BASE PROSPECTUS

Acciona Financiación Filiales, S.A. Unipersonal

(incorporated with limited liability under the laws of the Kingdom of Spain)

€1,000,000,000
Euro Medium Term Note Programme

Guaranteed by

Acciona, S.A.

(incorporated with limited liability under the laws of the Kingdom of Spain)

Under the Euro Medium Term Note Programme (the "**Programme**") described in this base prospectus (the "**Base Prospectus**"), Acciona Financiación Filiales, S.A. Unipersonal (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed €1,000,000,000 (or the equivalent in other currencies). The Notes may be issued on a continuing basis to one or more of the Dealers specified below and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**"). Payments under the Notes will be unconditionally and irrevocably guaranteed by Acciona, S.A (the "**Guarantor**").

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments and/or which are to be offered to the public in any Member State of the European Economic Area (the "**EEA**"). Application has been made to the Irish Stock Exchange for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and trading on its regulated market. References in this Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and to trading on the regulated market of the Irish Stock Exchange. The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer.

Each Tranche of Notes (as described below) will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" as completed by a final terms document (the "**Final Terms**") which, with respect to Notes to be listed on the Irish Stock Exchange, will be delivered to the Central Bank on or before the date of issue of the Notes of such Tranche. In the case of any Notes which are to be admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Investing in the Notes issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors".

The Notes will be in bearer form. The Notes of each Tranche will be represented on issue by a temporary global note or a permanent global note (each a "**Global Note**"). If the Global Notes are stated in the applicable Final Terms to be issued in new global note form, they will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Global Notes which are not issued in new global note form will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. See "*Form of the Notes*".

Arranger

Banco Bilbao Vizcaya Argentaria, S.A.

Dealers

Banca IMI	**Banca March**
Banco Bilbao Vizcaya Argentaria, S.A.	**Santander**
Bankia	**BNP PARIBAS**
BofA Merrill Lynch	**CaixaBank**
Crédit Agricole CIB	**HSBC**
Morgan Stanley	**UniCredit Bank**
Société Générale Corporate & Investment Banking	**The Royal Bank of Scotland**

The date of this Base Prospectus is 4 August 2016

IMPORTANT NOTICE

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer and the Guarantor (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 does not omit anything likely to affect its import.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Arranger or the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. None of the Arranger or the Dealers accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

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, the Arranger or any of the Dealers. 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 or the Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently supplemented, or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently supplemented, or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Guarantor, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus and other offering materials in relation to the Notes, see "*Subscription and Sale*".

In particular, the Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

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 by any of the Issuer, the Guarantor, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should 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 or 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.

This Base Prospectus describes in summary form certain Spanish tax implications and procedures in connection with an investment in the Notes (see "*Risk Factors – Risks in relation to the Notes – Risk in relation to Spanish taxation*" and "*Taxation – Taxation in Spain*"). No comment is made or advise is given by the Issuer , the Guarantor, the Arranger or the Dealers in respect of taxation matters relating to the Notes. Investors must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.

Certain of the Dealers and their affiliates, including parent companies, have engaged, and may in the future engage, in financing, investment banking and/or commercial banking transactions (including the provision of loan facilities and/or securitization transactions) and other related transactions with, and may perform financial and non-financial activities and services for, the Issuer, the Guarantor and their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates, including parent companies, may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their affiliates. Certain of the Dealers or their affiliates, including parent companies, that have a lending relationship with the Issuer or the Guarantor routinely hedge their credit exposure to them consistent with their customary risk management policies. Typically, such Dealers and their affiliates, including parent companies, would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates, including parent companies, may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In connection with the issue of any Tranche (as defined in "*Overview of the Programme – Method of Issue*"), the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or any person acting on behalf of any 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 any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche 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 relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or overallotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

INTERPRETATION

All references in this Base Prospectus to "**euro**" refer to the lawful currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time.

In this Base Prospectus the words “**Group**” or “**Acciona Group**” refer to the Guarantor and its consolidated subsidiaries.

