions of the Notes – Events of Default”.</p>
<b>Early Redemption:</b>	<p>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”.</p>
<b>Withholding Tax:</b>	<p>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 described in “Terms and Conditions of the Notes – Taxation”.</p>
<b>Governing Law:</b>	<p>English.</p>
<b>Listing and Admission to Trading:</b>	<p>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.</p>
<b>Selling Restrictions:</b>	<p>United States, the European Economic Area, United Kingdom, Spain, The Netherlands and Japan. See “Subscription and Sale”.</p>

The Issuer and the Guarantor 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) (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) (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.

## 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. The following is not intended as, and should not be construed as, an exhaustive list of relevant risk factors. There may be other risks that a prospective investor should consider that are relevant to its own particular circumstances or generally.*

*Each of the Issuer and the Guarantor believes that the following factors, many of which are beyond the control of the Issuer and the Guarantor, may affect 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, 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 factors described below represent the principal risks 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 and the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus, including the descriptions of the Issuer and the Guarantor, 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 advisors 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 current global economic crisis and uncertain economic environment may adversely affect Repsol YPF**

Repsol YPF's operations and earnings are subject to risks as a result of changes in competitive, economic, political, legal, regulatory, social, industrial, business and financial conditions. Investors should carefully consider these risks.

The recovery from the most recent global economic and financial crisis is still subject to risks and uncertainties which affect its pace and could affect its sustainability. Growth of the world economy may slow down during the second half of 2010 and in 2011, due to weaker conditions in advanced economies, which may keep certain oil and gas prices and margins below those in previous years, although demand is expected to increase in emerging countries. The increase in public debt could lead to changes in the tax and regulatory framework of the oil and gas industry. A deep reform of present financial regulations is underway which may have important consequences for the whole economy. An extended period of constraints in the capital markets, with debt markets in particular experiencing a lack of liquidity, at a time when Repsol YPF's cash flows could come under pressure, could impact its ability to maintain its investment program. Repsol YPF may also be forced to pay higher interest rates to obtain financing from third parties. Additionally, the financial and economic situation may have a negative impact on third parties with whom Repsol YPF does, or may do, business. Any of these factors, together with or independently of the other factors described below, may adversely affect Repsol YPF's business, financial condition and results of operations.

## **International reference crude oil prices and demand for crude oil may fluctuate due to factors beyond Repsol YPF's control**

World oil prices have fluctuated widely over the last 10 years and are subject to international supply and demand factors over which Repsol YPF has no control. Political developments throughout the world (especially in the Middle East), the evolution of stocks of oil and products, the circumstantial effects of climate changes and meteorological phenomena, such as storms and hurricanes, which especially affect the Gulf of Mexico, the increase in demand in countries with strong economic growth, such as China and India, as well as political instability and the threat of terrorism from which some producing areas suffer periodically, together with the risk that the supply of crude oil may become a political weapon, can particularly affect the world oil market and oil prices. In 2009, the average West Texas Intermediate ("WTI") crude oil price was US\$62.09 per barrel, compared to an average of US\$51.20 per barrel for the period 2000-2009, with maximum and minimum annual averages of US\$99.75 per barrel and US\$25.96 per barrel in 2008 and 2001, respectively.

International reference crude oil prices and demand for crude oil may also fluctuate significantly during economic cycles. Weakening global demand has depressed commodity prices during the last two years. In 2008, oil prices declined by over 70 per cent. from their peak of over US\$145 per barrel (WTI) in July 2008, reflecting the major downturn in the global economy, despite the decision by the Organization of Petroleum Exporting Countries ("OPEC") to reduce production. In 2009, oil (WTI) has traded in a range of between approximately US\$35 and US\$80 a barrel.

Reductions in oil prices negatively affect Repsol YPF's profitability, the valuation of its assets and its plans for capital investment including projected capital expenditures related to exploration and development activities. A significant reduction of capital investments may negatively affect Repsol YPF's ability to replace oil reserves.

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

Natural gas prices in the various regions in which Repsol YPF operates tend to vary from one to another 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 YPF has entered into long-term contracts to purchase and supply gas in different parts of the world. In order to supply its clients in Spain and other markets, the Gas Natural Group, 30% of which is owned by Repsol YPF, has entered into long-term contracts to purchase natural gas from Algeria and Norway, in addition to long-term contracts to purchase LNG from Nigeria, Libya, Trinidad and Tobago and Qatar. 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. In addition, gas availability could be subject to risks of contract fulfilment from counterparties. 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 called for under such contracts.

Repsol YPF also has long-term contracts to sell and deliver gas, mainly to clients in Argentina, Bolivia, Brazil, Chile, Venezuela and Spain. These contracts present additional types of risks to the company as they are linked to current proved reserves in Argentina, Bolivia, Venezuela and Trinidad and Tobago. If sufficient reserves in those countries were not available, Repsol YPF might not be able to satisfy its obligations under these contracts, several of which include penalty clauses for non-fulfilment.

Any of the above items could materially adversely affect Repsol YPF's business, results of operations and financial condition.

## **Repsol YPF has extensive operations in Argentina**

At 31 December 2009 and 30 June 2010, approximately 20% and 21% of Repsol YPF's consolidated assets, respectively, were located in Argentina, corresponding for the most part to exploration and production activities. In addition, in 2009 and in the six month period ended 30 June 2010, approximately 33% and 29% of Repsol YPF's operating income, respectively, was generated from activities in Argentina.

The Argentine economy has experienced significant volatility in recent decades, including numerous periods of low or negative growth and high and variable levels of inflation and currency devaluation. Since the most recent crisis of 2001 and 2002, the Argentine economy has grown at a rapid pace during recent years, with GDP increasing at an average cumulative rate of 8.5% between 2003 and 2008. As a result of the crisis in the global economy, Argentina's GDP growth rate decelerated to approximately 1% in 2009, according to preliminary data. However, no assurances can be given that current rates of growth will continue in 2010 or subsequent years or that the economy will not contract.

The main economic risks Repsol YPF faces due to its operations in Argentina include the following:

- limitations on its ability to pass higher domestic taxes or increases in international prices of crude oil and other hydrocarbon fuels and exchange rate fluctuations through to domestic prices, or to increase local prices;
- higher taxes on hydrocarbon exports;
- restrictions on hydrocarbon export volumes driven mainly by the requirement to satisfy domestic demand;
- termination of, or failure to obtain the extension of concession permits, some of which expire in 2017;
- work disruptions and stoppages by the workforce;
- there can be no assurance that regulations or taxes enacted or administered by the provinces will not conflict with federal law; and
- further depreciation of the peso in relation to foreign currencies may adversely affect the financial condition or operational results of Argentine companies.

In recent years, new and increased duties have been imposed on exports. With respect to export duties on crude oil and other crude derivative products, Resolution 394/2007 of the Ministry of Economy and Production, published on 16 November 2007, provides that when the WTI international price exceeds the reference price, which is fixed at US\$60.9/barrel, the producer shall be allowed to collect at US\$42/barrel, with the remainder being withheld by the Argentine government as an export tax. If the WTI international price is under the reference price but over US\$45/barrel, a 45% withholding rate will apply. If such price is under US\$45/barrel, the applicable export tax is to be determined by the Argentine government within a term of 90 business days. The withholding rate determined as indicated above also currently applies to diesel, gasoline and other crude derivative products. In addition, the calculation procedure described above also applies to other petroleum products and lubricants based upon different withholding rates, reference prices and prices allowed to producers.

With respect to natural gas products, Resolution No. 127/2008 of the Ministry of Economy and Production increased export duties applicable to natural gas exports from 45% to 100%, mandating a valuation basis for the calculation of the duty as the highest price established in any contract of any Argentine importer for the import of gas. Resolution No. 127/2008 provides with respect to LPG products (including butane, propane and blends thereof) that if the international price of the relevant LPG product, as notified daily by the Argentine Secretariat of Energy, is under the reference price established for such



product in the Resolution (US\$338/m<sup>3</sup> for propane, US\$393/m<sup>3</sup> for butane and US\$363/m<sup>3</sup> for blends of the two), the applicable export duty for such product will be 45%. If the international price exceeds the reference price, the producer shall be allowed to collect the maximum amount established by the Resolution for the relevant product (US\$233/m<sup>3</sup> for propane, US\$271/m<sup>3</sup> for butane and US\$250/m<sup>3</sup> for blends of the two), with the remainder being withheld by the Argentine government as an export tax.

Due to the aforementioned export tax increases, YPF may be and, in certain cases, has already been forced to seek the renegotiation of its export contracts, despite, in most cases, the prior authorisation of such contracts by the Argentine government. Repsol YPF cannot provide assurances that YPF will be able to renegotiate such contracts on terms acceptable to YPF. The imposition of these export taxes has adversely affected YPF's results of operations.

In addition, YPF has been obliged to sell a part of its natural gas production previously destined for the export market in the local Argentine market and has not been able to meet its contractual gas export commitments in whole or, in some cases, in part, leading to disputes with its export clients and forcing YPF to declare force majeure under its export sales agreements. Repsol YPF believes that these actions from the government constitute force majeure events that relieve YPF from any contingent liability for the failure to comply with its contractual obligations, although no assurance can be given that this position will prevail.

Additionally, the effectiveness after certain specific dates of certain natural gas export authorisations is subject to an analysis by the Argentine Secretariat of Energy of natural gas reserves in the Northwest basin. The result of such analysis is uncertain and may have an adverse impact upon YPF's performance of the export gas sales agreements related to such export authorisations should the Argentine Secretariat of Energy determine that reserves are inadequate.

Crude oil exports, as well as the export of most hydrocarbon products, currently require prior authorisation from the Secretariat of Energy (pursuant to the regime established under Resolution S.E. No. 1679/04 as amended and supplemented by other regulation). Oil companies seeking to export crude oil or LPG must first demonstrate that the local demand for such product is satisfied or that an offer to sell the product to local purchasers has been made and rejected. Oil refineries seeking to export diesel fuel must also first demonstrate that the local demand of diesel is duly satisfied. Because domestic diesel production does not currently satisfy Argentine domestic consumption needs, YPF has been prevented since 2005 from selling diesel production in the export market.

Repsol YPF is unable to predict how long these measures will be in place, or whether such measures or any further measures adopted will adversely affect the ability to export gas, crude oil and diesel fuel or other products and, accordingly, its results of operations.

**The oil and gas industry is subject to particular operational risks, and Repsol YPF depends 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, some of which are beyond the control of Repsol YPF. These activities are subject to production, equipment and transportation risks, natural hazards and other uncertainties including those relating to the physical characteristics of an oil or natural gas field. The operations of Repsol YPF may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, hydrocarbons spills or leaks, shortages or delays in the delivery of equipment and compliance with governmental requirements. If these risks materialise, Repsol YPF may suffer substantial losses and disruptions to its operations and harm to its reputation. These activities are also subject to certain obligations to make certain tax or royalty payments, which tend to be relatively higher than those payable in respect of other commercial activities.

In addition, Repsol YPF is dependent on the replacement of depleted oil and gas reserves with new proved reserves in a cost-effective manner that permits subsequent production to be economically viable. Repsol YPF's ability to acquire or discover new reserves is subject to a number of risks. For example, drilling may involve unprofitable efforts, 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, crude oil and natural gas production blocks are typically auctioned by governmental authorities and Repsol YPF faces intense competition in bidding for such production blocks, in particular those blocks with the most attractive crude oil and natural gas potential reserves. Such competition may result in Repsol YPF's failing to obtain desirable production blocks or result in Repsol YPF acquiring such blocks at a higher price, which could mean that subsequent production would not be economically viable.

If Repsol YPF fails to acquire or discover, and, thereafter, develop new oil and gas reserves in a cost-effective manner, its business, results of operations and financial condition would be materially and adversely affected.

### **Repsol YPF's operations are subject to extensive regulation**

The oil industry is subject to extensive regulation and intervention by governments throughout the world in such matters as the award of exploration and production interests, the imposition of specific drilling and exploration obligations, restrictions on production, price controls, required divestments of assets and foreign currency controls over the development and nationalisation, expropriation or cancellation of contract rights. Such legislation and regulations apply to virtually all aspects of Repsol YPF's operations inside and outside Spain. In addition, certain countries such as the U.S. contemplate in their legislation the imposition of sanctions on non-domestic companies which make certain types of investments in other countries, such as Iran.

In addition, the terms and conditions of the agreements under which Repsol YPF's oil and gas interests are held generally reflect negotiations with governmental authorities and vary significantly by country and even by field within a country. These agreements generally take the form of licenses or production sharing agreements. Under license agreements, the license holder provides financing and bears the risk of the exploration and production activities in exchange for resulting production, if any. Part of the production may have to be sold to the state or the state-owned oil company. License holders are generally required to make certain tax or royalty payments and pay income tax. Production sharing agreements generally require the contractor to finance exploration and production activities in exchange for the recovery of its costs from part of production (cost oil) and the remainder of production (profit oil) is shared with the state-owned oil company.

Additionally, new hydrocarbons regulation is currently being adopted in Ecuador and Bolivia, as a result of the implementation of their newly adopted constitutions. Repsol YPF's management cannot predict the effect that changes in hydrocarbons regulation will have on Repsol YPF's operations in these countries, or whether new actions will be taken by the Bolivian or Ecuadorian governments.

Repsol YPF cannot predict changes in the aforementioned regulation and legislation or the interpretation or implementation thereof.

### **Repsol YPF is subject to extensive environmental regulations and risks**

Repsol YPF is subject to extensive environmental laws and regulations in the countries in which it operates, which regulate, among other matters affecting Repsol YPF's operations, environmental quality standards for products, air emissions and climate change, water discharges, surface water pollution, remediation of soil and groundwater and the generation, handling, storage, transportation, treatment and disposal of waste materials.

In particular, due to concern over the risk of climate change, a number of countries have adopted, or are considering the adoption of, new regulatory requirements to reduce greenhouse gas emissions, such as carbon taxes, increased efficiency standards, or the adoption of cap and trade regimes. These requirements could make Repsol YPF's products more expensive as well as shift hydrocarbon demand toward relatively lower-carbon sources such as renewable energies. In addition, compliance with greenhouse gas regulations

may also require Repsol YPF to upgrade its facilities, monitor or sequester emissions or take other actions which may increase its compliance costs.

These laws and regulations have had and will continue to have an impact on Repsol YPF's business, financial condition and results of operations.

### **Location of Repsol YPF's reserves**

At 31 December 2009, 89.5% of Repsol YPF's net proved hydrocarbons reserves were located in South America, 6.9% were located in North Africa and 3.3% in the Gulf of Mexico. Therefore, almost all of Repsol YPF's hydrocarbons reserves are located in countries outside the EU and the United States, certain of which may be politically or economically less stable than EU countries and the United States.

Reserves in these areas as well as related production operations may be subject 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 by actions of insurgent groups.

### **Repsol YPF's oil and natural gas reserves are estimates**

The accuracy of proved reserve estimates depends on a number of factors, assumptions and variables, among which the most important are the following:

- the results of drilling, testing and production after the date of the estimates that may require substantial upward or downward revisions;
- the quality of available geological, technical and economic data and their interpretation and judgment;
- the production performance of reservoirs;
- developments such as acquisitions and dispositions, new discoveries and extensions of existing fields and the application of improved recovery techniques;
- the changes in oil and natural gas prices, which could have an effect on the quantities of proved reserves because the estimates of reserves are calculated under existing economic conditions when such estimates are made. A decline in the price of oil or gas could make reserves no longer economically viable to exploit and therefore not classifiable as proved;
- whether the prevailing tax rules, other government regulations and contractual conditions will remain the same as on the date estimates are made. Changes in tax rules and other government regulations could make reserves no longer economically viable to exploit.

Many of these factors, assumptions and variables involved in estimating proved reserves are beyond Repsol YPF's control and may prove to be incorrect over time. Consequently, measures of reserves are not precise and are subject to revision. Any downward revision in Repsol YPF's estimated quantities of proved reserves could adversely impact its financial results, leading to increased depreciation, depletion and amortisation charges and/or impairment charges, which would reduce earnings and shareholders' equity.

### **Exchange rates may fluctuate due to factors beyond Repsol YPF's control**

Repsol YPF faces exchange rate risk because the revenues and cash receipts it receives from sales of crude oil, natural gas and refined products are generally denominated in U.S. dollars or influenced by the

U.S. dollar exchange rate, while a significant portion of Repsol YPF's expenses are denominated in the local currency of the countries where it operates. An increase in the value of the U.S. dollar against these currencies tends to increase Repsol YPF's net income, such an increase would also increase the value of Repsol YPF's debt as part of its debt is denominated in U.S. dollars (either directly or synthetically through currency forward contracts). By contrast, a decrease in the value of the U.S. dollar against these currencies tends to decrease Repsol YPF's net income and reduce the value of its debt. In addition, Repsol YPF publishes its financial statements in euro by translating assets and liabilities expressed in currencies other than the euro at period-end exchange rates and revenues and expenses expressed in currencies other than the euro at average exchange rates for the period. Fluctuations in the exchange rates used to translate these currencies into euro could have a material adverse effect on Repsol YPF's financial statements expressed in euro.

### **Conditions in the petrochemicals industry are cyclical and may change due to factors beyond Repsol YPF's control**

The petrochemicals industry is subject to wide fluctuations in supply and demand reflecting the cyclical nature of the chemicals market at regional and global levels. These fluctuations affect prices and profitability for petrochemicals companies, including Repsol YPF. Repsol YPF's petrochemicals business is also subject to extensive governmental regulation and intervention in such matters as safety and environmental controls.

### **Financial risks may affect Repsol YPF**

Repsol YPF's results and equity are exposed to market risks due to fluctuations (i) in exchange rates of currencies in which it operates (ii) in interest rates and (iii) in commodity prices. Repsol YPF monitors its exposure to market risk through ongoing sensitivity analysis and enters into derivative transactions to mitigate these risks. Additionally, Repsol YPF is exposed to liquidity risk associated with the Group's ability to finance its obligations at reasonable market prices as they come due, as well as to carry out its business plans with stable financing sources. Repsol YPF is also exposed to credit risk, defined as the possibility of a third party not complying with his contractual obligations, thus creating losses for the Group.

## **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 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 or indexed to, one or more Specified Currencies (including exchange rates and swap indices between currencies or currency units). 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, or where principal or interest in respect of Notes is payable by reference to the value of one or more Specified Currencies other than by reference solely to the Noteholder's Currency, 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 the Issuer has no control. In addition, if the formula used to determine the amount of principal or interest payable with respect to a Note contains a multiple or leverage factor, the effect of any change in the applicable Specified Currency, index or formula will be magnified.

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 and the value of any applicable index or indices, which may include the complexity and volatility of such index or indices, 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, the amount of other securities linked to such index or indices and the level, direction and volatility of market interest rates generally. Such factors also will 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.

The Issuer's and the Guarantor's (as applicable) credit rating are an assessment by the relevant rating agencies of each such company's ability to pay its debts when due. Consequently, real or anticipated changes in such credit ratings will generally affect the market value of the Notes. These credit ratings may not reflect the potential impact of risks relating to structure, market or other factors discussed in this Base Prospectus on the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### **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.

## **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 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 and structural features and other aspects of the transaction.

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 condition of the Issuer.

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 and/or Repsol YPF and/or circumstances relating to the oil industry generally, could have an adverse impact on the ratings of the Notes.

## **Risks Related to the Structure of a Particular Issue 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 their 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 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.

### *Index-Linked Notes and Dual Currency Notes*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the price of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies, which may be different from the currency in which Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- they may lose all or a substantial portion of their principal;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

#### *Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

#### *Variable Rate Notes with a Multiplier or Other Leverage Factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than Notes without such features.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate applicable to the relevant Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### *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 Notes, the greater the price volatility as compared to conventional interest bearing Notes with comparable maturities.

### **Specified Denominations**

In relation to any issue of Notes which under the Conditions have a minimum denomination of €50,000 plus a higher integral multiple of another smaller amount (or, where the relevant Specified Currency is not euro, its equivalent in the Specified Currency) (each, a ***Specified Denomination***), it is possible that Notes may be traded in the clearing systems in amounts in excess of €50,000 (or its equivalent in the Specified Currency). In such a case, should definitive Notes be required to be issued, a holder who, as a result of trading such amounts, holds a principal amount of less than €50,000 (or its equivalent in the Specified Currency) in his account with the relevant clearing system 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 an integral multiple of a Specified Denomination.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a 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, 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. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

### **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 in 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, 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 calling 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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## **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 Repsol YPF for use by such companies for their general corporate purposes.