As used in this Base Prospectus, the term “**EBITDA**” refers to the sum of the following line items from the consolidated income statements: “Revenue”, “Other income”, “Changes in inventories of finished goods and work in progress”, “Procurements”, “Staff costs” and “Other operating expenses”.

As used in this Base Prospectus, the term “**Net Debt**” refers to (i) the sum of the following line items from the consolidated balance sheet: current and non-current “Debt instruments and other marketable securities” and current and non-current “Bank borrowings”, (ii) minus “Cash and cash equivalents” and “Other current financial assets”.

As used in this Base Prospectus, the term “**Net investments**” refers to the net change in (1) Property, plant & equipment, intangible, financial and real estate assets during the period, corrected by (2) Depreciation, amortisation and impairment of assets during the period, Results on non-current assets and Translation differences.

As used in this Base Prospectus, the term “**Leverage ratio**” refers to (i) “Net Debt” (calculated as explained above) divided by “Equity”.

EBITDA, Net Debt, Net investments and Leverage ratio are non-GAAP measures which are not required by, or presented in accordance with, IFRS-EU, and the EBITDA, Net Debt, Net investments and Leverage ratio of the Group may not be comparable to these measures as calculated by other companies. These non-GAAP measures have been included in this Base Prospectus as the Issuer and the Guarantor believe that they provide important alternative measures with which to assess Acciona Group’s performance.

For these purposes, “**GAAP**” refers to generally accepted accounting principles and “**IFRS-EU**” refers to the International Financial Reporting Standards as adopted by the European Union.

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

TABLE OF CONTENTS

Page

OVERVIEW OF THE PROGRAMME

*The following overview is qualified by the more detailed information contained elsewhere in this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Capitalised terms which are defined in "Form of the Notes" or "Terms and Conditions of the Notes" have the same meaning when used in this overview. References to numbered Conditions are to the terms and conditions of the Notes (the "**Conditions**") as set out under "Terms and Conditions of the Notes".*

Issuer	Acciona Financiación Filiales, S.A. Unipersonal
Guarantor	Acciona, S.A.
Risk Factors	Investing in Notes issued under the Programme involves certain risks. See "*Risk Factors*".
Description	Euro Medium Term Note Programme.
Size	Up to €1,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger	Banco Bilbao Vizcaya Argentaria, S.A.
Dealers	Banca IMI S.P.A., Banca March, S.A., Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Bankia, S.A., Merrill Lynch International, BNP Paribas, CaixaBank, S.A., Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, Morgan Stanley & Co. International plc, UniCredit Bank AG, Société Générale and The Royal Bank of Scotland plc. The Issuer may from time to time terminate the appointment of any Dealer or appoint new Dealers, either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent	The Bank of New York Mellon, London Branch.
Irish Listing Agent	The Bank of New York Mellon S.A./N.V., Dublin Branch.
Method of issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") and each Series may be issued in tranches (each a "**Tranche**") issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms. The specific terms of each Tranche will be completed in the final terms (the "**Final Terms**").
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of the Notes	Notes will be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in

the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Clearing Systems	Euroclear, Clearstream Luxembourg and, in relation to any Tranche, such other clearing system as may be specified in the relevant Final Terms.
Currencies	Any currency, subject to compliance with all relevant laws and regulations.
Maturity	Any maturity, subject to compliance with all relevant laws and regulations.
Denomination	Notes will be in such denominations as may be specified in the relevant Final Terms save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area ("**EEA**") or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (ii) unless otherwise 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 otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates specified in the relevant Final Terms.
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series (a) 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.; or (b) by reference to LIBOR or EURIBOR, as adjusted for any applicable margin. Interest periods will 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 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 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional redemption	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders.
Status of the Notes	The Notes and Coupons relating to them constitute (subject to Condition 4 (*Negative Pledge*)) unsecured 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 Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and (subject to Condition 4 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.
Status of the Guarantee	The Notes will be unconditionally and irrevocably guaranteed by the Guarantor pursuant to a deed of guarantee (the "**Guarantee**"). The Guarantee constitutes (subject to Condition 4 (*Negative Pledge*)) unsecured obligations of the Guarantor. The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and (subject to Condition 4 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Guarantor, present and future.
Negative Pledge	The Notes will have the benefit of a negative pledge, as described in Condition 4 (*Negative Pledge*).
Cross default	The Notes will have the benefit of a cross default provision, as described in Condition 10 (*Events of Default*).
Tax redemption	The Issuer may redeem the Notes at any time, in whole but not in part, at their principal amount plus accrued and unpaid interest, if any, to

the date of redemption if the Issuer has or will become obliged to pay additional amounts as a result of any change in, or amendment to, certain tax laws and regulations and such obligation cannot be avoided by the issuer taking reasonable measures to it. See Condition 6(c) (*Redemption for Taxation Reasons*).

Withholding tax	The payment of interest and other amounts in respect of the Notes will be made free of withholding taxes in Spain, unless such taxes are required by law to be withheld. In such case the Issuer will pay additional amounts as may be necessary in order that the net amounts receivable by the Noteholder after such deduction or withholding shall equal the respective amounts which would have been receivable by such Noteholder in the absence of such deduction or withholding; except that no such additional amounts shall be payable in certain circumstances set out in the Conditions. See Condition 8 (*Taxation*). The Issuer considers that, according to Royal Decree 1145/2011, it is not obliged to withhold any tax amount provided that the simplified information procedures (which do not require identification of the Noteholders) are complied with by the Fiscal Agent, as described in "*Taxation – Taxation in Spain – Disclosure obligations in connection with payments on the Notes*". In the event that the currently applicable procedures are, after the date of this Base Prospectus, modified, amended or supplemented by any Spanish law or regulation, or any ruling of the Spanish Tax Authorities (*Dirección General de Tributos*), the Issuer will inform the Noteholders of any such change in the information procedures and of any implications such changes may have for the Noteholders. In particular, there can be no assurance that the Issuer will not be required to apply withholding tax on interest payments under the Notes as a result of any such changes in the information procedures. In such event, the Issuer would not pay any additional amounts. For further information, see "*Risk Factors – Risks in relation to Spanish taxation* ", Condition 8 (*Taxation*) and "*Taxation – Taxation in Spain – Disclosure obligations in connection with payments on the Notes*".
Governing law	The Agency Agreement, the Deed of Covenant, the Guarantee and the Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law. The status of the Notes and the Guarantee as described in Condition 3 (*Status*) is governed by, and shall be construed in accordance with, Spanish law. The Courts of England will have jurisdiction to settle any disputes which may arise out of or in connection with the Notes.
Listing	Application has been made for the Notes to be admitted to listing on the Official List and to trading on the regulated market of the Irish Stock Exchange. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the

	relevant Dealer in relation to the Series. The applicable Final Terms will state the stock exchanges or markets on which the relevant Notes are to be listed or admitted to trading.
Ratings	Not rated.
Selling Restrictions	United States, the United Kingdom, Spain and Japan. See "*Subscription and Sale*".

RISK FACTORS

Investing in the Notes issued under the Programme involves certain risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the Guarantor and the industry in which they operate together with all other information contained in this Base Prospectus, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer and the Guarantor that are not currently known to the Issuer and the Guarantor, or that they currently deem immaterial, may individually or cumulatively also have a material adverse effect on the business, financial condition and results of operations of the Issuer and the Guarantor and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Risks in relation to the Issuer

Dependence on other Group members

The Issuer is a finance vehicle established to manage the financial resources of the Group and will issue the Notes to on lend the proceeds within the Group. The Issuer is therefore dependent upon other members of the Group paying interest on and repaying their loans in a timely fashion. Should any Group member fail to pay interest on or repay any loan in a timely fashion this could have a material adverse effect on the ability of the Issuer to fulfil its obligations under the Notes and, for this reason, the Notes are guaranteed by the Guarantor.

By virtue of its dependence on other Group members, each of the risks described below that affect the Guarantor will also indirectly affect the Issuer.

Risks in relation to the business of Acciona Group

Regulatory risk

The Group is subject to extensive regulation that governs the performance of many of its activities in Spain and in the other countries in which it operates, including the construction and operation of wind farms and other power plants, the development of infrastructures and other civil works or the awarding and operation of concessions, and also the remuneration that the Group can obtain from those activities.