## INFORMATION ON REPSOL INTERNATIONAL FINANCE B.V.

### History

The Issuer, Repsol International Finance B.V., 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 Commercial Register of the Hague Chamber of Commerce under number 24251372. The Issuer is domiciled in The Netherlands and its registered office and principal place of business is Koningskade 30, 2596 AA The Hague, the Netherlands and its telephone number is +31 70 3262133.

### Principal activities

The principal activity of the Issuer is to finance the business operations of Repsol YPF. The Issuer may, from time to time, obtain financing (including through loans or issuing other securities), which may rank *pari passu* with the Notes.

### Organisational structure

As its direct wholly-owned subsidiary, the Issuer is owned and controlled by the Guarantor.

As at the date of this Base Prospectus, the Issuer holds the following investments:

	<b>Percentage ownership</b>
	%
Gaviota RE, Luxembourg.....	99.88
Repsol Occidental Corp., Delaware.....	25.00
Repsol LNG Port Spain, BV., The Hague.....	100.00
Repsol Netherlands Finance BV., The Hague.....	66.50
Repsol Investerings, BV., The Hague.....	100.00
Repsol International Capital, Ltd., Cayman Islands.....	100.00
Repsol YPF Capital, S.L., Madrid.....	99.99

## Administrative, management and supervisory bodies

The directors of the Issuer are:

Name	Function	Principal activities outside Repsol YPF
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. Honorary Consul of the Republic of Mauritius in The Netherlands.
Francisco Javier Sanz Cedrón	Director	N/A
José Javier Molina Fernández	Director	N/A
José María Pérez Garrido	Director	N/A

The business address of each of the directors is Koningskade 30, 2596 AA 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.

The Board of Directors took into consideration the enactment into Dutch Law of the EU Directive 2006/43/EU by a Royal Decree of July 2008 and the obligation on the Issuer to establish an Audit Committee due to the fact that the Issuer is considered a "public interest organisation".

It was decided to delegate the public governance compliance obligations as regards the Issuer in respect of article 2, section 3, sub a to d of the Decree to the Audit and Control Committee of its parent company, Repsol YPF, S.A. (see "Business Description - 5. Directors, Senior Management and Employees - Directors and Officers of Repsol YPF – Audit and Control Committee (Comisión de Auditoría y Control)"). As a result, the auditors of the Issuer report to the Audit and Control Committee, at least annually: (i) their key findings and the most important matters considered during the audit of the financial statements of the Issuer; (ii) any deficiency observed and possible improvements of internal control; (iii) a confirmation of their independence as auditors of the Issuer; and (iv) details of the fees received from the Issuer describing the nature of the services provided.

## Selected financial information

The audited non-consolidated financial statements of the Issuer, including the notes to such financial statements and the auditors' reports thereon, for the years ended 31 December 2009 and 2008, have each been filed with the CSSF and are deemed to be incorporated in, and to form part of, this Base Prospectus (see "Documents Incorporated by Reference" above).

The selected non-consolidated financial data set forth below should be read in conjunction with such audited non-consolidated financial statements:

	2009 <sup>(1)</sup>		2008 <sup>(1)</sup>	
	(millions of euro)	(millions of U.S.\$)	(millions of euro)	(millions of U.S.\$)
<b>Statements of Income</b>				
Financial income and expense .....	(199)	(287)	175	243
Income before provision for income taxes .....	(203)	(292)	171	238
Net income .....	(214)	(308)	154	214
<b>Balance Sheet</b>				
Total non-current assets .....	5,271	7,594	5,514	7,674

Total current assets .....	2,179	3,139	958	1,332
Total assets .....	7,450	10,733	6,472	9,006
Long-term liabilities .....	4,682	6,745	4,426	6,159
Short-term liabilities .....	1,505	2,168	517	719
Shareholders' equity .....	1,263	1,820	1,529	2,128
Total liabilities and shareholders' equity .....	7,450	10,733	6,472	9,006

(1) *The financial information expressed in euro is presented for the convenience of the reader and is translated from U.S. dollars at the noon buying rates in New York City for cable transfers into euro as certified for customs purposes by the Federal Reserve Bank of New York on 31 December 2009 and 2008, which were €0.6942 and €0.7185 per U.S. dollar, respectively. The translated amounts should not be construed as a representation that U.S. dollars have been, could have been, or could be in the future, converted into euro at these or any other rates of exchange.*

The individual financial statements of the Issuer are prepared in accordance with Dutch GAAP.

### **Reconciliation between Dutch GAAP and EU-IFRS**

Under generally accepted accounting principles in The Netherlands (***Dutch GAAP***), transaction costs that are directly attributable to the issue of notes are deferred and amortised using the straight-line method as opposed to the effective interest method used under International Financial Reporting Standards, as adopted by the European Union (***IFRS***). As at 31 December 2009, the recognition of the notes at amortised cost, as required under IFRS, had the effect of increasing equity by approximately U.S.\$1 million.

As applied to the Issuer, there are no other material differences between Dutch GAAP and IFRS.

## INFORMATION ON REPSOL YPF, S.A.

### Overview

Repsol YPF is a limited liability company (*sociedad anónima*) duly organised on 12 November 1986, under the laws of the Kingdom of Spain.

Repsol YPF is registered with the Commercial Register of Madrid under the page number M-65289, and its tax identification number is A-78374725. Repsol YPF, S.A. is domiciled in Spain and its registered office and principal place of business is Paseo de la Castellana 278-280, 28046 Madrid, Spain and its telephone number is +34 91 753 8000.

Repsol YPF is an integrated oil and gas company engaged in all aspects of the petroleum business, including exploration, development and production of crude oil and natural gas, transportation of petroleum products, LPG and natural gas, petroleum refining, petrochemical production and marketing of petroleum products, petroleum derivatives, petrochemicals, LPG and natural gas. Repsol YPF is also engaged in the generation, transport, distribution and marketing of electricity.

Repsol YPF 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. In April 1997, the Spanish government sold in a global public offering its entire remaining participation in Repsol YPF.

During 1999, and as part of its international growth strategy, Repsol YPF acquired, through a series of acquisitions, 99.01% of YPF, a leading Argentine petroleum company and the former state oil and gas monopolist in Argentina. On 21 December 2007, Repsol YPF entered into a memorandum of understanding with Petersen Energía S.A. (“Petersen Energía”) pursuant to which (i) Repsol YPF agreed to sell to Petersen Energía, shares of YPF representing 14.9% of YPF’s capital stock for US\$2.235 billion (the “Transaction”) and (ii) Repsol YPF agreed to grant to certain affiliates of Petersen Energía two options to purchase from Repsol YPF up to an additional 0.1% and 10.0%, respectively, of YPF’s outstanding capital stock within four years after the consummation of the Transaction. Following the exercise of the first option (concerning 0.1% of YPF’s stock) and further share purchases by Petersen Energía, Petersen Energía currently holds approximately 15.46% of YPF’s shares. For a more complete description of the Transaction, please see “Form 20-F – Material Contracts – Agreement with Petersen Energía to sell up to 25% of YPF’s capital stock”, which is incorporated by reference into, and forms part of, this Base Prospectus.

### Principal activities

For a description of the principal activities of Repsol YPF, please refer to the section titled “Business Description” in this Base Prospectus.

### Business segments of Repsol YPF

Repsol YPF operates in the following business segments:

- *Upstream*, which is responsible for oil and gas exploration and production activities, except for those undertaken by YPF.
- *LNG*, which manages LNG midstream and marketing activities, except for those undertaken by YPF.
- *Downstream*, which is responsible for refining and marketing of oil, chemicals and LPG, except for activities undertaken by YPF.

- *YPF*, which is responsible for the integrated value chain activities (exploration, production, refining, logistics, marketing and chemicals) undertaken by YPF.
- *Gas Natural*, which corresponds to Repsol YPF's stake in Gas Natural.

Since the merger of Gas Natural SDG, S.A. (“Gas Natural”) and Unión Fenosa, S.A. (“Unión Fenosa”) in 2009, Repsol YPF operates in over 44 countries, the most significant of which are Spain and Argentina. Repsol YPF has a unified global corporate structure with headquarters in Madrid, Spain and Buenos Aires, Argentina.

Below is a list of the significant investee companies of the Repsol YPF Group as at 30 June 2010, including the country of incorporation, main activities and the, direct or indirect, ownership interest of the Guarantor in such investee companies.

<u>Name</u>	<u>Country</u>	<u>Activity</u>	<u>Control % owned</u>
Repsol YPF, S.A.	Spain	Portfolio company	-
Repsol YPF Perú BV	Holland	Portfolio company	100.00
Repsol Brasil, S.A.	Brasil	Operation and marketing of oil and gas	100.00
Repsol YPF Chile, S.A.	Chile	Administ. of investments of YPF in Chile	100.00
Repsol Exploración, S.A.	Spain	Exploration and production of oil and gas	100.00
Repsol Butano, S.A.	Spain	Marketing of LPG	100.00
Repsol Química, S.A.	Spain	Production and sale of petrochemicals	100.00
Repsol YPF Bolivia, S.A.	Bolivia	Portfolio company	100.00
RYTTSA	Spain	Trading of oil products	100.00
Repsol Lusitania, S.L.	Spain	Portfolio company	100.00
YPF, S.A.	Argentina	Exploration and production of oil and gas	84.00
Repsol Petróleo, S.A.	Spain	Refining	99.97
Repsol Comercial Productos Petrolíferos, S.A.	Spain	Marketing of oil products	99.76
Petróleos del Norte, S.A.	Spain	Refining	85.98
Gas Natural SDG, S.A	Spain	Distribution of gas and electricity	30.13
Repsol Int. Finance B.V.	Holland	Portfolio company	100.00
Repsol LNG, S.L.	Spain	Marketing of natural gas	100.00

### Selected consolidated financial information

The selected consolidated financial information set forth below should be read in conjunction with the audited consolidated financial statements as of and for the year ended 31 December 2009 and the condensed consolidated interim financial statements as of and for the six months ended 30 June 2010 (the interim financial statements have been the subject of a limited review by the Guarantor's auditors). Both the audited consolidated financial statements as of and for the year ended 31 December 2009 and the condensed consolidated interim financial statements as of and for the six months ended 30 June 2010 are incorporated by reference in, and form part of, this Base Prospectus.

	<u>Year ended 31 December</u>		<u>Six months ended</u>
	<u>2009</u>	<u>2008<sup>(1)</sup></u>	<u>30 June 2010 (unaudited)<sup>(2)</sup></u>
<b>Consolidated income statement data</b>			
Operating revenues .....	49,032	61,711	28,317
Operating income .....	3,244	5,020	3,004
Net income before tax <sup>(3)</sup> .....	2,862	4,542	2,579
Net income attributable to the parent .....	1,559	2,555	1,338
Net income attributable to minority interests .....	(185)	(126)	(137)

Basic and diluted earnings per share <sup>(4)</sup> .....	1.29	2.10	1.10
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#### Consolidated balance sheet data

Property, plant and equipment.....	31,900	26,094	34,990
Other non-current assets.....	11,410	9,110	12,995
Total current assets .....	14,773	13,860	17,582
Total assets.....	58,083	49,064	65,567
Non-current financial liabilities.....	15,411	10,432	16,053
Current financial liabilities.....	3,499	1,853	3,834
Equity attributable to the shareholders of the parent.....	19,951	19,834	22,398
Equity attributable to minority interest .....	1,440	1,170	1,640
Total equity .....	21,391	21,004	24,038
Share Capital.....	1,221	1,221	1,221

#### Consolidated cash flow data

Cash flow from operating activities.....	4,765	6,739	2,918
Cash flow from investing activities .....	(7,854)	(4,680)	(1,214)
Cash flow (from) used in financing activities.....	2,505	(1,756)	(821)
Dividends per share .....	0.95	1.03	-

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- (1) In order to improve the comparability of our 2008 consolidated financial statements with those of 2009, and in accordance with IFRS 31, our 2008 consolidated financial statements have been retrospectively modified to proportionally consolidate Repsol YPF's 30% interest in REFAP during the entire year. For more information, please see "Form 20-F – Presentation of Certain Information – Interest in Alberto Pasqualini Refap, S.A.", which is incorporated by reference into, and forms part of, this Base Prospectus.
- (2) The condensed consolidated interim financial statements as of and for the six months ended 30 June 2010 have been the subject of a limited review by the Guarantor's auditors, as described in the auditors' limited review report, which was filed with the CNMV on 29 July 2010 and is incorporated by reference in this Base Prospectus.
- (3) Comprises the items "Operating income", "Financial Results" and "Share of results of companies accounted for using the equity method" of the Consolidated Income Statement.
- (4) Net income per share has been calculated taking into account the average number of shares outstanding, while also considering the Treasury shares held by the Company.



## BUSINESS DESCRIPTION

### 1. Strategy of Repsol YPF

Repsol YPF's Strategic Plan for the period 2010-2014 was presented to analysts, institutional investors and employees on 29 April 2010.

Repsol YPF's main competitive strengths are as follows:

- **Company positioned for growth**
  - Executing the transformation of Repsol YPF's upstream activities into the Group's growth engine through key attractive current projects;
  - Leveraging on strong recent exploration track record to create value from current exploration pipeline; and
  - Benefiting from enhanced best-in-class downstream assets to capitalise market recovery.
- **Business portfolio with a strong optionality value**
  - The stakes maintained in YPF and Gas Natural provide portfolio flexibility to Repsol YPF.
- **Sound financial position**
  - Strong balance sheet to fund future growth; and
  - Large and stable dividend stream from YPF and Gas Natural.

The main strategic priorities for each of the divisions of Repsol YPF are:

- **Upstream and LNG.** Repsol YPF will seek to consolidate the transformation of its upstream activity into the Group's growth engine. Repsol YPF will pursue this goal by:
  - Delivering key growth development projects:
    - Seeking to achieve production annual growth of 3-4% until 2014 and higher production annual growth from 2015 to 2019; and
    - Around 90% of the estimated production increase through 2014 relates to projects already under development.
  - Leveraging successful exploration activity:
    - Repsol YPF is present in some of the most attractive upstream areas worldwide such as Brazil and the Gulf of Mexico.
  - Seeking to achieve a reserve replacement ratio of 110% for the 2010-2014 period.
- **Downstream.** Repsol YPF will seek to optimise its return on capital and improve competitiveness through targeted conversion expansion. Repsol YPF will pursue this goal by:

- Leveraging on its leading competitive position as an integrated player in Spain.
- Completing two key growth projects (in Cartagena and Bilbao) by the end of 2011:
  - Repsol YPF aims to be among the European companies with highest conversion ratios (63% FCC equivalent, after start up of these growth projects); and
  - Repsol YPF's downstream division expects to increase middle distillates production by 25% after the completion of these growth projects in order to serve the Spanish market, which is expected to maintain a structural gasoil deficit.
- From 2012 on, after the start up of certain key growth projects, Repsol YPF's Downstream business is expected to be well positioned to capitalise the upside, to generate solid cash flow; and to be in a premier position in the European downstream business.
- **YPF.** Repsol YPF will seek to capture the value of YPF, by:
  - Profiting from the resilience shown by YPF's business in a difficult economic environment;
  - Managing the transition into a more open energy market;
  - Pursuing a rigorous capital allocation to ensure value creation;
  - Sustaining crude production through enhanced oil recovery; and
  - Delivering results and dividends.
- **Gas Natural.** By its acquisition of Unión Fenosa, Gas Natural has created a vertically integrated leader in gas and power in Spain:
  - Gas Natural Fenosa is now a stronger less volatile company;
  - It has doubled its size and has anticipated the completion of Gas Natural's previous Strategic Plan; and
  - It enhances the potential of Repsol YPF's LNG business.

Additionally, Repsol YPF's Strategic Plan 2010-2014 establishes the following portfolio management goals:

- Divesting YPF and non-performing or non-core assets to rebalance its portfolio; and
- Pursuing options to materialise the value of its balance sheet through selective divestments.

## 2. Economic and Operating Information

Below are summaries of operating revenues of Repsol YPF by business segment and geographic area for the periods indicated:

	<b>2009</b>	<b>2008<sup>(1)</sup></b>
	<b>(millions of euro)</b>	
<b>Operating revenue</b>		
Upstream.....	2,988	4,914
North America and Brazil.....	614	353
North Africa.....	719	1,907
Rest of the World.....	1,748	2,751
Adjustments <sup>(2)</sup> .....	(93)	(97)
LNG.....	1,028	1,544
Downstream.....	32,838	43,183
Europe.....	30,493	39,903
Rest of the World.....	3,887	5,547
Adjustments <sup>(2)</sup> .....	(1,542)	(2,267)
YPF <sup>(3)</sup> .....	8,678	10,082
Gas Natural <sup>(4)</sup> .....	4,652	4,210
Corporation, adjustments and other.....	(1,152)	(2,222)
	<b>49,032</b>	<b>61,711</b>

(1) Information includes 30% of REFAP (Brazil).

(2) To eliminate intra-group transactions.

(3) Mainly corresponds to Argentina.

(4) Corresponds to Gas Natural's operations, which are mainly in Europe and Latin America.

Below is a summary of Repsol YPF's net proved reserves and production data.

	<b>2009</b>	<b>2008</b>
<b>Reserves:</b>		
<b>Crude oil net proved reserves<sup>(1)</sup></b> .....	<b>883,272</b>	<b>902,335</b>
Europe.....	6,288	1,518
South America.....	686,963	723,960
Argentina <sup>(2)</sup> .....	538,452	580,826
Trinidad and Tobago.....	39,965	45,597
Rest of South America.....	108,546	97,537
North America.....	66,447	48,071
Africa.....	123,575	128,787
<b>Gas net proved reserves<sup>(3)</sup></b> .....	<b>6,744,265</b>	<b>7,341,091</b>
Europe.....	2,869	5,132
South America.....	6,614,803	7,158,605
Argentina <sup>(2)</sup> .....	2,718,968	3,144,709
Trinidad and Tobago.....	2,239,337	2,483,932
Rest of South America.....	1,656,498	1,529,964
North America.....	15,819	12,276
Africa.....	110,774	165,078
<b>Oil equivalent net proved reserves<sup>(4)</sup></b> .....	<b>2,084,388</b>	<b>2,209,742</b>
Europe.....	6,797	2,430
South America.....	1,865,023	1,998,868
Argentina <sup>(2)</sup> .....	1,022,684	1,140,880
Trinidad and Tobago.....	438,779	487,972
Rest of South America.....	403,560	370,016
North America.....	69,265	50,258
Africa.....	143,303	158,186

**Production:**

	<b>2009</b>	<b>2008</b>
<b>Hydrocarbon net production<sup>(4)</sup></b> .....	<b>330,476</b>	<b>348,393</b>
Europe.....	919	720
South America.....	300,767	322,456
Argentina <sup>(2)</sup> .....	207,731	225,755
Trinidad and Tobago.....	55,462	55,426
Rest of South America.....	37,574	41,275
North America.....	9,935	1,305
Africa.....	18,855	23,912
Asia.....	—	—

(1) Thousands of barrels of crude oil (mdbl).

(2) Repsol YPF held an 84.04% stake in YPF as of December 31, 2009 and 2008.

(3) Millions of cubic feet of gas (mmcf).

(4) Thousands of barrels of oil equivalent (mboe).