The Issuer and the Guarantor believe that the Group is in substantial compliance with the laws and regulations governing its activities. However, those laws and regulations are complex and governmental authorities, courts or other parties may interpret them differently and challenge the compliance by the Group of those laws and regulations. This circumstance, or the introduction of new laws or regulations or changes in existing laws or regulations, could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks in relation to the global and Spanish economy

The Group's business performance is influenced by the economic conditions of the countries in which it operates. Normally, robust economic growth in those areas where the Group is located results in greater demand for its services, while slow economic growth or economic contraction adversely affect demand for its services.

Global economic conditions are uncertain, with uneven prospects across the main countries and regions. Advanced economies in particular seem to be stable but, at the same time, growth in emerging markets economies has slowed down. In the euro area the recovery is modest as a result of the legacies of the crisis, including high public and private debt or unemployment, and other factors, with different prospects across the region. Spain, where the Group carries out most of its activity, was severely affected by the crisis of previous years. The Spanish government made relevant efforts to control the public deficit, restructure the banking sector and correct the country's economic imbalances and in 2014 growth resumed, supported by external demand as well as higher domestic demand reflecting improved financial conditions and rising confidence. According to the International Monetary Fund, GDP in Spain increased by 3.2 % in 2015 and it is forecasted to increase by 2.6% in 2016, well above the euro area where GDP increased by 1.7% in 2015 and it is forecasted to increase by 1.6% in 2016 (source: IMF, World Economic Outlook Update, July 2016). However, the adjustment process in Spain is proving slow and difficult and the prospects for the future are uncertain. The Spanish economy is particularly sensitive to economic conditions in the European Economic Area ("**EEA**"), the main market for Spanish goods and services exports. Any interruption in the EEA could have an adverse effect on Spanish economic growth. Spain also faces the uncertainties arising from the results of the electoral processes in Spain, which may ultimately result in changes in laws, regulations and policies or affect the economic recovery.

A referendum on the United Kingdom's membership of the EU was held on 23 June 2016 with the majority voting to leave the EU. Whilst the medium- to long-term consequences of the referendum remain uncertain, it is expected that there will be a short-term negative impact to the general economic conditions in the UK, which may in turn have a negative impact elsewhere in the EU and more widely. This may be affected by the length of time it takes for the UK to leave the EU and the terms of any future arrangements the UK has with the remaining member states of the EU.

Any deterioration of the world or Spain's current economic situation could have a negative impact on the Group's revenues and increase the Group's financing costs, circumstances which could have a material adverse effect on the business, financial condition and results of operations of the Group.

Risks in relation to the Group's international operations

The Group operates an international business with presence in, among others, Australia, Brazil, Canada, Chile, Colombia, India, Italy, Mexico, Poland, South Africa, Spain, and the United States. International operations expose the Group to different local political, regulatory, business and financial risks. In this respect, the Group's overall success as a global business depends, in part, upon the ability to succeed in different economic, social and political conditions. Additionally, the economies of these countries are in different stages of development and may have less stable political or legal environments, which pose specific risks related to exchange rate fluctuations, capital movement restrictions, inflation, political and economic instability and possible state expropriation of assets or difficulties to manage local teams or attract and retain qualified personnel, all of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks in relation to the Group's international expansion

In recent years, Acciona Group has expanded its international reach and it plans to continue the geographical expansion of its business into new countries and markets. However, the Group may not achieve results in these new countries and markets similar to those achieved in the locations where it currently operates. Furthermore, the Group may have difficulty hiring experts or qualified executives or employees for the countries where it expands. Failure to successfully implement its international expansion plans could have a material adverse effect on the Group's business, financial condition and results of operations.

Business Strategy

Given the risks to which the Group is exposed and the uncertainties inherent in its business activities, there is no assurance that the Group will be able to implement its business strategy successfully. Were the Group to fail to achieve its strategic objectives, or if those objectives, once attained, do not generate the benefits initially anticipated, this circumstance could have a material adverse effect on the Group's business, financial condition and results of operations.