Additional selected operating data of Repsol YPF is summarised in the following table (in which operating data of YPF and Gas Natural is disclosed separately):

	<b>2009</b>	<b>2008</b>
<b>Upstream operating data:</b>		
<b>Hydrocarbon net production<sup>(1)</sup></b> .....	<b>121,768</b>	<b>121,776</b>
<b>LNG operating data:</b>		
<b>LNG net production<sup>(2)</sup></b> .....	<b>3.8</b>	<b>3.5</b>
<b>LNG sales<sup>(2)</sup></b> .....	<b>4.5</b>	<b>4.7</b>
<b>Downstream operating data:</b>		
<b>Refining capacity<sup>(3)(4)</sup></b> .....	<b>926</b>	<b>926</b>
Europe.....	770	770
Rest of the World.....	156	156
<b>Crude oil processed<sup>(4)(5)</sup></b> .....	<b>35.1</b>	<b>40.1</b>
Europe.....	28.7	34.0
Rest of the World.....	6.5	6.1
<b>Number of service stations</b> .....	<b>4,428</b>	<b>4,399</b>
Europe.....	4,186	4,164
Rest of the World.....	242	235
<b>Sales of petroleum products<sup>(4)(6)</sup></b> .....	<b>39,429</b>	<b>43,863</b>
Europe.....	32,970	36,361
Rest of the World.....	6,459	7,502
<b>Sales of petrochemical products<sup>(6)</sup></b> .....	<b>2,306</b>	<b>2,602</b>
<i>By region:</i>		
Europe.....	2,000	2,348
Rest of the World.....	306	254
<i>By product:</i>		
Basic.....	567	629
Derivative.....	1,739	1,973
<b>LPG sales<sup>(6)</sup></b> .....	<b>2,993</b>	<b>3,223</b>
Europe.....	1,677	1,822
Rest of the World.....	1,316	1,401
<b>YPF operating data:</b>		
<b>Hydrocarbon net production<sup>(1)(7)</sup></b> .....	<b>208,708</b>	<b>226,617</b>

	<u>2009</u>	<u>2008</u>
Refining capacity <sup>(3)(8)</sup> .....	333	333
Crude oil processed <sup>(5)(8)</sup> .....	15.7	16.6
Number of service stations <sup>(9)</sup> .....	1,668	1,678
Sales of petroleum products <sup>(6)(8)</sup> .....	13,906	15,203
Sales of petrochemical products <sup>(6)</sup> .....	1,479	1,505
LPG sales <sup>(6)</sup> .....	362	378
Natural gas sales <sup>(2)</sup> .....	15.9	17.9
<b>Gas Natural operating data:</b>		
Natural gas distribution sales <sup>(2)(10)</sup> .....	34.64	41.41
Electricity distribution sales <sup>(10)(11)(12)</sup> .....	34,973	—

(1) Thousands of barrels of oil equivalent (mboe).

(2) Billion cubic meters (bcm).

(3) Thousands of barrels per day (mmbbl).

(4) Information for 2008 includes 31.13% of Manguinhos refinery (Brazil). On 17 December 2008, Repsol YPF sold its interest in the Manguinhos refinery. Information includes 30% of REFAP (Brazil).

(5) Millions of tonnes of oil.

(6) Thousands of tonnes.

(7) Corresponds to Argentina, except for hydrocarbon net production amounting to 977 and 862 mboe in 2009 and 2008, respectively, which correspond to the United States.

(8) Includes 50% of Refinerías del Norte, S.A.'s ("Refinor") refinery.

(9) Includes 50% of Refinor's service stations.

(10) Includes 100% of sales volumes reported by Gas Natural, although Repsol YPF owned 30.01% of Gas Natural at 31 December 2009, and 30.85% at 31 December 2008 and accounts for it using the proportional integration method under IFRS.

(11) Gigawatt hours.

(12) Corresponds to Gas Natural's operations since the acquisition of Unión Fenosa in 30 April 2009. See "Operations—Gas Natural—Unión Fenosa."

### 3. Operations

Following is a description of Repsol YPF's principal activities by business segment:

#### **Upstream**

Upstream includes the exploration and production of crude oil and natural gas in different parts of the world, except for the exploration and production activities undertaken by YPF. Upstream's oil and gas reserves are located in South America (mainly in Trinidad and Tobago, Peru, Venezuela, Brazil, Ecuador and Colombia), North Africa (Libya and Algeria), Spain and the United States. Repsol YPF reports the activities of YPF S.A. and its affiliates under a separate segment.

Upstream accounted for approximately 24.1% and 45.0% of Repsol YPF's operating income in 2009 and 2008, respectively.

At 31 December 2009, Repsol YPF, through its Upstream segment, had oil and gas exploration and/or production interests in 24 countries, either directly or through its subsidiaries, and Repsol YPF acted as operator in 18 of these countries. In addition, Repsol YPF has a 10% interest in West Siberian Resources, a Russian oil company which merged with Alliance Oil in 2008. Taking into account this stake, Repsol YPF's Upstream segment had oil and gas exploration and/or production interests in 25 countries as of 31 December 2009.

#### **LNG**

LNG activities include the liquefaction, transportation, commercialisation and regasification activities of liquid natural gas (LNG). It also comprises power generation activities in Spain not performed by Gas Natural, and natural gas commercialisation in North America. Repsol YPF reports the activities of YPF S.A. and its affiliates under a separate segment.

LNG accounted for approximately -1.9% and 2.5% of Repsol YPF's operating income in 2009 and 2008, respectively.

### ***Downstream***

Repsol YPF's Downstream businesses engage in supply and trading, refining, marketing and transportation of crude oil and petroleum products, LPG, chemicals and electricity. Repsol YPF reports the activities of YPF S.A. and its affiliates under a separate segment.

Downstream operations contributed 31.5% and 20.9% of the total operating income of Repsol YPF in 2009 and 2008, respectively.

Repsol YPF is the leader in the Spanish market and conducts refining activities in three countries and distribution and marketing activities through its own staff and facilities in four countries. At 31 December 2009, Repsol YPF's worldwide refining capacity was 926 thousand barrels per day and Repsol YPF's marketing network consisted of 4,428 retail stations worldwide.

### ***YPF***

Repsol YPF reports the integrated value chain activities (exploration, production, refining, logistics, marketing and chemicals) undertaken by YPF S.A. and its affiliates under a separate segment organised in two business units:

- Upstream; and
- Downstream.

Substantially all of YPF's operations, properties and customers are located in Argentina.

YPF's activities accounted for approximately 31.5% and 23.1% of Repsol YPF's operating income in 2009 and 2008, respectively.

### ***Upstream***

YPF's Upstream includes the exploration and production of crude oil and natural gas mainly in Argentina. YPF's Upstream accounted for approximately 24.5% and 8.8% of Repsol YPF's operating income in 2009 and 2008, respectively.

### ***Downstream***

YPF's Downstream operations contributed 9.6% and 17.9% of the total operating income of Repsol YPF in 2009 and 2008, respectively.

YPF's Downstream businesses engage in supply and trading, refining, marketing and transportation of crude oil and petroleum products.

### ***Gas Natural***

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

Repsol YPF is involved, through Gas Natural, in the natural gas and electricity sectors. In the natural gas sector, Repsol YPF is engaged in the supply, storage, transportation, distribution and marketing of natural gas in Spain, the distribution and marketing of natural gas in Italy, Argentina and Mexico and the distribution of natural gas in Brazil and Colombia. In the electricity sector, Repsol YPF is engaged in power generation in Spain, Puerto Rico and Mexico and the marketing of electricity in Spain, and since the

acquisition by Gas Natural of Unión Fenosa, in power generation in Panama, Costa Rica, Dominican Republic, Colombia (until the sale of Empresa de Energía del Pacífico (EPSA) in October 2009) and Kenya, and in the power distribution sector in Spain, Moldova, Colombia, Guatemala, Nicaragua and Panama. Unión Fenosa also has a 70% interest in the South African mining company, Kangra Coal (Pty) Ltd. (Kangra Coal). Gas Natural activities contributed 23.1% of Repsol YPF's operating income in 2009 and 11.1% in 2008.

Prior to May 2002, Repsol YPF had a 47.04% stake in Gas Natural and consolidated this interest using the full consolidation method. In May 2002, Repsol YPF sold 23% of Gas Natural. Since the date of that sale, Repsol YPF has consolidated its remaining interest in Gas Natural by the proportional integration method.

In connection with Repsol YPF's sale of 23% of Gas Natural, on 16 May 2002, Repsol YPF amended the agreement entered into with Caja de Ahorros y Pensiones de Barcelona ("La Caixa") on 11 January 2000 with respect to Gas Natural through the execution of a Novation Agreement, which was then further amended through the execution of two Addenda, dated 16 December 2002 and 20 June 2003, respectively. In March 2004, Repsol YPF increased its stake in Gas Natural to 30.85%. In May 2009, Repsol YPF's stake was further increased to 30.89% and in September 2009, following the merger between Gas Natural and Unión Fenosa, it decreased to 30.01%. As of the date of this Base Prospectus, Repsol YPF owns a 30.129% stake in Gas Natural Fenosa.

Since the 2002 sale, Repsol YPF has been cooperating with Gas Natural to coordinate the "midstream" business through the creation of separate legal entities for those activities that require a separate corporate entity (such as integrated projects) or through specific collaboration agreements where mutual assistance and cooperation in carrying out midstream activities can give rise to synergies and other benefits for both parties.

In April 2005, Repsol YPF reached an agreement with Gas Natural pursuant to which both companies would intensify their collaboration in the LNG business areas of exploration, production, transportation, trading and wholesale marketing. In the area of exploration, production and liquefaction (upstream), the agreement contemplates a partnership to develop new projects where Repsol YPF will be the operator and holder of 60% of the assets. Gas Natural will hold the remaining 40%. In the area of transportation, trading and wholesale marketing (midstream), the agreement contemplates the creation of a joint venture between both companies aimed at the wholesale marketing and transportation of LNG. Each company will hold a 50% stake in this joint venture. The chairman of the joint venture will be elected on a rotational basis, and Gas Natural will nominate the Chief Executive Officer. Pursuant to the agreement, Gas Natural and Repsol YPF will also develop in a coordinated manner diverse regasification plant projects where Gas Natural will be the operator and the regasification rights will be allocated to the new joint venture. The initial term of this collaboration agreement is 10 years.

As a result of various acquisitions and a tender offer Gas Natural achieved a total stake in Unión Fenosa of 95.22% and since 30 April 2009 has been consolidating Unión Fenosa within its financial statements. By September 2009, Gas Natural completed the merger by acquisition of Unión Fenosa. The acquisition was a significant step towards the growth of Gas Natural and its goal of becoming a leading integrated gas and electricity company. This acquisition has enabled Gas Natural to accelerate compliance with its strategic plan due to positive synergies arising from the merger. As a result of the acquisition of Unión Fenosa, as of 31 December 2009, Gas Natural had over 20 million gas and electricity customers worldwide, 9 million of which were in Spain.

#### **4. Performance of the Business during the Six Months Ended 30 June 2010**

Repsol YPF's consolidated reported net income for the first half of 2010 amounted to €1,338 million, a 38.9% increase over the same period in 2009, while its consolidated reported operating income for the first six months of 2010 was €3,004 million, increasing by 81.7% from €1,653 million during the same period in 2009, and EBITDA (earnings before interest, taxes, depreciation and amortisation) was €4,869 million, compared with the €3,087 million obtained during the first half of 2009. Operating income was mainly

affected by the impact of the increase of oil and gas prices in comparison with the same period a year ago, and the positive performance of the chemical activity as well as the improvement of YPF results.

The condensed interim consolidated financial statements of Repsol YPF for the six-month period ended 30 June 2010, which incorporate the income statement of Repsol YPF for the six months ended 30 June 2010, have been filed with the CNMV and are incorporated by reference in, and form part of, this Base Prospectus.

## **Performance by Business Segment during the Six Months Ended 30 June 2010**

### ***Upstream***

At €731 million, income from upstream operations in the first six months of 2010 was 125% higher than the €325 million reported for the same period in 2009. The increase in first-half operating income was due principally to the rise in oil and gas realisation prices and the increase of production during the period. This favourable evolution of production and prices has allowed the increase of operating income despite higher exploration expenses and the derivated effects of the decision to discontinue Repsol's participation in the Persian LNG project.

Total production in the six months ended 30 June 2010 increased by 4.9% year-on-year to 345 thousand barrels of oil equivalent per day (Kboepd), principally as a result of the start-up of the Shenzi field, then improving production mix.

For the six months ended 30 June 2010, investments in the upstream business segment reached €367 million, of which investments under development represented 47% of the total amount invested. The investments under development were principally made in Trinidad & Tobago (28%), Libya (14%), Bolivia (13%), Peru (11%), and Ecuador (10%). Investments in exploration accounted for 44% of the total and were mainly earmarked for Brazil (88%) and Venezuela (10%).

### ***LNG***

At €11 million, income from LNG operations in the first six months of 2010 was 67.6% lower than the €34 million reported for the same period in 2009. The reduction in 2010 first half operating income is mainly due to the decision to discontinue Repsol's participation in the Persian LNG project. Without considering this effect, the operating income would have improved, mainly due to the increase in sales volumes commercialised and improved earnings performance in BBE.

For the six months ended 30 June 2010, investments in the LNG business segment were €49 million, representing a decline of 30.0% compared with the same period in 2009. These investments were basically for the construction of the third tank at the Canaport LNG terminal which started operations in the second quarter of this year.

### ***Downstream***

At €928 million, income from downstream operations in the first six months of 2010 was 46.1% higher than the €635 million reported for the same period in 2009.

This increase is mainly the result of inventory holding gains (the rise of inventory value of the Company) and the improvement of the chemicals business, thanks to the recovery in volumes and margins. Additionally, the marketing business kept a positive performance, with strong margins and an improved sales mix which was weighted towards high margin products.

On the contrary, LPG had lower margins due to the time-lag effect of the new bottled gas pricing formula in Spain.



For the six months ended 30 June 2010, investments in the downstream business segment reached €732 million, being principally devoted to the enlargement of the Cartagena facilities and to the fuel oil reductor unit in Bilbao.

### ***YPF***

At €831 million, the operating income of YPF in the first six months of 2010 was 83.8% higher than the €452 million reported for the same period in 2009. This growth is the result of closing the gap in dollars between international parity levels and pump station fuel prices, as well as higher international prices of the products, impacting export revenues as well as revenues from products sold in the domestic market which price is pegged to international prices.

Total production in the six months ended 30 June 2010 fell by 8.1% year-on-year to 551 Kboepd, compared with 599 Kboepd for the same period in 2009. The drop was 12.4% in gas and 4.3% in liquids. In oil, this drop was less pronounced thanks to the investment efforts in response to the *Petróleo Plus* plan and higher prices.

For the six months ended 30 June 2010, investments in the YPF business segment reached €597 million, of which €484 million was earmarked for Exploration and Production and 90% of this amount to development projects.

### ***Gas Natural***

At €551 million, the operating income of Gas Natural in the first six months of 2010 was 65.0% higher than the €334 million reported for the same period in 2009. The increase is due to the result of the global integration of Unión Fenosa operating income in Gas Natural SDG since April 30, 2009 and the gains obtained thanks to the subsequent divestment process.

For the six months ended 30 June 2010, investment in the Gas Natural business segment reached €266 million and was spent mainly on gas and power distribution activities in Spain and Latin America, and power generation in Spain and Mexico.

### ***Corporate***

This segment comprises corporate operating expenses and income and expenses not attributable to any of the above segments.

In the first half of 2010 a negative result of €48 million was recorded, compared to €127 million in the same period of 2009. The difference is mainly due to non-recurrent results, because it included a gain before taxes of €133 million of the sale of a 5% interest in CLH. After this transaction, the stake of Repsol in CLH is 10%.

## **5. Directors, Senior Management and Employees**

### **Directors and Officers of Repsol YPF**

#### *Board of Directors*

As of the date of this Base Prospectus, the members of the Board of Directors of Repsol YPF were as follows:

	<b>Position</b>	<b>Year First Appointed</b>	<b>Current Term Expires</b>
Antonio Brufau Niubó <sup>(1)(2)</sup> .....	Chairman and Director	1996	2011

	<b>Position</b>	<b>Year First Appointed</b>	<b>Current Term Expires</b>
Luís Fernando del Rivero Asensio <sup>(1)(6)</sup> .....	1st Vice-Chairman and Director	2006	2011
Isidro Fainé Casas <sup>(1)(5)</sup> .....	2nd Vice-Chairman and Director	2007	2012
Juan Abelló Gallo <sup>(6)(12)</sup> .....	Director	2006	2011
Paulina Beato Blanco <sup>(3)(7)</sup> .....	Director	2005	2014
Artur Carulla Font <sup>(1)(3)(9)</sup> .....	Director	2006	2014
Luís Carlos Croissier Batista <sup>(3)(12)</sup> .....	Director	2007	2011
Carmelo de las Morenas López <sup>(3)(8)</sup> .....	Director	2003	2011
Ángel Duráñez Adeva <sup>(3)(8)</sup> .....	Director	2007	2011
Javier Echenique Landiribar <sup>(1)(3)(8)</sup> .....	Director	2006	2014
María Isabel Gabarró Miquel <sup>(3)(10)(12)</sup> .....	Director	2009	2013
Jose Manuel Loureda Mantiñán <sup>(6)(10)(12)</sup> .....	Director	2007	2011
Juan María Nin Génova <sup>(5)(10)(12)</sup> .....	Director	2007	2012
PEMEX Internacional España, S.A. <sup>(1)(4)(11)</sup> .....	Director	2004	2014
Henri Philippe Reichstul <sup>(1)(3)</sup> .....	Director	2005	2014
Luís Suárez de Lezo Mantilla <sup>(1)(2)</sup> .....	Director and Secretary	2005	2013

(1) Member of the Delegate Committee (Comisión Delegada).

(2) Executive Director.

(3) Independent outside director as determined in accordance with the Bylaws and the Regulations of the Board of Directors.

(4) Raúl Cardoso Maycotte serves as representative of PEMEX Internacional España, S.A. (a related company of PEMEX) on the Board of Directors of Repsol YPF, S.A. Spanish law permits joint stock companies to serve as members of the Board of Directors. A company serving in such a capacity must appoint a natural person to represent it at the meetings of the Board of Directors.

(5) Nominated for membership by Criteria CaixaCorp, S.A., member of la Caixa Group.

(6) Nominated for membership by Sacyr Vallehermoso, S.A.

(7) Chairman of the Audit and Control Committee.

(8) Member of the Audit and Control Committee.

(9) Chairman of the Nomination and Compensation Committee.

(10) Member of the Nomination and Compensation Committee.

(11) Chairman of the Strategy, Investment and Corporate Social Responsibility Committee.

(12) Member of the Strategy, Investment and Corporate Social Responsibility Committee.

Following is a summary description of the experience and principal business activities of the Directors of Repsol YPF:

*Antonio Brufau Niubó.* Born in Mollerussa (Lérida), Spain, in 1948. Graduate in Economics by the University of Barcelona and Master by the IESE. He began his professional career at Arthur Andersen, where he became Partner and Director of Auditing. In 1988, he joined la Caixa as Deputy Managing Director. From 1999 to 2004, he held the position of Managing Director for the la Caixa Group and from 1997 to 2004 he was Chairman of Gas Natural Group. During his extensive business career, Antonio Brufau has served on the Board of Directors of several companies, including Enagás, Abertis Infraestructuras, Aguas de Barcelona, Inmobiliaria Colonial, Suez, Caixa Holding, the CaixaBank France and CaixaBank Andorra. Until December 2005, he was the only Spanish member in the Executive Committee of the International Chamber of Commerce (ICC). In July 2002, he was appointed President of Círculo de Economía de Barcelona, a position that he occupied until July 2005. He has also held the position of Chairman of Comupet Madrid 2008 and Club Español de la Energía. Currently, he is Chief Executive Officer of Repsol YPF, Vice-Chairman of Gas Natural SDG, S.A., and Chairman of YPF, S.A. and Foundation Repsol. He is also member of the European Round Table of Industrialists (ERT), the Advisory Board of Confederación Española de Organizaciones Empresariales (CEOE), the Advisory Corporate Board of Real Instituto Elcano, the General Assembly of The American Chamber of Commerce in Spain, the Asociación Española de Directivos, Foundation CEDE (Confederación Española de Directivos y Ejecutivos), Foundation Instituto Ildefons Cerdá and the Círculo de Economía.

*Luis Fernando del Rivero Asensio.* Born in Murcia, Spain, in 1949. He holds a Civil Engineering degree (Santander, 1972) and completed the General Management Program from IESE in 1986. In 2006, he was awarded with a Medal of Honour from the Civil Engineers Association (Colegio de Ingenieros de Caminos, Canales y Puertos). He was Technical Manager of HICEOSA from 1972 to 1974, and Site Manager, Delegate and Head of Department in Ferrovial from 1974 to 1989. He is a cofounder of SACYR, where he has held the position of Delegate (from 1987 to 1996), Corporate Development Manager (from 1996 to 2000) and Managing Director (from 2000 to 2004). He has served on the Board of Directors of Autopista del Barbanza Concesionaria de la Xunta de Galicia, Sociedad Concesionaria Aeropuerto de Murcia, Itinere Infraestructuras and Autopista del Atlántico Concesionaria Española. Mr. del Rivero currently is the Executive Chairman of Sacyr Vallehermoso, S.A. (since November 2004), and Director of the following companies in the Sacyr Vallehermoso Group: Testa Inmuebles en Renta, Sacyr, S.A.U., Valoriza Gestión, S.A.U. and Aeropuerto de la Región de Murcia; he is Joint and Several Administrator of Sacyr Vallehermoso Participaciones Mobiliarias and Sacyr Vallehermoso Participaciones, S.L.; he is Chairman of Vallehermoso División Promoción, S.A.U., Tesfran and Sacyr Concesiones; he is Vice-Chairman of Somague S.G.P.S. and 2nd Vice-Chairman of Autopista Vasco Aragonesa Concesionaria Española.

*Isidro Fainé Casas.* Born in Manresa (Barcelona), Spain, in 1942. He holds a PhD degree in Economic Sciences and an ISMP in Business Administration from Harvard University and a Diploma in Senior Management from the IESE Business School. He is a member of the Royal Academy of Economics and Finance and of the Royal Academy of Doctors. He began his professional banking career as an investment manager for Banco Atlántico in 1964, later becoming General Manager of Banco de Asunción in Paraguay in 1969. On his return to Barcelona, he held various managerial posts in financial institutions: Head of Personnel at Banca Riva y García (1973), Director and General Manager of Banca Jover (1974) and General Manager of Banco Unión (1978). In 1982 he joined “la Caixa” as Assistant General Manager, where he was appointed Deputy Executive General Manager in 1985 and General Manager in 1999. He has also served on the Board of Directors of Sanef. He is currently Chairman of “la Caixa”, Vice-Chairman of Abertis Infraestructuras and Telefónica, Chairman of Criteria CaixaCorp, S.A., Chairman of CECA (Confederación Española de Cajas de Ahorros) and Chairman of Foundation “la Caixa”. He is also Director of Banco BPI and Grupo Financiero Inbursa, Vice-Chairman of Sociedad General de Aguas de Barcelona and Non-Executive Director of The Bank East of Asia, Limited.

*Juan Abelló Gallo.* Born in Madrid, Spain, in 1941. He holds a BSc degree in Pharmacy, he is a Doctor and a Permanent Member of the Royal Academy of Pharmacy. He has been awarded the Great Cross of the Order of Civil Merit, the Juan Lladó Prize, and named Entrepreneur of the Year by the Chamber of Commerce and Industry of Madrid in 1997. He was formerly the Chairman of Fábrica de Productos Químicos y Farmacéuticos Abelló, Antibióticos, La Unión y el Fénix Español, RTL Group and Airtel (currently named Vodafone); Vice-Chairman of Banco Español de Crédito, SCH and Unión Fenosa; and Director of Banco Central, Banco Santander Central Hispano, Sociedad General de Aguas de Barcelona, Instituto Sectorial de Promoción y Gestión de Empresas and Grupo Banca Leonardo. He is currently the Chairman of Torreal and Alcaliber (representing Nueva Compañía de Inversiones); Vice-Chairman of Sacyr Vallehermoso (representing Nueva Compañía de Inversiones) and CVNE (representing Austral, B.V.); and Director of Zed Worldwide (representing Nueva Compañía de Inversiones).

*Paulina Beato Blanco.* Born in Córdoba, Spain, in 1946. She holds a PhD degree in Economics from University of Minnesota. She is a Professor of Economic Analysis, a Commercial Expert and an Economist of the State. She has served as Executive Chairperson of Red Eléctrica de España and as Director of CAMPSA and major financial institutions. She has also served as Chief Economist in the Sustainable Development Department of the Inter-American Development Bank and as Consultant in the Banking Supervision and Regulation Division of the International Monetary Fund. She is currently an advisor to the Iberoamerican Secretary General (Secretaría General Iberoamericana), professor for Economic Analysis in various universities and member of a special board for promoting the Knowledge Society in Andalusia.

*Artur Carulla Font.* Born in Barcelona, Spain, in 1948. He holds a graduate degree in Economics. His professional activity began in Arbora & Ausonia in 1972, where he held several positions until he was

appointed General Manager. In 1988, he joined Agrolimen as Strategy Manager. In 2001, he was appointed Managing Director of Agrolimen. He is currently Chairman of Agrolimen and its participated companies Affinity Petcare, Preparados Alimenticios (Gallina Blanca Star), Biocentury, The Eat Out Group and Reserva Mont-Ferrat; Director and Secretary of Arbora & Ausonia, Quercus Capital Riesgo, S.G.E.C.R and Consorcio de Jabugo; Member of the Regional Board of Telefónica in Catalonia, Member of the Advisory Boards of EXEA Empresarial and Roca Junyent. He is also Vice-Chairman of Círculo de Economía, Vice-Chairman of Foundation ESADE, Member of IAB (International Advisory Board) of the Generalitat de Catalunya, Member of Foundation Lluís Carulla, Member of the Management Board of Instituto de la Empresa Familiar, Member of Foundation MACBA (Museo de Arte Contemporáneo de Barcelona), Member of the Management Board of AECOC (Asociación Española de Codificación Comercial) and Member of FUOC (Fundación para la Universitat Abierta de Cataluña).

*Luis Carlos Croissier Batista.* Born in Arucas (Las Palmas), Spain, in 1950. He has been Professor of Economic Policy at Complutense University of Madrid. During his long professional tenure, amongst other positions, he was Subsecretary of the Ministry of Industry and Energy, President of Instituto Nacional de Industria (I.N.I.), Minister of Industry and Energy and President of the Spanish Securities Market Commission (CNMV). He has served on the Board of Directors of Jazztel, High Tech Hotels & Resorts and Begar. He is currently Director of Adolfo Dominguez, Testa Inmuebles en Renta, Eolia Renovables de Inversiones SCR, Grupo Copo de Inversiones and Sole Director of Eurofocus Consultores.

*Carmelo de las Morenas López.* Born in Sevilla, Spain, in 1940. He holds a BA degree in Economics and Law. He started his career in Arthur Andersen & Co. Subsequently he became the General Manager of the Spanish subsidiary of the Deltec Banking Corporation and Chief Finance Officer of Madridoil and Transportes Marítimos Pesados. He joined the Repsol Group in 1979, holding different management positions. From 1989 to 2003, he served as Chief Financial Officer. Up to 31 December 2005 he was member of the Standard Advisory Council of IASB. He is currently Chairman of Casa de Alguacil Inversiones SICAV and Director of the Britannia Steam Ship Insurance Association, Ltd., Orobaena S.A.T. and Faes Farma.

*Ángel Durández Adeva.* Born in Madrid, Spain, in 1943. He holds a BA degree in Economics and he is a Professor of Commerce, a chartered accountant and a founding member of the Registry of Economic Auditors. He joined Arthur Andersen in 1965 where he was Partner from 1976 to 2000. Up to March 2004 he headed the Euroamerica Foundation, of which he was a founder, entity dedicated to the development of business, political and cultural relationships between the European Union and Latin American countries. He has served on the Board of Directors of Responsables Consultores. He is currently Director of Gestevisión Telecinco, Member of the Advisory Board of Exponencial-Agencia de Desarrollos Audiovisuales, Ambers & Co and FRIDE (Foundation for the international relations and the foreign development), Chairman of Arcadia Capital and Información y Control de Publicaciones, Member of Foundation Germán Sánchez Ruijérez and Foundation Independiente and Vice-President of Foundation Euroamérica.

*Javier Echenique Landiribar.* Born in Pamplona (Navarra), Spain, in 1951. He holds a BA degree in Economics and Actuarial Science. He has served as a Director and General Manager of Allianz-Ercos and as a General Manager of BBVA Group. He is currently Chairman of Banco Guipuzcoano, Director of Telefónica Móviles México, Actividades de Construcción y Servicios (ACS), Abertis Infraestructuras Grupo Empresarial Ence and Celistics, L.L.C., Delegate of the Board of Telefónica in the Basque region, Member of the Advisory Board of Telefónica Spain, Member of Foundation Novia Salcedo and Member of the Círculo de Empresarios Vascos.

*María Isabel Gabarró Miquel.* Born in Barcelona, Spain, in 1954. She holds a degree in Law from University of Barcelona (1976). In 1979, she joined the Bar of Notaries. She has been a Director and member of the Nomination and Compensation Committee and of the Audit and Control Committee of important entities in different sectors (financial, energy, telecommunications, infrastructure and real estate). She is currently registered on the Bar of Notaries of Barcelona and is a member of the Sociedad Económica Barcelonesa de Amigos del País.

*José Manuel Loureda Mantiñán.* Born in Betanzos (La Coruña), Spain, in 1939. He holds a Civil Engineering degree. In 1965, he began his career in Ferrovial, where he held several positions. He was a founder of Sacyr, where he was Managing Director until 2000 and Chairman until 2003. From 2003 to 2004, following the merger of Sacyr and Vallehermoso, he was Chairman of the Sacyr Vallehermoso Group. He has served on the Board of Directors of Autopista Vasco Aragonesa Concesionaria Española and Itínere Infraestructuras. He is currently Director of Sacyr Vallehermoso (as representative of Prilou), Chairman of Valoriza Gestión, S.A.U. and Hoteles Bisnet and Director of Vallehermoso División Promoción, S.A.U., Testa Inmuebles en Renta, Sacyr, S.A.U. and Somague S.G.P.S.

*Juan María Nin Génova.* Born in Barcelona, Spain, in 1953. He holds a degree in Economics and Law from the University of Deusto and a Masters of Laws from the London School of Economics and Political Sciences. He began his professional career as Programs Manager with the Ministry for Relations with the European Communities (1978-1980). In 1980, he began a banking career at the International Division of Banco Hispano Americano, where he moved later to Corporate and Retail Banking. In 1994, he was appointed General Manager of Retail Banking in Banco Central Hispano, where he also served on the Management Committee. After the merger with Banco Santander, Juan María Nin took over the position of General Manager of Retail Banking and was a member of the Management Committee until 2002, when he was appointed CEO of Banco Sabadell. Since June 2007, he is President and CEO of “la Caixa”, Deputy Chairman of Foundation “la Caixa”, Deputy Chairman of Criteria CaixaCorp, member of the Board of Directors of SegurCaixa Holding, Gas Natural SDG, S.A., Banco BPI, Erste Group Bank, A.G. and Grupo Financiero Inbursa. He is also member of the Board of Governors of University of Deusto, Foundation ESADE Business School, member of the Board of Directors of Círculo Ecuéstre and member of APD (Asociación para el Progreso de la Dirección), Foundation Federico García Lorca and Foundation Council Spain-U.S.A., and Deputy Chairman of Foundation Council Spain-India, member of the Economic Group of Spain-China Forum, Secretary of the Federació Catalana de Caixes d’Estalvi and member of the Economic Policy Commission of the Barcelona Chamber of Commerce.

*Raúl Cardoso Maycotte.* Born in Mexico City, Mexico, in 1953. He holds a Law degree from the Autonomous University of Mexico and a Masters degree in International Relations from the Institute of Social Studies in The Hague. He began his career in Pemex in 1983 and has occupied various important positions within such company. Between 2001 and 2003, he was the Mexican Ambassador in Ankara (Turkey) and, concurrently, in various Central Asian countries. He is currently the Managing Director of Pemex Internacional España and P.M.I. Holdings Petróleos España as well as being the Mexican representative for OPEC and the International Energy Agency.

*Henri Philippe Reichstul.* Born in Paris, France, in 1949. He holds a BA degree in Economics from University of São Paulo and a post graduate degree from Hertford College, Oxford. He has served as Secretary of the State Business Budget Office and as Deputy Minister of Planning in Brazil. From 1988 to 1999 he held the position of Executive Vice-President of Banco Inter American Express. From 1999 to 2001 he was Chairman of the Brazilian national oil company, Petrobrás. He has also served on the Board of Directors of TAM Linhas Aéreas, Holding Vivo and Grupo Pao de Açúcar. He is currently Member of the Strategic Board of ABDIB, Director of Ashmore Energy Internacional, Member of Coinfra, Member of the Advisory Board of Lhoist do Brasil Ltda., Member of the Supervisory Board of Peugeot Citroen, Member of the International Advisory Board of Group Credit Agricole and Vice-Chairman of the Board of the Brazilian Foundation for Sustainable Development.

*Luis Suárez de Lezo Mantilla.* Born in Madrid, Spain, in 1951. He holds a Law degree from the Complutense University of Madrid and is Counsel of the State (on leave). As an attorney, he specialises in commercial and administrative law. He has served as the Director of Legal Affairs of CAMPSA and has served as an attorney, particularly in the energy industry. He is currently Director of Gas Natural SDG, S.A., YPF and Repsol-Gas Natural LNG, Vice-Chairman of Foundation Repsol and member of the Environment and Energy Commission of the International Chamber of Commerce (ICC).

The business address of each of the directors is Paseo de la Castellana, 278-280, 28046, Madrid, Spain.

There are no conflicts of interests between any duties owed by the directors of Repsol YPF, S.A. to Repsol YPF, S.A. and their respective private interests and/or other duties.

#### *Delegate Committee (Comisión Delegada)*

The Delegate Committee has been permanently delegated all the powers of the Board of Directors, except those which cannot by law be delegated and those considered as such by the Regulations of the Board of Directors. The Delegate Committee meets when it is summoned by the Chairman or when requested by a majority of its members in accordance with the Regulations of the Board of Directors. The Chairman of the Board of Directors serves as the Chairman of the Delegate Committee and the Secretary of the Board serves as Secretary to the Committee.

Whenever the issue is of sufficient importance, in the opinion of the Chairman or three members of the Delegate Committee, the resolutions adopted by the Delegate Committee shall be submitted to the full Board for ratification. The same shall be applicable in any business referred by the Board to be studied by the Delegate Committee, while reserving the ultimate decision to the Board. In all other cases, the resolutions adopted by the Delegate Committee shall be valid and binding with no need for subsequent ratification by the Board. The Delegate Committee is composed of the Chairman and a maximum of seven directors, who are appointed from among the executive directors, institutional outside directors and independent outside directors, based upon the relative weight of each type of director in the current composition of the Board of Directors. The favourable vote of at least two-thirds of the members of the Board of Directors currently in office shall be required to appoint members of the Delegate Committee. The Regulations that govern the Delegate Committee are set out in Repsol YPF's Bylaws and the Regulations of the Board of Directors.

#### *Audit and Control Committee (Comisión de Auditoría y Control)*

The Audit and Control Committee of the Board of Directors of Repsol YPF was established on 27 February 1995.

The Audit and Control Committee carries out supervision, reporting, advising and proposal functions, supports the Board in its supervisory duties, including the periodic review of the preparation of economic and financial information of Repsol YPF, executive controls, supervision of the internal audit department and the independence of the external auditors, as well as the review of compliance with all the legal provisions and internal regulations applicable to Repsol YPF. This Committee is competent to formulate and submit proposals to the Board regarding the appointment of external auditors, extension of their appointment, their removal and the terms of their engagement. It also informs the General Meeting, through its Chairman, of any issues raised by shareholders regarding matters within its competence.

Moreover, the Audit and Control Committee is also responsible for supervising the procedures and systems for recording and internal controls over the Group's hydrocarbon reserves and steers the environmental and work safety policies, guidelines and objectives of the Repsol YPF Group.

To ensure the adequate performance of its duties, the Audit and Control Committee may obtain advice from lawyers or other independent professionals who report their findings directly to the Audit and Control Committee.

The Audit and Control Committee is composed of a minimum of three directors appointed by the Board for a four-year term. Its members shall have the necessary time commitment, capability and experience to perform their function. In addition, the Audit and Control Committee shall appoint one of its members to be Chairman, who must be an independent outside director and have experience in business management and familiarity with the accounting procedures; in any event, one of the Audit and Control Committee's members must have the financial experience required by the market regulatory agencies. Executive Directors may not sit on the Audit and Control Committee.

The Regulations that govern the Audit and Control Committee are set out in Repsol YPF's Bylaws and in the Regulations of the Board of Directors.

#### *Activities of the Audit and Control Committee during 2009*

The Audit and Control Committee held ten meetings during 2009 and, among other activities, has performed: (i) the periodic review of the financial information; (ii) the monitoring of the annual corporate audit plan; (iii) the supervision of the internal control systems; and (iv) the oversight of the independence of the external auditors.

The Audit and Control Committee adopted in 2005 certain procedures for the receipt, retention and treatment of complaints received by Repsol YPF regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters. Communications on these matters can be sent to the Audit and Control Committee via Repsol YPF's corporate website ([www.repsol.com](http://www.repsol.com)), intranet ([repsol.net](http://repsol.net)) or by traditional post or electronic mail.

#### *Nomination and Compensation Committee (Comisión de Nombramientos y Retribuciones)*

The Nomination and Compensation Committee of the Board of Directors, established on 27 February 1995, is composed of a minimum of three Non-Executive Directors appointed by the Board of Directors for a four-year term. The Committee shall appoint one of its members to be Chairman, who must be an independent outside director.

The Nomination and Compensation Committee advises and reports to the Board of Directors on the selection, nomination, re-election and termination of Directors, the Managing Director, the Chairman, the Vice-Chairmen, the Secretary, the Assistant Secretary, and Directors appointed as members of Board committees. The Committee submits proposals on the Board's compensation policy and, in the case of the Executive Directors, the additional compensation for their executive duties and the other terms of their contracts. The Committee also reports on the appointment of Repsol YPF's senior executives and their general compensation and incentive policy.

The Regulations that govern the Nomination and Compensation Committee are set out in the Regulations of the Board of Directors.

#### *Strategy, Investment and Corporate Social Responsibility Committee (Comisión de Estrategia, Inversiones y Responsabilidad Social Corporativa)*

The Strategy, Investment and Corporate Social Responsibility Committee is composed of a minimum of three directors appointed by the Board of Directors for a four-year term. The majority of the members of the Committee and its Chairman, who shall be appointed by the Committee from one of its members, must be Non-Executive Directors.

The Strategy, Investment and Corporate Social Responsibility Committee reports on the major figures, goals, and revisions of Repsol YPF's Strategic Plan, strategic decisions of significance to Repsol YPF and investments in or divestments of assets which have been identified by the CEO as requiring the Committee's review due to their size or strategic significance.

The Committee also provides guidance on the policy, objectives and guidelines of Repsol YPF in the area of corporate social responsibility and informs the Board of Directors on such matters.

The Regulations that govern the Strategy, Investment and Corporate Social Responsibility are set out in the Regulations of the Board of Directors.

### *Executive Committee (Comité de Dirección)*

Repsol YPF has an Executive Committee (“*Comité de Dirección*”), which is charged with the tasks of defining the Group’s strategy and managing the Group’s operations and whose members, as of the date of this Base Prospectus, are as follows:

<b>Name</b>	<b>Position</b>
Antonio Brufau Niubó.....	Chairman and Chief Executive Officer
Miguel Martínez San Martín.....	Chief Operating Officer
Pedro Fernández Frial.....	Executive Managing Director of Downstream
Nemesio Fernández-Cuesta Luca de Tena ....	Executive Managing Director of Upstream
Cristina Sanz Mendiola.....	Executive Managing Director of Human Resources and Organisation
Antonio Gomís Sáez.....	Executive Managing Director of YPF
Fernando Ramírez Mazarredo.....	Chief Financial Officer
Luis Suárez de Lezo Mantilla.....	General Counsel and Secretary of the Board of Directors

The following is a summary of the business experience of the members of the Executive Committee who are not also members of the Board of Directors.

***Miguel Martínez San Martín:*** He is an Industrial Engineer with a degree from the Escuela Técnica Superior de Ingenieros Industriales of Madrid who specialises in financial information systems. On 31 May 2007 he was appointed Chief Operating Officer and had previously joined the Executive Committee of Repsol YPF in January 2005 as Group Managing Director of Control and Corporate Development. In 1993 he started at Repsol YPF as Economic Financial Director of Refining and Repsol Comercial, where he has also held the position of Director of the company-owned-and-operated network, Campsared. Afterwards, and until 2005, he was Director of Repsol YPF’s Service Stations in Europe.