Environmental risk

The Group is subject to environmental regulations, which, amongst other things, require it to carry out environmental impact studies on future projects, to obtain regulatory licenses, permits and other approvals and to comply with the requirements of such licenses, permits and regulations. This exposes the Group to costs and liabilities relating to its operations, the management of its projects or the disposal of its waste.

The Group is firmly committed to sustainable development and invests significant resources to complying with environmental laws and regulations. A stricter application of these laws and regulations, the entry into force of new laws, the discovery of previously unknown sources of pollution or the imposition of new or more stringent requirements may increase the Group’s costs and responsibilities, which could have a material adverse effect on the Group's business, financial condition and results of operations. Furthermore, any breach of its regulatory obligations, or even incidents that do not amount to a breach, could have a material adverse effect on the Group's results of operations and its reputation.

Risks in relation to changes in technology

The markets for the Group's businesses may change rapidly because of changes in customer requirements, technological innovations, new product instructions, prices, industry standards and domestic and international economic factors. New products and technology may render existing services or technology obsolete, excessively costly or otherwise unmarketable. If the Group is unable to introduce and integrate new technologies into its services in a timely and cost-effective manner, its competitive position will suffer and its prospects for growth will be impaired, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Liquidity and availability of funding risks

The Group has significant construction and capital expenditure requirements and the recovery of the capital investment in its business occurs over a substantial period of time. For this reason, the Group must be able to secure significant levels of financing to be able to continue its operations. The Group manages liquidity risk prudently by ensuring that it has sufficient cash and marketable securities and by arranging committed credit facilities for amounts sufficient to cater for its projected requirements.

To date, the Group has been able to secure adequate financing on acceptable terms, particularly through bank borrowing, though it can give no assurance that it will be able to continue to secure financing on acceptable terms, or at all, in the future. As recent experience has evidenced, financial markets can be subject to periods of volatility and shortages of liquidity. If the Group is unable to access the capital markets or other sources of finance at competitive rates for a prolonged period, its cost of financing may increase and its strategy may need to be reassessed, which could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition to obtaining new funding, the Group may seek to refinance its existing debt. The Group can give no assurance of the availability of financing on acceptable terms to refinance its existing indebtedness. If new financing is not available or proves more expensive than in the past, its business, financial condition and results of operations may be materially adversely affected.

Interest rate risk

Interest rate risk is particularly important in relation to the financing of infrastructure projects, concession arrangements, construction of wind farms or solar facilities and other projects in which the project's cash flows and profitability are affected by possible changes in interest rates. The reference interest rate for the Group's borrowing is mainly Euribor for transactions denominated in euro, and Libor for transactions denominated in U.S. dollars. The borrowings arranged for projects in Latin America are normally tied to the Libor, as many transactions are US$-denominated, or to local indexes customarily used in the local banking industry.

The Group uses derivatives to actively manage the interest rate risk and minimise its impact. The level of debt hedged in each project depends on the type of project and the country in which the investment is made. Should the policies implemented by the Group to mitigate the adverse effects caused by interest rate fluctuations prove to be inadequate, this could have a material adverse effect on the Group's business, financial condition and results of operations.

Procurement price risk

Acciona Group is exposed to fluctuations in the price of procurements, mainly fuel in its maritime transportation business and, to a lesser degree, raw materials in its biofuel production business, when such fluctuations cannot be passed on to its customers. Most fuel purchase transactions are carried out in international markets.

Fluctuations in procurement prices are managed over the short and medium term through specific hedging transactions, generally using derivatives. Should the policies implemented by the Group to mitigate the adverse effects caused by fluctuations in the price of procurements prove to be inadequate, this could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks in relation to the energy business of Acciona Group

Need for governmental and local support to the renewable energy business industry

The renewable energy business industry, including the promotion, construction and operation of wind farms and other energy plants and facilities and the production of biofuels depends, to a significant extent, on the continued availability of attractive levels of governmental and local support.