***Pedro Fernández Frial:*** He is an Industrial Engineer with a degree from the Escuela Técnica Superior de Ingenieros Industriales of Madrid. Until becoming Executive Managing Director of Downstream in 2005, he occupied the position of Corporate Director of Planning and Control of Repsol YPF.

***Nemesio Fernández-Cuesta Luca de Tena:*** Graduate in Economics and Business Studies by the Madrid Universidad Autónoma. Spanish State Economist since 1981. In 1996 he was appointed Secretary of Energy and Natural Resources by the Spanish Government. He came back to Repsol YPF in 2003 holding the position of Director of Shared Services and currently he is Executive Managing Director of Upstream.

***Cristina Sanz Mendiola:*** She holds a Senior Industrial Engineer degree from the Escuela Técnica Superior de Ingenieros Industriales of Madrid. As a member of the Corps of Industrial Engineers of the Spanish Ministry of Industry and Energy, she was appointed General Sub-Director of International Industrial Relations in charge of both bilateral and European Union relations. Afterwards, she was General Sub-Director of Energy Planning of the Spanish Government, whose responsibilities included the areas of Environment and Research and Development. In 1994, she joined Repsol YPF and has been in charge of Resources from January 2005, being responsible for Engineering, Information Systems, Technology, Purchasing and Contracting, Environment and Safety and Insurance. Since April 2009 she, holds the position of Executive Managing Director of Human Resources and Organisation.

***Antonio Gomís Sáez:*** He has been appointed Executive Managing Director of YPF, and was until recently Repsol YPF’s Director of the Chemical Division for Europe and the rest of the world. Antonio Gomís’ professional experience in Repsol YPF Group started in 1974, and in 1986 he was appointed Director of International and Institutional Relations of Repsol S.A., which he held until 1997. That year he was designated General Director of Energy for Spain. In 2000, he again joined Repsol YPF Group as the Corporate Director for External Relations. With his appointment, he joins the Repsol YPF Executive Committee.



**Fernando Ramírez Mazarredo:** He received his degree in Economic and Business Sciences from the University of Madrid and is a Certified Public Accountant. He was Chairman of the Spanish Financial Futures market (“*Mercado Español de Futuros Financieros*”) from April 2004 to June 2005.

Members of the Executive Committee of Repsol YPF do not serve for a predetermined term, but instead are employed for a period which is, in principle, indefinite until retirement, death or voluntary or involuntary termination.

#### *Disclosure Committee (Comité Interno de Transparencia)*

Repsol YPF’s Disclosure Committee was created in November 2002 and performs, among others, the following functions:

- Supervision of the establishment and maintenance under the Chief Executive Officer and the Chief Financial Officer of procedures governing the preparation of information to be publicly released by Repsol YPF in accordance with applicable law and regulation or which are, in general, communicated to the markets, in addition to the supervision of certain controls and other procedures that are designed to ensure that (1) such information is recorded, processed, summarised and reported accurately and on a timely basis, and (2) such information is accumulated and communicated to management, including to the Chief Executive and the Chief Financial Officer, as appropriate to allow timely decisions regarding such requisite disclosure, making the improvement proposals it deems appropriate to the Chief Executive and Chief Financial Officer;
- Revision and evaluation of the accuracy, reliability, sufficiency and clarity of all information contained in documents designated for public release by Repsol YPF, including, in particular, communications made to the CNMV, the SEC, the Argentine National Securities Commission (“CNV”) and the other regulators and supervisory bodies of the stock markets on which shares of Repsol YPF, S.A. are listed;
- Supervision of the Disclosure Committee established by YPF, S.A. in connection with the listing of its shares in the United States; and
- Carrying out any other function which, in connection with the preparation and communication of financial information, is requested by the Board of Directors, the Audit and Control Committee, the Chief Executive Officer or the Chief Financial Officer.

The Disclosure Committee is composed of the Corporate Director of Economic and Fiscal Policy, who is the Chairman of the Committee, the Legal Services Corporate Director, who acts as the Secretary of the Committee, the Communications and Chairman’s Office Corporate Director, the Strategy and Corporate Development Corporate Director, the Audit and Control Director, the Administration and Economic Director, the Investor Relations Director, the Corporate Governance Affairs Director, the Reserves Control Director, the Management Control Director, a representative of the Group Managing Division of Human Resources and Organisation, a representative of the Executive Managing Division of Upstream, a representative of the Executive Managing Division of Downstream and a representative of the Executive Managing Division of YPF.

#### **Share Ownership of Directors and Officers**

The total number of shares owned individually by the members of the Board of Directors as of the date of this Base Prospectus is 387,415, which represents 0.032% of the capital stock of Repsol YPF.

	Number of shares owned	Number of shares indirectly held	Total shares	%Total shares outstanding	Nominating shareholders	Number of shares owned by nominating shareholders	
						Number <sup>(1)</sup>	%
Antonio Brufau Niubó.....	205,621	—	205,621	0.017	—	—	—
					Sacyr		
Luis Fernando del Rivero Asensio <sup>(2)</sup> .....	1,000	—	1,000	0.000	Vallehermoso	244,294,779	20.01
					Criteria Caixa		
Isidro Fainé Casas <sup>(3)</sup> .....	242	—	242	0.000	Corp.	102,831,003	8.42
					Sacyr		
Juan Abelló Gallo <sup>(2)</sup> .....	1,000	81,926	82,926	0.007	Vallehermoso	244,294,779	20.01
Paulina Beato Blanco.....	100	—	100	0.000	—	—	—
Artur Carulla Font.....	26,033	—	26,033	0.002	—	—	—
Luis Carlos Croissier Batista.....	—	—	—	—	—	—	—
Carmelo de las Morenas López.....	7,376	—	7,376	0.001	—	—	—
Ángel Durández Adeva .....	5,950	—	5,950	0.000	—	—	—
Javier Echenique Landiribar .....	—	17,200	17,200	0.001	—	—	—
María Isabel Gabarró Miquel .....	5,816	1,832	7,648	0.001	—	—	—
					Sacyr		
José Manuel Loureda Mantiñán <sup>(2)</sup> .....	50	31,311	31,361	0.003	Vallehermoso	244,294,779	20.01
					Criteria Caixa		
Juan María Nin Génova <sup>(3)</sup> .....	242	—	242	0.000	Corp.	102,831,003	8.42
PEMEX Internacional España, S.A. <sup>(4)</sup> .....	1	—	1	0.000	PEMEX	58,679,800	4.81
Henri Philippe Reichstul .....	50	—	50	0.000	—	—	—
Luis Suárez de Lezo Mantilla .....	1,665	—	1,665	0.000	—	—	—

(1) According to the latest information available to Repsol YPF.

(2) Nominated for membership by Sacyr Vallehermoso.

(3) Nominated for membership by Criteria Caixa Corp, S.A. (member of la Caixa Group). In addition, Criteria Caixa Corp, S.A. has a 67.60% interest in Repinves, S.A., which holds a 5.02% interest in Repsol YPF.

(4) The beneficial owner of these shares is Petróleos Mexicanos, the sole shareholder of PEMEX Internacional España, S.A.

The current members of the Executive Committee of Repsol YPF together own less than 1% of the outstanding shares of Repsol YPF. As of the latest practicable date, the total amount of voting securities owned, directly or indirectly, by the directors and officers of Repsol YPF as a group was 420,831 ordinary shares or 0.0345% of the total number of ordinary shares of Repsol YPF issued and outstanding.

## 6. Major Shareholders and Related Party Transactions

### Major Shareholders of Repsol YPF

In accordance with the latest information available to Repsol YPF, Repsol YPF's major shareholders beneficially owned the following percentages of ordinary shares of Repsol YPF:

Shareholders	Percentage ownership (direct)	Percentage ownership (indirect)	Total number of shares	Total percentage ownership
	%	%		%
Sacyr Vallehermoso, S.A. <sup>(1)</sup> .....	—	20.01	244,294,779	20.01
Criteria Caixa Corp, S.A. <sup>(2)</sup> .....	8.42	5.02	164,146,418	13.45
Petróleos Mexicanos <sup>(3)</sup> .....	—	4.81	58,679,800	4.81

- (1) *Indirect ownership held through Sacyr Vallehermoso Participaciones Mobiliarias, S.A., a wholly-owned subsidiary, as a result of the acquisitions of Repsol YPF's shares made between October and December 2006.*
- (2) *Criteria Caixa Corp., S.A. (previously named Caixa Holding) is a member of la Caixa Group. Indirect ownership held through Repinves, S.A. in which Criteria Caixa Corp, S.A. has a 67.60% stake.*
- (3) *Petróleos Mexicanos (Pemex) holds its stake through Pemex Internacional España, S.A. and through several swap instruments (equity swaps) with certain financial entities which enable Pemex to exercise the economic and political rights of a percentage of up to 4.81% of the share capital of the Company.*

In January 2008, Barclays Global Investors, NA, Barclays Global Investors, Ltd., Barclays Global Fund Advisors and Barclays Global Investors (Deutschland) AG (collectively, the "Barclays Global Investor"), notified the CNMV that they had entered into an agreement for the joint exercise of voting rights representing a 3.22% stake in Repsol YPF. On 4 February 2010, Blackrock, Inc. notified the CNMV that, as a result of the acquisition of the business of Barclays Global Investors, on 1 December 2009, it had an indirect 3.539% stake (43,213,390 shares) of Repsol YPF through Blackrock Investment Management (UK). On May 2010, Blackrock, Inc. notified Repsol YPF that it had an indirect 2.979% stake (36,368,967 shares) of Repsol YPF through Blackrock Investment Management (UK).

On 12 February 2007, Capital Group International notified the SEC that it had a 2.5% stake in Repsol YPF. On 20 December 2007 Axa informed the CNMV that it held a 4.21% stake of Repsol YPF. On 13 November 2008 Axa informed the CNMV that its participation in Repsol YPF had decreased to 2.9% of its capital stock.

According to data provided by The Bank of New York Mellon, there were 138 registered holders of Repsol YPF's American Depositary Receipts (representing, approximately, 17,097,688 ADSs) with registered addresses in the United States as of 31 December 2009.

Each share entitles the holder to one vote. However, Article 27 of Repsol YPF's Bylaws provides that no shareholder or group of companies may vote more than 10% of Repsol YPF's capital stock at a General Meeting regardless of its individual or aggregate holding in Repsol YPF.

## **Related Party Transactions**

Information related to transactions between Repsol YPF and its related parties can be found on page 138 et seq. of Repsol YPF's Form 20-F (information given as at 31 December 2009) and at Note 8 to the condensed consolidated interim financial statements of Repsol YPF for the six-month period ended 30 June 2010, both of which are incorporated by reference in, and form part of, this Base Prospectus.

## **Interest of Management in Certain Transactions**

At 31 December 2009, loans by Repsol YPF to its Senior Management totalled approximately €0.272 million (€0.316 million at 1 January 2009) and bore interest at an average rate of 3.06%. All such loans were granted before 2003.

## **7. Recent Developments**

As far as Repsol YPF is aware, there have been no recent events particular to the Issuer or the Guarantor that are, to a material extent, relevant to the evaluation of the Issuer's or the Guarantor's solvency. However, Repsol YPF notes the following recent development:

On 1 October 2010 Repsol YPF and China's Sinopec entered into an agreement to jointly develop the projects of Repsol Brasil, S.A. ("Repsol Brasil"), the upstream subsidiary of Repsol in Brazil, creating one of Latin America's largest energy companies. Under the terms of the agreement, Repsol Brasil will increase its share capital by issuing new shares to which Sinopec will fully subscribe. On completion of the transaction, Repsol YPF will hold 60% of the shares of Repsol Brasil while Sinopec will hold 40% of the shares. The injection of funds generated by this transaction will allow Repsol Brasil to develop all of its current projects,

which include some of the world's largest exploratory discoveries in recent years. This agreement involves full collaboration in the development of the existing projects in Brazil, and allows both companies to continue expanding their activity in that country jointly or independently. The agreement is subject to the approval of the competent authorities.

## **8. Available Information**

Certain codes of conduct and other internal regulations, as well as certain corporate governance regulations applicable to and recommendations made for Spanish-listed companies are available on the Repsol YPF website [www.repsol.com](http://www.repsol.com). Neither the contents of such website nor of other websites accessible through such website form part of this Base Prospectus.

## LEGAL AND ARBITRATION PROCEEDINGS

Neither the Guarantor nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) during the 12 months preceding the date of this Base Prospectus, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the Guarantor and/or the consolidated subsidiaries of the Guarantor, taken as a whole.

Members of the Repsol YPF Group are, however, party to certain legal and arbitration proceedings, the most significant of which are summarised below. Provisions totalling €439 million and €468 million as of 31 December 2009 and 2008, respectively, have been recorded relating to legal proceedings (excluding any provisions related to the tax-related contingencies).

### *Spain*

On 11 July 2007, the Investigation Department of the Spanish National Competition Commission (Comisión Nacional de la Competencia or “CNC”) notified Repsol YPF of the existence of an antitrust investigation concerning Article 1 of the Law of Defense of Competition (“LDC”) against Repsol Comercial de Productos Petrolíferos, S.A. (RCPP), BP and Compañía Española de Petróleos, S.A. (CEPSA). CNC alleges that these entities engaged in indirect gasoline price fixing based on the frequent alignment of gasoline maximum prices and price recommendations concerning their respective gasoline stations. In August 2008, the Board of the CNC commenced an administrative proceeding based on article 1 of the LDC and Article 81 of the European Community Treaty (“EC Treaty”). On 30 July 2009, the CNC Board passed a resolution holding RCPP, BP, and CEPSA liable for violating Article 1 of the LCD and Article 81 of the EC Treaty. The violation consisted of the indirect fixing of fuel prices in their respective gasoline stations. The resolution further imposed a fine of €5 million on RCPP. On 27 October 2009, RCPP filed an administrative appeal with the Sixth Section of the Contentious-Administrative Chamber of the Spanish National Court of Justice against the CNC resolution of 30 July 2009. The Spanish National Court of Justice has agreed to a precautionary suspension of the monetary sanction.

### *Argentina*

The Privatization Law provides that the Argentine State shall be responsible for any liabilities, obligations or other commitments existing as of 31 December 1990 that were not acknowledged as such in the financial statements of its predecessor (Yacimientos Petrolíferos Fiscales, Sociedad del Estado) as of that date arising out of any transactions or events that had occurred as of that date, provided that any such liability, obligation or other commitment is established or verified by a final decision of a competent judicial authority. In certain lawsuits related to events or acts that took place before 31 December 1990, YPF has been required to advance the payment of amounts established in certain judicial decisions. YPF believes it has the right to be reimbursed for all such payments by the Argentine government pursuant to the above-mentioned indemnity. YPF is required to keep the Argentine government apprised of any claim against it arising from the obligations assumed by the Argentine government.

*CNDC anti-competitive activity disputes.* Resolution No. 189/99 from the former Department of Industry, Commerce and Mining of Argentina imposed on YPF a fine based on the interpretation that YPF had purportedly abused its dominant position in the bulk LPG market due to the existence of different prices between the exports of LPG and the sales to the domestic market from 1993 through 1997. Additionally, the CNDC commenced an investigation in order to prove, among other things, whether the penalised behaviour (already settled for the period from 1993 through 1997) continued from October 1997 to March 1999. On 19 December 2003, the CNDC completed its investigation and charged YPF with abuse of dominant market position during this period. YPF has unsuccessfully appealed in several courts this decision. On 22 December 2009, the 4th Court of Appeals rejected one of the outstanding appeals filed by YPF, in which YPF had asserted a statute of limitations defence. YPF has filed an extraordinary appeal which is currently

pending. On 21 December 2009, YPF filed a preferential appeal before the CNDC, asserting a new statute of limitations defence. On 19 April 2010, the CNDC rejected this claim and YPF appealed such decision.

*Claim filed against Repsol YPF and YPF by the Union of Consumers and Users.* The Union of Consumers and Users is seeking the reimbursement of allegedly excessive prices charged to bottled LPG consumers between 1993 and 2001. With respect to the period from 1993 to 1997, the plaintiff substantiates its claim on the fine imposed on YPF by the Argentine Secretariat of Industry and Commerce through its resolution of 19 March 1999. It should be noted, however, that Repsol YPF has never participated in the LPG market in Argentina and that the fine for abusing a dominant position was imposed on YPF. In addition, YPF has alleged that charges are barred by the applicable statute of limitations. The evidence production period has commenced. The claim amounts to Ps.91 million (€17 million) for the 1993-1997 period. Adding interests, this amount would increase to Ps.315 million (€58 million), to which an undetermined amount for the period 1997-2001 period should be added, as well as accrued interest and expenses.

*Natural gas market.* As a result of the restrictions on natural gas exports since 2004, YPF had been forced in many instances to partially or fully suspend natural gas export deliveries that are contemplated by its contracts with export customers. YPF has taken steps to appeal the Program of Rationalization of Gas Exports and the Use of Transportation Capacity, as well as the Permanent Additional Injection and the Additional Injection Requirements, as it believes that they are arbitrary and illegitimate, and has informed its customers that such measures constitute an event of force majeure which releases YPF from any responsibility and/or penalty deriving from the failure to deliver the volumes of gas stipulated under the relevant agreements.

A number of YPF's customers, including Electroandina S.A. and Empresa Eléctrica del Norte Grande S.A., have rejected YPF's interpretation and have claimed damages and/or penalties for breach of supply undertakings, while at the same time reserving their rights to file additional claims in the future. Electroandina S.A. and Empresa Eléctrica del Norte Grande S.A. have announced the formal commencement of the negotiation period prior to starting arbitration proceedings. These companies have claimed damages through September 2007, for an amount of US\$93 million (€65 million). YPF has opposed such claims. To date, YPF has not been informed of any arbitration proceedings initiated by Electroandina S.A. and/or Empresa Eléctrica del Norte Grande S.A.

*AES Uruguaiana Empreendimentos S.A. ("AESU"), Companhia de Gás do Estado do Rio Grande do Sul ("Sulgás").* AESU has claimed damages of a total amount of US\$28 million (€19 million) for missed deliveries of natural gas volumes during the period 16 September 2007 through 25 June 2008. On 16 July 2008, AESU also claimed damages of a total amount of US\$3 million (€2 million) for missed deliveries of natural gas volumes during the period 18 January 2006 through 1 December 2006. YPF has contested both of these claims. By letter dated on 20 March 2009, AESU notified YPF that it was terminating the related contract unilaterally.

On 6 April 2009, YPF was notified by the International Chamber of Commerce ("ICC") of an arbitration brought by AESU and Companhia de Gás do Estado do Rio Grande do Sul ("Sulgás") against YPF claiming damages of an approximate amount of US\$1,052 million (€730 million), which includes the amount referred to above, in connection with YPF's alleged liability resulting from the termination by AESU and Sulgás of the natural gas export contract entered into in September 1998. YPF denies all liability arising from such termination. Moreover, YPF believes that AESU's damages assessment is far beyond any reasonable assessment, since it exceeds six-fold the maximum aggregate deliver-or-pay penalties that would have accrued in the event that YPF would have breached its delivery obligations for the maximum daily quantity through the expiration of the term of the natural gas export contract, as set forth in the contract entered into in 1998. In addition, more than 90% of AESU's damages assessment relates to alleged loss of profits that may be strongly challenged on the basis that prior to the termination of the natural gas export contract, AESU voluntarily terminated all of its long-term power purchase contracts. YPF's management considers that the claim brought by AESU is likely to be unsuccessful. On 1 October 2010 the terms of reference were signed and the rules of procedure laid down.

Furthermore, on 6 April 2009 YPF registered at the ICC a request for arbitration against AESU, Sulgás and Transportadora de Gas del Mercosur S.A. (“TGM”), seeking an award from the Arbitral Tribunal which states, among other things, that AESU and Sulgás have repudiated and unilaterally and illegally terminated the natural gas export contract entered into in September 1998 and declaring AESU and Sulgás liable for any damages suffered by the parties because of such termination, including but not limited to the damages resulting from the termination of the natural gas transportation contracts associated with the natural gas export contract. The Arbitration Tribunal has been constituted in both arbitration proceedings. On 1 October 2010 the terms of reference were signed and the rules of procedure laid down.

With respect to the termination of the natural gas transportation contracts associated with this natural gas export contract, YPF was notified by the ICC of an arbitration brought by TGM against YPF claiming unpaid and outstanding payments for an approximate amount of US\$10 million (€7 million) plus interests, in connection with the transportation fee established in the natural gas transportation contract entered into in September 1998 between YPF and TGM. YPF has requested the joinder of these two proceedings. On 10 July 2009, TGM increased the amount of its claim to approximately US\$17.3 million (€12 million) and claimed an additional amount of approximately US\$366.4 million (€253 million) for lost profits, a claim for which YPF believes it should not be responsible. YPF has rejected TGM’s arguments. The Arbitration Tribunal has been constituted. On 10 June 2010, YPF submitted its arguments on procedural grounds before the Arbitration Tribunal and requested the Arbitration Tribunal to determine that it was not competent to hear the claim. In case such motion is rejected, YPF has requested the Arbitration Tribunal to suspend this arbitration until the ongoing arbitration with TGM, AESU and Sulgás is solved. On 14 and 15 September 2010 the Arbitration Tribunal held some hearings with YPF and TGM in order to determine its competence, which has not been decided yet.

In addition, YPF is subject to certain claims related to transportation fees and charges associated with transportation services under contracts associated with natural gas exports. One of the parties to these contracts initiated mediation proceedings with YPF in order to determine the merits of its claim. The mediation proceedings, did not result in an agreement and, on 12 March 2010, YPF was notified of the lawsuit filed by such company claiming the fulfillment of contractual obligations and the payment of unpaid invoices while reserving the right to claim for damages. YPF has answered the mentioned claims. In the opinion of YPF’s management, this matter will not have a material adverse effect on YPF’s results of operations.

*Litigation with Transportadora de Gas del Norte S.A. (TGN).* On 8 April 2009, YPF filed a complaint against Transportadora Gas del Norte (TGN) with the Argentine Natural Gas Regulatory Authority, seeking the termination of the natural gas transportation contract with TGN for the transport of natural gas in connection with the natural gas export contract entered with AESU and other parties. The complaint is based on (i) the termination of the referred natural gas export contract and the legal impossibility to assign the transportation contract to other shippers because of certain changes in law in effect since the year 2002; (ii) TGN’s legal impossibility to render the transportation service on a firm basis because of certain changes in law in effect since the year 2004; and (iii) the “statutory hardship” exemption available under Argentine law when extraordinary events render a party’s obligations excessively burdensome.

*Compañía Mega S.A.* Compañía Mega S.A. has claimed compensation from YPF for failure to deliver natural gas under a contract between Compañía Mega S.A. and YPF. YPF has argued that natural gas deliveries to Compañía Mega S.A. pursuant to the contract were affected by decisions made by the Argentine government.

*La Plata refinery environmental disputes.* Since 1999 several claims have been brought for ecological and environmental damages in relation to La Plata refinery, seeking compensation for both collective and individual damages (health, psychological damages, moral damages, property devaluation), as a consequence of environmental pollution purportedly caused by the operation of such refinery, and the remediation of alleged environmental damages in the water canal located west to the refinery. These claims likewise demand the undertaking of various works by YPF, the installation of equipment and technology, and the specific performance by YPF of work necessary to stop any environmental damage. YPF believes that, due

to the indemnity provided by Law No. 24,145, YPF shall be allowed to request reimbursement of the expenses for liabilities existing on or prior to 1 January 1991 (before its privatisation) from the Argentine government. To the extent some of these claims partially overlap, YPF believes that they will need to be partially consolidated.

*Sale of Electricidad Argentina S.A. and Empresa Distribuidora y Comercializadora Norte S.A. to EDF Internacional S.A. ("EDF").* In July 2002, EDF initiated an international arbitration proceeding under the Arbitration Regulations of the International Chamber of Commerce against YPF, among others, seeking damages from YPF under the Stock Purchase Agreement dated 30 March 2001 which entitled EDF to an adjustment in the purchase price due to changes in the exchange rate of the Argentine peso prior to 31 December 2001. The arbitration decision of 22 October 2007 upheld EDF's claim; nonetheless, it also accepted the counterclaim filed by YPF. The amount payable by YPF should the resulting award become final is US\$28.9 million (€20 million). However, YPF has challenged the award by filing an extraordinary appeal before the Argentine Supreme Court and an appeal before the Argentine Federal Court of Appeals on Commercial Matters. In April 2008, the Argentine Federal Court of Appeals on Commercial Matters suspended the effects of the arbitral award pending its appeal. On 9 December 2009, the Argentine Federal Court of Appeals on Commercial Matters handed down a judgment on the parties' appeals in which it annulled the arbitration decision that condemned YPF to pay compensation for damages to EDF. It likewise annulled the decision which condemned EDF to pay compensation to YPF. EDF filed an extraordinary appeal against the aforementioned court's judgment, which has been rejected by the Argentine Supreme Court. EDF has presented a complaint appeal against the Argentine Supreme Court's decision, which was recently rejected by the Supreme Court. Consequently, the Court of Appeal's decision was confirmed. EDF had filed a claim before the District Court of the State of Delaware, the United States, seeking to enforce the arbitration award. Said proceedings were terminated based on the rejection of EDF's appeal against the Argentine Supreme Court's decision. Considering the above mentioned, YPF considers that the outcome of this claim against it is likely to be unsuccessful. In addition, YPF has been notified of an action filed by EDF in Paris, France, also seeking enforcement of the award in France. Notwithstanding the Supreme Court's decision in Argentina, the ruling enforcing the award in France might eventually be executed if YPF had any assets in that jurisdiction.

*CNDC investigation.* On 17 November 2003, within the framework of an official investigation pursuant to Article 29 of the Antitrust Act, the CNDC issued a request for explanations from a group of approximately 30 natural gas production companies, including YPF, with respect, among other things, to the following items: (i) the inclusion of clauses purportedly restraining trade in natural gas purchase/sale contracts; and (ii) gas imports from Bolivia, in particular (a) an expired contract signed by YPF, when it was state-owned, and YPFB (the Bolivian state-owned oil company), under which YPF allegedly sold Bolivian gas in Argentina at prices below the purchase price and (b) the unsuccessful attempts in 2001 by Duke and Distribuidora de Gas del Centro to import gas into Argentina from Bolivia. In January 2006, YPF received a notification of the CNDC ordering that preliminary proceedings be undertaken. YPF contested the complaint on the basis that no violation of the Act took place and that the charges are barred by the applicable statute of limitations. On 15 January 2007, the CNDC charged YPF and eight other producers with violations of Law 25,156. YPF presented evidence for its defence. In June 2007, without acknowledging any conduct in violation of the Antitrust Act, YPF filed with the CNDC a commitment according to Article 36 of the Antitrust Act in which YPF committed not to include the challenged clauses in future sales contracts of natural gas and requested that the CNDC approve the commitment, suspend the investigation and dismiss the proceedings. YPF is still awaiting a formal response. On 14 December 2007, the CNDC elevated the investigation to the Court of Appeals after YPF had filed an appeal against the decision which rejected its statute of limitations defence.

YPF is also currently subject to other antitrust proceedings concerning alleged price discrimination practices in the sale of fuel.

*Northwest basin reserves review.* The effectiveness of natural gas export authorisations (related to production in the Northwest basin) granted to YPF pursuant to Resolutions SE Nos. 165/99, 576/99, 629/99 and 168/00, issued by the Secretariat of Energy, is subject to an analysis by the Secretariat of Energy to



determine whether sufficient additional natural gas reserves have been discovered or developed by YPF in the Northwest basin. The result of this ongoing review is uncertain and may have an adverse impact upon the execution of the export gas sales agreements related to such export authorisations, and may imply significant costs and liabilities for YPF. YPF has submitted to the Secretariat of Energy documentation in order to allow for the continuation of the authorised exports in accordance with Resolutions SE No. 629/1999, 565/1999, and 576/1999 (the “Export Permits”). These Export Permits relate to the long-term natural gas export contracts with Gas Atacama Generación, Empresa Eléctrica del Norte Grande S.A. and Electroandina S.A., involving volumes of 900,000 m<sup>3</sup>/day, 600,000 m<sup>3</sup>/day and 175,000 m<sup>3</sup>/day, respectively. YPF has not yet received a response from the Argentine Secretariat of Energy. The file is currently awaiting decision from the Argentine Secretariat of Energy. If the Argentine Secretariat of Energy were to determine that the reserves are not sufficient to continue to comply with YPF's export commitments and other commitments, it could declare the expiration or suspension of one or more of the Export Permits, which would have a direct impact on the related export contracts.

On 11 August 2006, YPF received Note SE No. 1009 (the “Note”) from the Secretariat of Energy, which reviewed the progress of reserves in the Ramos Area in the Northwest basin, in relation to the export authorisation granted by Resolution SE No. 169/97 (the “Export Authorisation”). The Export Authorisation concerns the long-term natural gas export contract between YPF and Gas Atacama Generación for a maximum daily volume of 530,000 m<sup>3</sup>/day. The Note stated that as a result of the decrease in natural gas reserves supporting the Export Authorisation, the domestic market supply was at risk. The Note preventively provided that the maximum natural gas daily volumes authorised to be exported under the Export Authorisation was to be reduced to 20%, affecting the export contract. YPF filed an answer to the Note on 15 September 2006 stating YPF's allegations and defences. In 2009, YPF and Gas Atacama reached an agreement pursuant to which the export contract has been substantially amended.

*Patagonian Association of Landowners (ASSUPA) claims.* In August 2003, ASSUPA filed suit against several concession holders of the operation and permit holders of the exploration of the Neuquén River Basin, including YPF, requesting that they be ordered to remedy the collective environmental damage supposedly caused and to take the necessary measures to avoid environmental damage in the future. The amount claimed is US\$548 million (€380 million). YPF and the other defendants filed a motion to dismiss for failure of the plaintiff to state a claim upon which relief may be granted. The court granted the motion, and ASSUPA had to file a supplementary complaint. YPF requested that the claim be rejected because the defects of the demand indicated by the Argentine Supreme Court had not been corrected but such request was denied. However, YPF has also requested that the claim be rejected for other reasons, and has impleaded the National Government, due to its obligation to indemnify YPF against any liability and hold YPF harmless for events and claims previous to 1 January 1991, according to Law No. 22,145 and Decree 546/1993. On 26 August 2008, the Argentine Supreme Court ruled that the plaintiff had rectified the defects of the demand. In compliance with a ruling of 23 January 2009 certain Argentine provinces, the Argentine State and the Argentine Federal Council for the Environment were impleaded. The proceeding has been deferred until such third parties appear before court. The provinces of Neuquén and La Pampa have filed a motion for lack of jurisdiction (*excepción de incompetencia*).

*Dock Sud and Quilmes claims.* Residents of the Dock Sud area filed environmental claims against multiple respondents (up to 44) including YPF, the National Government, the Province of Buenos Aires, the Autonomous City of Buenos Aires and fourteen municipalities, seeking individual damage to their health and to their property, environmental remediation in the Dock Sud area and the indemnification of the environmental collective damage produced in the Matanza Riachuelo basin. On 8 July 2008, the Argentine Supreme Court decided that the Basin Authority (Law 26,168) will be in charge of performing a remediation plan as well as of taking preventive measures in the area, while the National Government, the Province of Buenos Aires and the Autonomous City of Buenos Aires shall be responsible for ensuring that such actions are taken. The Supreme Court will have to determine whether and how much liability is to be borne by the parties involved.

Additionally, another group of residents of the Dock Sud area, have filed two other environmental lawsuits, one of which does not involve YPF, requesting that several companies located in that area,

including YPF, the Province of Buenos Aires and several municipalities, remediate and, alternatively, indemnify the collective environmental damage of the Dock Sud area and any individual damage that has been suffered. YPF has the right of indemnity by the Argentine government for events and claims prior to 1 January 1991, pursuant to Law No. 22,145 and Decree No. 546/1993.

In addition, citizens claiming to be residents living near Quilmes, in the province of Buenos Aires, have filed a lawsuit in which they have requested the remediation of environmental damages and the payment of Ps.47 million (€9 million) as compensation for alleged personal damages, plus interest. The plaintiffs base their claim mainly on a fuel leak that occurred in 1988 in a poliduct running from La Plata to Dock Sud. The leaked fuel became perceptible in 2002, resulting in remediation that is now being performed by YPF in the affected area, supervised by the environmental authority of the province of Buenos Aires. YPF has answered the complaint requesting its rejection and impleading the Argentine government in order to request that it indemnify YPF against any liability and hold YPF harmless in connection with this lawsuit, as provided by Law No. 24,145. The Argentine government has denied any responsibility to indemnify YPF for this matter, and YPF has sued the Argentine government to obtain a judicial award that annuls this decision. There are 33 other judicial claims that have been brought against YPF based on similar allegations, amounting to approximately Ps.17 million (€3 million).

*Concessions in the Province of Río Negro.* On 15 May 2008, YPF was notified of Resolution 433/08 concerning compliance with certain obligations of YPF as an exploitation concessionaire in the hydrocarbon bearing zones of Barranca de los Loros, Bajo del Piche, El Medanito and Los Caldenes, all located in Rio Negro Province. This resolution asserts that YPF, among others, in its capacity as a concessionaire, are liable for failing to meet certain concession and environmental obligations. If found liable, YPF could be at risk of termination of these concession contracts. In light of the above, and consistent with provisions of the Hydrocarbons Law, YPF was requested to submit a response. On 1 December 2009, YPF presented the requested documentary evidence, while stating that the resolution of its claims related to certain aspects related to the production of evidence are still pending.

Since the Hydrocarbons Law grants the concessionaire the right, prior to termination of the concession, to cure any breach of the concession obligations within a certain period of time after receiving notice thereof, on 29 May 2008, YPF filed a request for nullification of Resolution 433/08 (“MP”), since this resolution failed to grant YPF such right. Additionally, YPF submitted a response denying the charges against it and on 12 November 2008, the Ministry of Production ordered the initiation of the evidence production period. On 28 November 2008, YPF filed a writ requesting the production of certain evidence and the appointment of YPF’s technical expert. YPF has challenged certain aspects related to the production of evidence. On 1 December 2009, the relevant informative evidence was presented, while certain issues related to the evidence raised by YPF are still pending resolution. Finally, on 16 September 2010, YPF requested the termination of this claim based on: (a) the amounts invested to fulfil the concession obligations between 2007 and 2010 and (b) the actions taken as regards the environmental obligations.

### ***United States of America***

The following is a brief description of certain environmental and other liabilities related to YPF Holdings, Inc., a Delaware corporation.

In connection with the sale of Maxus Energy Corporation’s (“Maxus”) former chemical subsidiary, Diamond Shamrock Chemicals Company (“Chemicals”), to a subsidiary of Occidental Petroleum Corporation (“Occidental”) in 1986, Maxus agreed to indemnify Chemicals and Occidental from and against certain liabilities relating to the business and activities of Chemicals prior to the 4 September 1986 closing date (the “Closing Date”), 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 YPF acquired YPF.

As of 31 December 2009, YPF Holdings’ reserves for environmental and other contingencies, including litigation, totalled approximately €97 million. YPF Holdings management believes it has

adequately reserved for these and other contingencies that are probable and can be reasonably estimated based on information as of such time; however, many such contingencies are subject to significant uncertainties, including the completion of ongoing studies, the discovery of new facts, and the issuance of orders by regulatory authorities, which could result in material additions to such reserves in the future. It is possible that additional claims will be made, and additional information about new or existing claims (such as results of ongoing investigations, the issuance of court decisions or the signing of settlement agreements) is likely to develop over time. YPF Holdings' reserves for the environmental and other contingencies described below are substantial based solely on currently available information and as a result, YPF Holdings, Maxus and Tierra Solutions Inc. may have to incur substantial costs that may be material, in addition to the reserves already taken.

In the following discussion of the key litigation proceedings underway in the U.S., references to YPF Holdings include, as appropriate, references to Maxus and Tierra Solutions Inc. ("Tierra"), a subsidiary of YPF Holdings, which has assumed certain of Maxus' environmental obligations.

*Newark, New Jersey, and Adjacent Water Bodies.* Chemicals formerly operated an agricultural chemicals plant in Newark, New Jersey. This facility has been the subject of numerous claims of environmental contamination and other damages alleged to result from operations at the facility, at the plant site and surrounding property, including the adjacent water bodies, the Passaic River and Newark Bay. As a result of these claims, Occidental, as the successor to Chemicals, has entered into various agreements with the U.S. Environmental Protection Agency (the "EPA"), the New Jersey Department of Environmental Protection (the "DEP"), and third parties also alleged to have contributed contamination to the affected properties. These agreements include a 1990 consent order related to the remedy for the plant facility, a 1994 agreement under which Tierra conducted studies on behalf of Occidental in the lower six miles of the Passaic River, a 2004 agreement under which Tierra is presently conducting studies in Newark Bay and the lower portions of its tributaries other than the Passaic River, and a 2007 agreement under which Tierra and over seventy other parties are presently conducting studies in the lower seventeen miles of the Passaic River.

In 2007, EPA released a draft Focused Feasibility Study ("FFS") that outlines several alternatives for remedial action in the lower eight miles of the Passaic River. These alternatives range from no action to extensive dredging and capping, and are described by EPA as involving proven technologies that could be carried out in the near term. The total remediation costs, to be split among the more than 300 entities, including Maxus, which could end up being involved in the Passaic River lawsuit, could range (depending on the actions and measures taken) from zero (if no action is taken) to actions which could amount to approximately €1,500 million. Tierra, together with other parties involved in Passaic River issues, submitted comments on the FFS to EPA, which has elected to perform further investigation and states that a revised remedy proposal will be issued sometime in 2011. Tierra plans to respond to any revised proposal as may be appropriate at that time.

In June 2008, Occidental and Tierra entered an agreement with EPA, under which Tierra will undertake the removal of sediment from a portion of the Passaic River in the vicinity of the former Newark facility. This action will result in the removal of approximately 200,000 cubic yards of sediment, in two phases, and is expected to cost approximately US\$80 million (€56 million), of which US\$22 million (€15 million) has been paid into a trust account to fund the work. Notwithstanding, during the first quarter of 2010 a letter of credit to provide financial assurance has been issued in order to avoid the restriction of additional funds pursuant to the AOC. During the removal work, certain contaminants not produced at Chemicals' former facility will also be removed; YPF Holdings may seek cost recovery from the parties responsible for such contaminants, but is unable at this time to predict the success of a cost recovery action.

In December 2005, the DEP and the New Jersey Spill Compensation Fund sued YPF Holdings, Tierra, Maxus and other affiliates, as well as Occidental, seeking damages in connection with the contamination allegedly emanating from the Newark facility and allegedly contaminating the Passaic River, Newark Bay, and other nearby water bodies and properties (the Passaic River/Newark Bay litigation). The plaintiffs have represented in court that this litigation should not be preempted by the remedial studies and activities taking place under EPA oversight because they are not seeking remediation, only damages. The defendants have

made responsive pleadings, and in February 2009, third-party claims were filed against approximately 300 companies and governmental entities (including certain municipalities) which could have responsibility for the conditions of the allegedly affected properties.

As of 31 December 2009, YPF Holdings has reserved its best estimation with the available information in connection with the foregoing matters concerning Newark. However, it is possible that other works, including interim remedial measures, may be ordered or that additional claims may be brought.

*Hudson and Essex Counties, New Jersey.* Until 1972, Chemicals operated a chromite ore processing facility in Kearny, New Jersey. Tierra, on behalf of Occidental, is conducting remedial work on this facility and surrounding properties where chromite ore processing residue (“COPR”) from the facility is believed to have become located, pursuant to an agreed consent order with the DEP. Tierra has provided financial assurance in the amount of US\$20 million (€14 million) in connection with such work.