A number of factors could result in the reduction or discontinuation of government subsidies and incentives for renewable energy in the different jurisdictions in which the Group operates its business:

- Pressure to improve the competitiveness of renewable energy products. To guarantee its long-term future, the renewable energy industries must become able to compete on a non-subsidised basis between them and with conventional energy sources in terms of cost and efficiency per watt of electricity generated. The current levels of government support for renewable energy are generally intended to grant the industry a 'grace period' to reduce the cost per kilowatt-hour of electricity generated through technological advances, cost reductions and process improvements. Consequently, and as generation costs decrease, this level of government support is likely to be gradually phased out, as has occurred recently in Spain.

In the medium to long term, a gradual but significant reduction of the tariffs, premiums and incentives for renewable energies is foreseeable in certain markets. If these reductions occur, market participants, including the Group, may need to reduce prices to remain competitive with conventional and other renewable energy sources. If cost reductions and product innovations do not occur, or occur at a slower pace than required to achieve the necessary price reductions, this could have a material adverse effect on the Group's business, financial condition and results of operations.

- Political developments. Changes in government, changes in energy policy, the need to reduce public deficit and public debt in Spain or other European countries where both are high, or other political developments, could lead to deterioration in the conditions for support for renewable energies. For example, policy changes could result in government support being switched, in whole or in part, to more favoured or less developed renewable energy sources or away from renewable energy generation to energy saving initiatives. Any such developments or changes could have an adverse effect on the Group's renewable energy business.

- Legal challenges. Subsidy regimes for renewable energy generation have been challenged on constitutional and other grounds (such as claiming that they constitute impermissible EU state aid) in certain jurisdictions in the past. If all or part of the subsidy and incentive regimes for renewable energy generation in Spain or in any other jurisdiction in which the Group operates its business were found to be unlawful and, therefore, were reduced or discontinued, the Group may be unable to compete effectively with conventional and other renewable forms of energy.

Changes in the regulatory framework applicable to the renewable energy business

The Group obtains a significant portion of its revenues in the renewable energy business, from the construction, development and operation of wind power plants and the marketing of the generated electricity.

In many of the countries were the group operates, the production of electricity from renewable energy facilities benefits or have benefited in the past from subsidies and incentives and favorable regulations. Any change in these regulations could affect the profitability of the Group’s renewable energy business, which could in turn have a material adverse effect on the Group's business, financial condition and results of operations. During 2013, the Group was significantly affected by a series of legal measures adopted in Spain to ensure the sustainability and financial stability of the electricity system, in particular by a new regulation on the remuneration framework for the support of renewable energies in Spain that was approved by the Spanish Government and there is no assurance that this regulation will not be modified again in the future.

In addition, uncertainty regarding possible changes to any such regulation has adversely affected in the past, and may adversely affect in the future, the Group’s ability to finance or refinance a project or to satisfy other financial needs.

Construction of new facilities may be adversely affected by factors commonly associated with such projects

The development, construction and operation of wind farms and other power plants and renewable energy facilities can be time-consuming and highly complex. In connection with the development of such facilities, the Group must generally obtain government permits and approvals and sufficient equity capital and debt financing, as well as enter into land purchase or leasing agreements, equipment procurement and construction contracts, operation and maintenance agreements, etc. Factors that may affect the Issuer's ability to construct new facilities include, among others:

- delays in obtaining regulatory approvals, including environmental permits;

- shortages or changes in the price of equipment, materials or labour;

- adverse changes in the political and/or regulatory environment in the countries where the Group operates;
- adverse weather conditions, which may delay the completion of power plants or substations, or natural disasters, accidents or other unforeseen events; and
- the inability to obtain financing at satisfactory rates.

Any of these factors may cause delays in completion or commencement of operations of the Group's construction projects and may increase the cost of envisaged projects. If the Group is unable to complete the envisaged projects, the costs incurred in connection with such projects may not be recoverable which may have an adverse effect on the Group's business, financial condition and results of operations.

Exposure to fluctuations in market electricity prices

In several countries in which the Group operates, including Spain, renewables-based electricity production is subject to regulations that authorise to sell the electricity freely at market prices. In those cases where the Group selects or is required to choose this option, it