In May 2005, the DEP issued a directive to Maxus, Occidental, and two other chromium manufacturers directing them to arrange for the cleanup of COPR at three sites in Jersey City, New Jersey, and for the conduct of a study by paying the DEP a total of US\$20 million (€14 million). The DEP also filed a lawsuit (the Hudson County, New Jersey litigation) against the above parties seeking cleanup of COPR from various sites not addressed in the consent order described above, recovery of past costs, and treble damages. The parties have reached a tentative agreement to settle both matters, under which Tierra will pay US\$5 million (€3 million) and will remediate three sites at an estimated cost of US\$2 million (€1 million). In addition, in 2008 the DEP approved the construction of certain interim remedial measures relating to the Kearny Plant. Work on these remedial measures has begun.

As of 31 December 2009, YPF Holdings has reserved its best estimation with the available information in connection with the foregoing matters. However, it is possible that additional factors, including a change of chromium cleanup standards presently under review in New Jersey, could result in YPF Holdings incurring material costs in addition to the amount currently reserved.

*Other Former Plant Sites and Third Party Sites.* Tierra and Maxus are participating, on behalf of Occidental, in environmental response and remediation activities at a variety of lesser sites, including Chemicals’ former Painesville, Ohio site at which remediation is nearing completion, some smaller manufacturing facilities which Chemicals once owned or had an interest in, and waste disposal sites where Chemicals and other parties are alleged to have contributed waste materials.

*Dallas Occidental vs. Maxus Litigation (“Agent Orange” and VCM Litigation).* In 2002, Occidental sued Maxus and Tierra in a state court in Dallas, Texas, seeking a declaration that under the agreement by which Maxus sold Chemicals to Occidental in 1986, Maxus and Tierra have an obligation to defend and indemnify Occidental from certain historical obligations of Chemicals, including claims related to “Agent Orange” and vinyl chloride monomer (VCM). Tierra was dismissed as a party, but at trial in 2006, Maxus was found to be liable to indemnify Occidental for these claims. This decision was affirmed by the Court of Appeals, and Maxus’ petition to the Texas Supreme Court for review was denied. Maxus will be required to reimburse Occidental for damages in connection with these claims. Maxus has reimbursed Occidental for the majority of these damages and has reserved for the remaining claims while resolving the final amounts with Occidental. Although this judgment does contain declaratory relief that Maxus must indemnify Occidental for certain types of future claims, YPF Holdings does not believe that these claims will be material to the financial condition of the company. In developments related to the Agent Orange litigation, which may be affected by this lawsuit, the U.S. district court granted the defendants’ motions for summary judgment in a number of these cases. The plaintiffs appealed the judgments to the Second Circuit Court of Appeals, which affirmed the summary judgment; in March 2009, the U.S. Supreme Court declined to hear a further petition. All pending Agent Orange litigation was dismissed in December 2009, and although it is possible that further claims may be filed by unknown parties in the future, no further significant liability is anticipated.

YPF Holdings, including its subsidiaries, is a party to various other lawsuits, the outcomes of which are not expected to have a material adverse affect on its financial condition. YPF Holdings has established reserves for legal contingencies where a loss is probable and can be reasonably estimated.

### ***Ecuador***

On 9 June 2008 the companies comprising the Block 16 consortium, including Repsol YPF Ecuador S.A., the operator of the block, brought four claims before the International Centre for Settlement of Investment Disputes (ICSID) against Empresa Estatal Petróleos del Ecuador (PetroEcuador) in connection, *inter alia*, with controversies regarding the applicability of certain adjustments to the participation calculation. On 20 August 2008, a settlement agreement was reached and an “Acta de Compensación de Cuentas” was signed by PetroEcuador and Repsol YPF Ecuador S.A., whereby reciprocal outstanding credits and outstanding oil barrels debts for Block 16 and for Campo Unificado Bogi-Capirón were offset. By means of the execution of the “Acta de Compensación de Cuentas,” three of the four claims brought before the ICSID were settled.

The remaining claim, concerning Law 2006-42, relates to the application of the new minimum tax of 50% on extraordinary profits. Notwithstanding the international arbitration process and the injunction requests brought by Repsol YPF Ecuador S.A., the Government of Ecuador brought forward a coercive process, instigated by PetroEcuador, demanding payment in respect of extraordinary profits generated between April 2006 and March 2008 (in an amount of US\$591.5 million (€410 million)), which were paid under protest. On 12 March 2009, following a negotiation process, a Disbursement Agreement (“Convenio de Desembolsos”) was executed in respect of extraordinary profits generated between April 2008 and December 2008. This Disbursement Agreement was implemented without relinquishing the arbitration process and under the condition that, if such payments are reduced, voided or declared inadmissible by a decision of a court, arbitration tribunal or otherwise or, alternatively, if Repsol YPF Ecuador S.A.’s right to an indemnification is recognised, Repsol YPF Ecuador S.A. will be able to cease disbursements of pending amounts under Law 2006-42. The signing of the Disbursement Agreement suspended the coercive process.

In accordance with the payment schedule set forth in the Disbursement Agreement, Repsol YPF Ecuador S.A. has paid US\$195 million (€149 million).

Pursuant to a resolution of the ICSID Arbitration Tribunal dated 17 June 2009, in effect through 12 March 2010, neither the Ecuadorian Government nor PetroEcuador or any other public entity of the Republic of Ecuador, may, by itself or through its officers or employees, take any action against or in relation with the claimants which seeks to seize or garnish Repsol YPF Ecuador S.A.’s assets or which may result in suspending or materially affecting the activities of the claimants, unless they provide the claimants and the ICSID Arbitration Tribunal with a written notice of their intentions at least six business days in advance of taking such action. On 7 May 2010, the ICSID Arbitration Tribunal extended the effectiveness of the resolution through 11 March 2011. In September 2010 Ecuador submitted its counter-memorial.

Until March 2009, Repsol YPF’s interest in the Block 16 consortium was 35%; as from that date, Repsol YPF holds, directly and indirectly, a 55% interest in the consortium.

### ***Algeria***

*Integrated LNG Project Gassi Touil.* In 2004, Repsol YPF (60%) and Gas Natural (40%) signed the integrated LNG project Gassi Touil awarded by the Algerian authorities. The project included exploration, production, liquefaction and LNG marketing in the Gassi Touil Rhourde Nous-Hamra area, located in the eastern part of Algeria. The natural gas liquefaction plant was to be constructed in Arzew.

In March 2006, Repsol YPF (48%), Gas Natural (32%) and the Algerian state oil and gas company Sonatrach (20%), as part of the integrated LNG project Gassi Touil, signed an agreement for the establishment of a joint venture, “El Andalus,” which was going to construct and operate the natural gas liquefaction plant in Arzew.

On 13 August 2007 Sonatrach rescinded the Gassi Touil project and decided to take exclusive control of the project. Repsol YPF and Gas Natural announced that they would challenge the validity of Sonatrach's rescission and seek damages for wrongful termination of contract before an international arbitral body pursuant to the provisions of the Gassi Touil contract.

Sonatrach initiated international arbitration proceedings, seeking validation of its decision to rescind the Gassi Touil Project agreement and claiming damages.

On 27 November 2009, an arbitration award was issued, resolving the controversy between Repsol YPF, Gas Natural and Sonatrach. The arbitration tribunal deemed said contract to have been terminated in accordance with its provisions, without obliging any of the parties to indemnify the other as a consequence of its termination. The arbitration award further requires Sonatrach to purchase Repsol YPF's and Gas Natural's shares in the joint venture company responsible for the process of liquefying natural gas in the Gassi Touil project, at a price equal to the current cash holdings of said company. However, the arbitration award does not provide for the restitution of investments made in the project by Repsol YPF and Gas Natural, and therefore Repsol YPF has written off the corresponding assets in its financial statements, with a net impact of €103 million.

#### *Gas Natural Fenosa's legal proceedings*

*Gas Natural Fenosa v. Sonatrach (Gas Supply contract Litigation)*. Gas Natural Fenosa and Sonatrach were engaged in a dispute over the price review for the gas supply contracts received from Algeria through the Maghreb-Europe pipeline. The final arbitration ruling notified in August 2010, provides for a price increase from 2007 onwards. The maximum retroactive effects invoiced by Sonatrach to Gas Natural Fenosa would amount to \$1,970 million. Gas Natural Fenosa has challenged the arbitration ruling before the Swiss Federal Court and has requested opening the price review process of the above contracts to take into account the profound changes that have taken place, as well as the current situation of the world markets, particularly in Spain, as contemplated by the contracts. In the event that none of the processes related to the award or the price revision were successful and considering the amount of provisions accounted to that effect as well as the recourse to certain customers, Gas Natural Fenosa has estimated that its profit after tax for the year 2010 could be reduced by a maximum of €450 million (€136 million, according to Repsol YPF's stake in Gas Natural Fenosa).

#### *Trinidad and Tobago*

On 1 September 2008, BP America Production Company initiated arbitration proceedings in New York against Repsol YPF under the UNCITRAL Rules, in connection with Repsol YPF's alleged obligation to share the extraordinary income derived from the shipping of certain LNG cargoes of Atlantic LNG 2/3 Company of Trinidad and Tobago Unlimited's trains 2 and 3, under the Supplemental Agreement entered into by Repsol YPF and Atlantic LNG 2/3 Company. The arbitration proceeding was divided into two phases, each of which addressed the interpretation of the Supplemental Agreement and the economic consequences resulting from its application, respectively. On 17 November 2009, the arbitration tribunal validated BP's interpretation of the Supplemental Agreement. In June 2010, Repsol YPF and BP executed a Settlement Agreement to finally settle the case.

## TAXATION

### The Netherlands

*The following is a general summary 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 summary 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 summary 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.

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

Where in this paragraph "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 the entire 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 under such terms and conditions that such Notes are capable of being classified as equity of the Issuer 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*) and where Notes are issued 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 summary 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, has not elected to be treated as a resident of The Netherlands 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 shareholder, 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 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 come under exception 1 above, and if he derives or is deemed to derive benefits from Notes, including any payment thereunder 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 substantial interest (*aanmerkelijk belang*) in the Issuer.

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 – owns, or pursuant to article 2.14a, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) 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 come 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 the Holder's 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 the Holder 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 the circumstances described therein, or
- c. if the Holder 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 such Holder or by a person who is a connected person in relation to



such Holder as defined in 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 such enterprise; or
- (b) such Non-Resident Holder of Notes has a substantial interest in the Issuer.

A person other than an individual has a substantial interest in the Issuer, (i) if it has a substantial interest in the Issuer (as described above under *Individuals*) or (ii) if it has a deemed substantial interest in the Issuer. A deemed substantial interest may be present if its shares, profit participating certificates or rights to acquire shares or profit participating certificates in the Issuer have been acquired by such person or are deemed to have been acquired by such person on a non-recognition basis.

#### *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 the 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 (*opshortende 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 the 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 summary is based on the advice of Análisis Asesoramiento e Información, S.L., Repsol YPF's special Spanish tax counsel, with respect to taxes imposed by the Kingdom of Spain. It is a summary of the principal Spanish tax consequences of the ownership and disposition of Notes.*

This summary 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 advisors 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.

In this respect regard should be had to certain government initiatives, pursuant to which amendments to the taxation regime described in this summary could potentially be made. Although the final terms of these initiatives are still unknown, a change to the tax consequences for individuals and companies described in this summary as a result of the coming into force of those government initiatives cannot be entirely ruled out.

### ***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 present rate of taxation at source is set at 19%. However when the income recipient is a corporation, certain exemptions have been established, so corporate holders are suggested to obtain independent tax advice. The advanced tax is credited against final Individual or Corporate Income Tax with no limit; hence, any excess entitles the taxpayer to a refund.

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

- (i) for individual taxpayers 19% up to €6,000 and 21% on the excess over €6,000, as capital income, for individual taxpayers; and
- (ii) for corporate taxpayers 30%, though, under certain circumstances (small companies, non-profit entities, among others), a lower rate may apply.

## **Luxembourg**

*The following is a general summary and the tax consequences as described here may not apply to a holder of Notes. Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes in his particular circumstances.*

This taxation summary solely addresses the principal Luxembourg tax consequences of the acquisition, ownership and disposition of Notes to be issued by the Issuer. It does not discuss 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 summary English terms and expressions are used to refer to Luxembourg concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Luxembourg concepts under Luxembourg tax law.

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

### ***Withholding tax***

The Council of the European Union (the **EU**) has adopted a Directive regarding the taxation of savings income (*Directive 2003/48/EC of 3 June 2003*) (the **Directive**). The Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Luxembourg will instead impose a withholding system for a transitional period unless during such period it elects otherwise.

Luxembourg implemented the Directive in its domestic legislation. In the event of interest payments on the Notes being made or secured by paying agents located in Luxembourg for the immediate benefit of beneficial owners who are resident in an EU Member State other than Luxembourg, or in certain of the territories dependent or associated with an EU Member State, and being either (i) individuals or (ii) certain residual entities (generally entities other than legal entities, Undertakings for Collective Investments in Transferable Securities (**UCITS**) and entities taxed as enterprises) (the **Residual Entities**), such paying agent must withhold a withholding tax at a rate of 20%. This rate will be increased to 35% as of 1 July 2011. Such beneficial owners and residual entities can avoid such withholding by either authorising the relevant paying

agent to exchange information regarding the interest payment to the relevant tax authorities or providing it with a certificate issued by the latter.

Furthermore, in case interest payments on the Notes are made or secured by paying agents located in Luxembourg, such paying agent must withhold a withholding tax at a rate of 10% in the following cases:

- (i) if such payments are made for the immediate benefit of individuals resident in Luxembourg; or
- (ii) if such payments are made to the Residual Entities for the benefit of Luxembourg resident individuals. The withholding tax shall not apply if, for the purposes of the application of the Directive, the residual entity elects to exchange information or elects to be treated as a UCITS.

No other Luxembourg withholding taxes are applicable on payments under the Notes.

### ***Taxes on income, capital gains and net wealth***

The summary set out in this section “Taxes on income, capital gains and net wealth” only applies to a holder of Notes who is neither resident nor deemed to be resident in Luxembourg for the purposes of Luxembourg income tax, corporation tax, or net wealth tax, as the case may be (a ***Non-Resident Holder of Notes***).

A Non-Resident Holder of Notes will not be subject to any Luxembourg taxes on income or capital gains in respect of any benefit derived or deemed to be derived from Notes, including any payment under Notes and any gain realised on the disposal of Notes, provided that the holding of Notes is not effectively connected to a permanent establishment in Luxembourg through which the Holder carries on a business or trade in Luxembourg. Similarly, such Non-Resident Holders of Notes will not be subject to any Luxembourg net wealth tax with regard to the Notes.

### ***Luxembourg gift and inheritance taxes***

Inheritance tax is levied in Luxembourg at progressive rates (depending on the value of the assets inherited and the degree of relationship). No Luxembourg inheritance tax will be due in respect of the Notes unless the Holder of Notes resides in Luxembourg at the time of his decease. No gift tax is due upon the donation of Notes unless such donation is registered in Luxembourg (which is generally not required).

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in the Amended and Restated Dealer Agreement dated 23 October 2009 (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 commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

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 U.S. Securities Act of 1933 as amended (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.

Notes having maturity of more than one year may not be offered, sold or delivered within the United States or its possessions or to United States persons.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, it has offered and sold the Notes of any identifiable tranche, and shall 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, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and shall comply with the offering restrictions requirement of Regulation S. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, to notify the Issuing and Paying Agent or, in the case of Notes issued on a syndicated basis, the Lead Manager when it has completed the distribution of its portion of the Notes of any identifiable tranche so that the Issuing and Paying Agent or, in the case of a Notes issued on a syndicated basis, the Lead Manager may determine the completion of the distribution of all Notes of that tranche and notify the other relevant Dealers of the end of the distribution compliance period. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that at or prior to confirmation of sale of Notes, it

will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it prior to the expiration of the 40-day distribution compliance period a confirmation or notice to substantially the following effect:

*“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the **Securities Act**) and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (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 Relevant Dealers, by the Issuing and Paying Agent or, in the case of a Syndicated Issuer, the Lead Manager, except in either case in accordance with Regulation S under the Securities Act. Accordingly, neither you, your affiliates nor any person acting on your behalf or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes and if selling Notes to another dealer, distributor or person receiving a selling concession, fee or other remuneration in respect of the Notes sold prior to the expiration of the 40-day distribution compliance period, you will send a confirmation or other notice to the purchaser stating that such purchaser is subject to the same restrictions on offers and sales which apply to a distributor and which are set forth herein. Terms used above have the meanings given to them by Regulation S.”* Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after completion of the distribution of the Notes comprising any Tranche, 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.

Unless the purchase information or the subscription agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is either “C Rules” or “not applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, in relation to each Tranche of Notes:

- (a) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the **D Rules**):
  - (i) it has not offered or sold, and during the restricted period shall not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person and
  - (ii) it has not delivered and shall not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (b) it has and throughout the restricted period shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring the Notes for purposes of resale in connection with their original issuance and if it retains Notes for its own account, it shall only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6);
- (d) with respect to each affiliate that acquires from it Notes for the purpose of offering or selling such Notes during the restricted period, it either (a) repeats and confirms the representations set forth in sub-paragraphs (a), (b) and (c) above on behalf of such affiliate or (b) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations set forth in sub-paragraphs (a), (b) and (c) above; and
- (e) it has not and will not enter into any written contract (other than a confirmation or other notice of the transaction) pursuant to which any other party to the contract (other than with one of its affiliates or another Dealer) has offered or sold, or during the restricted period will offer or sell, any Notes except where pursuant to the contract it has obtained or will obtain from that party, for the benefit of the Issuer and the several Dealers, the representations contained in, and the

distributor's agreement to comply with, the provisions set forth in sub-paragraphs (a), (b), (c), (d) and (e).

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

In addition, to the extent that the purchase information or the subscription agreement relating to one or more Tranches of Notes specifies that the applicable TEFRA exemption is "C Rules", under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the **C Rules**), Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, 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 shall not offer, sell or deliver, directly or indirectly, Notes within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Notes, 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 communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions or otherwise involve any office in the United States or its possessions in the offer or sale of Notes. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the C Rules.

Each issuance of Dual Currency Notes and Indexed Notes shall be subject to such additional U.S. selling restrictions as the relevant Dealer(s) shall agree with the Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes (as indicated in the applicable Final Terms). Each relevant Dealer has represented and agreed, and each further relevant Dealer appointed under the Programme will be required to represent and agree, that it shall offer, sell and deliver such Notes only in compliance with such additional United States selling restrictions.

### ***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) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

- (d) at any time to fewer than 100 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
- (e) 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 subsections (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement 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 and the expression *Prospectus Directive* means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### ***United Kingdom***

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

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

### ***The Netherlands***

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



## *Spain*

Each Dealer has represented 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 offered or sold in the Kingdom of Spain and represents and agrees that it has not and will not offer, promote (whether through information or dissemination in media directed at the public in general or through individual promotions) or sell in the Kingdom of Spain any Note, save in compliance with the requirements of (i) the Spanish Securities Market Law 24/1988 of 28 July 1988 as amended; (ii) Royal Decree 1310/2005 of 4 November 2005, relating to issues and public offerings for the sale of securities; and (iii) any other regulations supplementing, completing, or amending such laws and decrees.

## *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 (Law 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 (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)) 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 Securities and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan.

## *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. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a Supplement to the Base Prospectus.

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 jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms, in all cases at its own expense.

Other than in the United Kingdom, 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 and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## 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 and amendment and as supplemented or varied 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, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. Those definitions will be endorsed on the definitive 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 (as amended and/or supplemented as at the date of issue of the Notes (the **Issue Date**), the **Trust Deed**) dated 28 October 2008 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 28 October 2008 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 hereon, 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 €50,000 (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 Index-Linked Interest Note, an Index-Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

So long as the Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in (a) if the Specified Denomination stated in the relevant Final Terms is €50,000 (or its equivalent in another currency), the authorised

denomination of €50,000 (or its equivalent in another currency) and integral multiples of €50,000 (or its equivalent in another currency) thereafter, or (b) if the Specified Denomination stated in the relevant Final Terms is €50,000 (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 €50,000 (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 €99,000 (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 hereon, 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(h).

(b) **Interest on Floating Rate Notes and Index-Linked Interest Notes:**

(i) *Interest Payment Dates:* Each Floating Rate Note and Index-Linked Interest 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(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon 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 hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon 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 plus or minus (as indicated hereon) the Margin (if any). 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 hereon;

(y) the Designated Maturity is a period specified hereon; and

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

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 hereon 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 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.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- (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, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone 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, 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, 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, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone 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, 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, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone 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).

- (iv) *Rate of Interest for Index-Linked Interest Notes:* The Rate of Interest in respect of Index-Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.
- (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) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating the Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.
- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up principal amount of such Notes and otherwise as specified hereon.
- (f) **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.
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
- (i) If any Margin is specified hereon (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 hereon, 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.
- (h) **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 hereon, 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.
- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final 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, 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, 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.

- (j) **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, 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.
- (k) **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 hereon, 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 hereon, 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-US 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 hereon, the actual number of days in the Calculation Period divided by 365;
- (iv) if **Actual/365 (Sterling)** is specified hereon, 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 hereon, the actual number of days in the Calculation Period divided by 360;
- (vi) if *30/360*, *360/360* or *Bond Basis* is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

$Y_1$  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  $D_1$  is greater than 29, in which case  $D_2$  will be 30;

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

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

where:

$Y_1$  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 hereon, 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.

**Euro-zone** 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 and unless otherwise specified hereon, the Fixed Coupon Amount or Broken Amount, specified hereon 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 hereon.

**Interest Determination Date** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon 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 hereon.

**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 hereon.

**Rate of Interest** means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

**Reference Banks** means, in the case of a determination of LIBOR, 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 Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

**Reference Rate** means the rate specified as such hereon.

**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 hereon.

**Specified Currency** means the currency specified as such hereon 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.

- (l) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon 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, 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 (or, if appropriate, money, swap or over-the-counter index options 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 hereon. 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 hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal 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 an index and/or 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 hereon.
- (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 hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 8 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).

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

- (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 hereon.
- (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 either a Floating Rate Note or an Index Linked Note) or, at any time (if this Note is neither a Floating Rate Note or an Index Linked 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 hereon, 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 hereon) 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 hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

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 hereon, 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 hereon) 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) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.
- (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 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 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 (other than Dual Currency Notes or Index Linked Notes), they should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, 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 a Floating Rate Note, Dual Currency Interest Note or Index-Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (iii) Upon the due date for redemption of any Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
  - (iv) Upon the due date for redemption of any Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (v) Where any Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Note is presented for redemption without any unexpired 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 *Additional Financial Centres* hereon 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 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, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon presented for payment:

- (a) in the case of a payment by or on behalf of the Issuer, in The Netherlands or, in the case of a payment by or on behalf of the Guarantor, in the Kingdom of Spain and/or
- (b) by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with The Netherlands or, in the case of payments made by the Guarantor, the Kingdom of Spain other than the mere holding of the Note or Coupon and/or
- (c) by or on behalf of a holder who could fully or partially avoid such withholding or deduction by (i) making a declaration of non-residence in a valid form but fails to do so or by (ii) authorising the relevant paying agent to report information in accordance with the procedure laid down by the relevant tax authority or by delivering, in the form required by the relevant tax authority, a declaration, claim,



certificate, document or other evidence establishing the exemption, reduction or avoidance therefrom and/or

- (d) more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Note, Receipt or Coupon for payment on the last day of such period of 30 days (assuming the day to have been a business day for the purpose of Condition 6(g)) and/or
- (e) 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 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 or law and/or
- (f) presented for payment by or on behalf of a holder who would have been able to fully or partially avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

## 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% per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one of more Noteholders.
- (b) **Modification and waiver:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of certain other entities in place of the Issuer or Guarantor, or of any previous substituted company, as principal debtor or Guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

## 12. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce

the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding, and (b) it shall have been indemnified to its satisfaction. No Noteholder, holder of Receipts or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

### **13. Indemnification of the Trustee**

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

### **14. Further Issues**

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

### **15. Notices**

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

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

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

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

### **17. Governing Law**

- (a) **Governing Law:** The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

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

## SUMMARY 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, they are intended to be eligible collateral for Eurosystem monetary policy and 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 “Summary 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.

### ***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 (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

### **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 a summary 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*).

## **Partly Paid Notes**

The provisions relating to Partly Paid Notes are not set out in this Base Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes. While any instalments of the subscription moneys due from a holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

## **Specified Denominations**

So long as the Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable as follows: (a) if the Specified Denomination stated in the relevant Final Terms is €50,000 (or its equivalent in another currency), in the authorised denomination of €50,000 (or its equivalent in another currency) and integral multiples of €50,000 (or its equivalent in another currency) thereafter, or (b) if the Specified Denomination stated in the relevant Final Terms is €50,000 (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 €50,000 (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 €99,000 (or its equivalent in another currency).

## FORM OF FINAL TERMS

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

**Final Terms dated [●]**

**REPSOL INTERNATIONAL FINANCE B.V.**

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

**Guaranteed by Repsol YPF, 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 [●] 2010 [and the Supplement to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (*Directive 2003/71/EC*) (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 [as so supplemented]. 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 [as so supplemented]. The Base Prospectus [and Supplement to the Base Prospectus] [is] [are] available for viewing at [www.repsolinternationalfinancebv.com](http://www.repsolinternationalfinancebv.com) and copies may be obtained during normal business hours from:

Repsol International Finance, B.V.  
Koningskade 30  
2596 AA The Hague  
The Netherlands

*[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 Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date] [and the Supplement to the Base Prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (*Directive 2003/71/EC*) (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated [●] 2010 [and the Supplement to the Base Prospectus dated [●]] 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 [original date] [and the Supplement to the Base Prospectus dated [●]] and are attached hereto. 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 Prospectuses dated [original date] and [●] 2010 [and the Supplements to the Base Prospectuses dated [●] and [●]]. The Base Prospectuses [and Supplements to the Base Prospectuses] are available for viewing at [www.repsolinternationalfinancebv.com](http://www.repsolinternationalfinancebv.com) and copies may be obtained during normal business hours from:

Repsol International Finance, B.V.  
Koningskade 30  
2596 AA The Hague  
The Netherlands

*[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 or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

1. (a) Issuer: Repsol International Finance B.V.
- (b) Guarantor: Repsol YPF, S.A.
2. (a) Series Number: [ ]
- (b) Tranche Number: [ ]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount: [ ]
- (a) Series: [ ]
- (b) Tranche: [ ]
5. Issue Price: [ ] % of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (, if applicable)]
6. (a) Specified Denomination: [If the Specified Denomination is expressed to be € 50,000 or its equivalent and multiples of a lower principal amount (for example € 1,000) insert the following:  
  
“€ 50,000 and integral multiples of [€ 1,000] in excess thereof up to and including [€ 99,000]. No definitive notes will be issued with a denomination above [€ 99,000]”.]  
  
Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of GBP 100,000 (or its equivalent in other currencies).
- (b) Calculation Amount *The applicable Calculation Amount (which is used for the calculation of interest and redemption amounts) will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes or (ii) if*

*there are several Specified Denominations or the circumstances referred to in 6(i) above apply (e.g. Specified Denominations of €50,000 and multiples of €1,000), the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations). Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in impractical difficulties for paying agents and/or ICSDs who should be consulted if such an amount is proposed.*

7. (a) Issue Date: [       ]
- (b) Interest Commencement Date [Specify/Issue Date/Not Applicable][An Interest Commencement Date will not be relevant for certain types of Notes (e.g. Zero Coupon Notes)]
8. Maturity Date: [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
9. Interest Basis: [● % Fixed Rate]  
 [[specify reference rate] +/- ●% Floating Rate]  
 [Zero Coupon]  
 [Index Linked Interest]  
 [Other (specify)]  
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
 [Index-Linked Redemption]  
 [Dual Currency]  
 [Partly Paid]  
 [Instalment]  
 [Other (specify)]
- [If the Final Redemption Amount is an amount other than 100% of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to Commission Regulation (EC) No. 809/2004 (the **Prospectus Directive Regulation**) will apply]*
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
12. Put/Call Options: [Investor Put]  
 [Issuer Call]  
 [(further particulars specified below)]
13. (a) Status of the Notes: Senior
- (b) Status of the Guarantee: Senior

- (c) [Date [Board] approval for [ ] [and [ ], respectively]]  
issuance of Notes [and  
Guarantee] obtained: *(N.B Only relevant where Board (or similar)  
authorisation is required for the particular tranche of  
Notes or related Guarantee)*

14. Method of distribution: [Syndicated/Non-syndicated]

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

15. **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 / other (specify)] in arrear]
- (b) Interest Payment Date(s): [ ] in each year [adjusted in accordance with  
[specify Business Day Convention and any applicable  
Business Centre(s) for the definition of **Business Day**] /  
not adjusted]
- (c) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount
- (d) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest  
Payment Date falling [in/on] [ ]
- (e) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / other]
- (f) Determination Dates: [ ] in each year *(insert regular interest payment  
dates, ignoring issue date or maturity date in the case of  
a long or short first or last coupon. N.B. only relevant  
where Day Count Fraction is Actual/Actual ([ICMA])*
- (g) Other terms relating to the [Not Applicable/give details]  
method of calculating interest  
for Fixed Rate Notes:

16. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs  
of this paragraph)*

- (a) Interest Period(s) [ ]
- (b) Specified Interest Payment [ ]  
Dates:
- (c) First Interest Payment Date [ ]
- (d) Business Day Convention: [Floating Rate Convention/ Following Business Day  
Convention/ Modified Following Business Day  
Convention/ Preceding Business Day Convention/ other  
(give details)]

- (e) Business Centre(s): [ ]
- (f) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (g) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [ ]
- (h) Screen Rate Determination:
  - Reference Rate: [ ]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
- (i) ISDA Determination:
  - Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (j) Margin(s): [+/-][ ] % per annum
- (k) Minimum Rate of Interest: [ ] % per annum
- (l) Maximum Rate of Interest: [ ] % per annum
- (m) Day Count Fraction: [ ]
- (n) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]

17. **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) Any other formula/basis of determining amount payable: [ ]

18. **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]

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

- (a) Index/Formula/other variable: [Give or annex details]
- (b) Party, if any, responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent): [ ]
- (c) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [ ]
- (d) Determination Date(s): [ ]
- (e) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]
- (f) Interest or calculation period(s): [ ]
- (g) Specified Interest Payment Dates: [ ]
- (h) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
- (i) Business Centre(s): [ ]
- (j) Minimum Rate/Amount of Interest: [ ]% per annum
- (k) Maximum Rate/Amount of Interest: [ ]% per annum
- (l) Day Count Fraction: [ ]

19. **Dual Currency Note Provisions** [Applicable/Not Applicable]

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

- (a) Rate of Exchange/method of [Give details]



calculating Rate of Exchange:

- (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent): [     ]
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [     ]
- (d) Person at whose option Specified Currency(ies) is/are payable: [     ]

**PROVISIONS RELATING TO REDEMPTION**

**20. 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 and method, if any, of calculation of such amount(s): [     ] 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 [     ]

*[If setting notice period is different from that provided in the terms and conditions, consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the issuer and its fiscal agent or any trustee.]*

**21. Put 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 and [     ] per Calculation Amount

method, if any, of calculation of such amount(s):

(c) Notice period [ ]

*[If setting notice period is different from that provided in the terms and conditions, consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the issuer and its fiscal agent or any trustee.]*

22. **Final Redemption Amount of each Note** [ ] per Calculation Amount

*[If the Final Redemption Amount is an amount other than 100% of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply]*

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

(a) Index/ Formula/variable [Give or annex details]

(b) Party, if any, responsible for calculating the Final Redemption Amount (if not the Calculation Agent): [ ]

(c) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable [ ]

(d) Determination Date(s): [ ]

(e) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]

(f) Payment Date: [ ]

(g) Minimum Final Redemption Amount: [ ] per Calculation Amount

(h) Maximum Final Redemption Amount: [ ] per Calculation Amount

23. **Early Redemption Amount** [ ]

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [ ]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: **Bearer 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” (as specified and defined in the Temporary Global Note)]

[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.][*Include for Notes that are to be offered in Belgium*]

25. New Global Note: [Yes] [No]

26. Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details.*]

[*Note that this item relates to the date and place of payment, and not interest period end dates, to which each of items 15(ii), 16(v) and 18(ix) relates.*]

27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]

28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes [Not Applicable/*give details*]

and interest due on late payment:

29. Details relating to Instalment Notes: [Not Applicable/*give details*]  
amount of each instalment, date on  
which each payment is to be made:
30. Redenomination, renominatisation and [Not Applicable/The provisions [in Condition ●] apply]  
reconventioning provisions:
31. Consolidation provisions: [Not Applicable/The provisions [in Condition ●] apply]
32. Other final terms: [Not Applicable/*give details*]

*[When adding any other final terms, consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive]*

## **DISTRIBUTION**

- 33.
- (a) If syndicated, names of [Not Applicable/*give name(s)*]  
Managers:
- (b) Stabilising Manager(s) (if any): [Not Applicable/*give name(s)*]
34. If non-syndicated, name of relevant [Not Applicable/*give name*]  
Dealer:
35. US Selling Restrictions: [Reg. S Compliance Category 2/ TEFRA C / TEFRA D /  
TEFRA not applicable]
36. Additional selling restrictions: [Not Applicable/*give details*]

## **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and admission to trading on the [*specify regulated market (e.g. Bourse de Luxembourg)*] of the Notes described herein pursuant to the €10,000,000,000 Euro Medium Term Note Programme of Repsol International Finance B.V.

## **RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. [[*Relevant third party information*] has been extracted from [*specify source*]. 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 [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

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

By: .....  
Duly authorised

Signed on behalf of Repsol YPF, S.A.:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. ADMISSION TO TRADING

(a) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market] with effect from [ ]]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market] with effect from [ ]]

[Not Applicable.]

*[Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.]*

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

### 2. RATINGS

Ratings:

The Notes to be issued have been rated:

[S & P: [ ]]

[Moody's: [ ]]

[Fitch: [ ]]

[[Other]: [ ]]

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

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

[Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.]

*[When adding any other description, consideration should be given as to whether such matters constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(a) Reasons for the offer: [ ]

*(See “Use of Proceeds” wording in the Base Prospectus. If reasons for the offer differ from making profit and/or hedging certain risks, will need to include those reasons here.)]*

(b) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses, state amount and sources of other funding.)*

(c) Estimated total expenses: [ ]

*[(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (b) and (c) above where disclosure is included at ((a) above.)]\**

**5. [Fixed Rate Notes only – YIELD**

(a) Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

**6. [Index-Linked or other variable-linked Notes only - PERFORMANCE OF INDEX/ FORMULA/ OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index, need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index, need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]\**

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information]\*.

**7. Dual Currency Notes only - PERFORMANCE OF RATE[S] OF EXCHANGE**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.\**

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

## 8. OPERATIONAL INFORMATION

- (a) ISIN Code: [      ]
- (b) Common Code: [      ]
- (c) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (d) Delivery: Delivery [against/free of] payment
- (e) Names and addresses of initial Paying Agent(s): [      ]
- (f) Names and addresses of additional Paying Agent(s) (if any): [      ]
- (g) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]
- [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (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 and all times during their life. Such recognition will depend upon the ECB being satisfied that the Eurosystem eligibility criteria have been met.]
- [Include this text if “Yes” is selected in which case the Notes must be issued in NGN form.]

### Note

\* Required for derivative securities to which Annex XII of the Prospectus Directive Regulation applies.



## GENERAL INFORMATION

- (1) In connection with the application to list the Notes issued under the Programme on the official list of the Luxembourg Stock Exchange, legal notice relating to the issue of the Notes and copies of the Articles of Association (*Statuten*) of the Issuer and the Bylaws (*Estatutos sociales*) of the Guarantor will be deposited with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés a Luxembourg*), where such documents may be examined and copies obtained.
- (2) 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 a resolution of the Board of Directors of the Issuer passed on 22 September 2010. 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 23 September 2010.
- (3) There has been no material adverse change in the prospects of the Issuer since 31 December 2009 (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 2009.

There has been no material adverse change in the prospects of the Guarantor since 31 December 2009 (being the date of the last published audited financial statements) nor has there been any significant change in the financial or trading position of the Group since 30 June 2010.

- (4) Each Note, Receipt, Coupon and Talon 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”.
- (5) 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.

- (6) 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 (v), (vi), (vii) and (x) free of charge), during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of DEXIA 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 Dealer Agreement;
  - (iii) the Articles of Association (“*Statuten*”) of the Issuer;
  - (iv) the Bylaws (“*Estatutos sociales*”) of the Guarantor;

- (v) the audited non-consolidated financial statements of the Issuer, including the notes to such financial statements and the audit reports thereon, for each of the financial years ended 31 December 2009 and 2008 (each prepared in accordance with Dutch GAAP);
- (vi) Form 20-F of Repsol YPF filed with the SEC on 29 June 2010, incorporating the Annual Report 2009 of Repsol YPF, including the audited consolidated annual financial statements for the financial year ended 31 December 2009, which were prepared in accordance with IFRS, together with the notes to such financial statements and the audit report thereon;
- (vii) the Annual Report 2008 of Repsol YPF, including the audited consolidated annual financial statements of Repsol YPF for the financial year ended 31 December 2008, which were prepared in accordance with IFRS, together with the notes to such financial statements and the audit report thereon;
- (viii) the condensed consolidated interim financial statements and interim consolidated management's report of Repsol YPF for the six-month period ended 30 June 2010;
- (ix) each Final Terms for Notes that are listed on the official list of the Luxembourg Stock Exchange or any other stock exchange;
- (x) copy of this Base Prospectus, together with any Supplement to the Base Prospectus or further Base Prospectus;
- (xi) 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
- (xii) 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.

(7)

- (i) The consolidated financial statements of Repsol YPF for the years ended 31 December 2009 and 2008 have been audited by Deloitte, S.L., (members of the *Registro Oficial de Auditores de Cuentas*), Independent Auditors of Repsol YPF. 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 2009 and 2008 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, P.O. Box 2031 3000CA, Rotterdam, The Netherlands.

(8) Allen & Overy 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 and Spanish law; Van Doorne N.V. has acted as legal adviser to the Issuer as to Dutch law (other than Dutch tax law); Loyens & Loeff N.V. has acted as legal adviser to the Issuer as to Dutch tax law; Análisis Asesoramiento e Información, S.L. has acted as legal adviser to the Guarantor as to Spanish tax law; and Loyens & Loeff has acted as legal adviser to the Issuer as to Luxembourg tax law, in each case in relation to the update of the Programme.

**REGISTERED OFFICE OF THE ISSUER**

Koningskade 30  
2596 AA The Hague

**REGISTERED OFFICE OF THE GUARANTOR**

Paseo de la Castellana 278-280  
28046 Madrid

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

Agency & Trust, 14th Floor  
Citicorp Centre, Canada Square  
Canary Wharf, London E14 5LB

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

**anonyme**  
69 route d'Esch  
L-2953 Luxembourg

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

Citigroup Centre, Canada Square,  
Canary Wharf, London E14 5LB

**AUDITORS OF THE ISSUER****Deloitte Accountants B.V.**

Admiraliteitskade 50  
3063 ED Rotterdam

**AUDITORS OF THE GUARANTOR****Deloitte, S.L.**

Plaza Pablo Ruiz de Picasso, 1  
Torre Picasso  
28020 Madrid

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

2 King Edward Street  
London EC1A 1HQ

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

Via los Poblados, 4th Floor  
28033 Madrid

**Banco Santander, S.A.**

Ciudad Grupo Santander  
Avenida de Cantabria, s/n  
Boadilla del Monte  
28660 Madrid

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB

**BNP PARIBAS**

10 Harewood Avenue  
London NW1 6AA

**Caixa d'Estalvis i Pensions de Barcelona**

Av. Diagonal 621-629  
08028 Barcelona

**Caja de Ahorros y Monte de Piedad de Madrid**

Plaza de Castellana 189, 3rd Floor  
28046 Madrid

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square, Canary Wharf  
London E14 5LB

**Crédit Agricole Corporate and Investment Bank**

9, Quai du Président Paul Doumer  
92920 Paris la Défense Cedex

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

**Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
London EC4A 2BB

**ING Bank N.V.**

Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

**J.P. Morgan Securities Ltd.**

125 London Wall  
London EC2Y 5AJ

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ

**Société Générale**

29 Boulevard Haussmann  
75009 Paris

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR

**UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP

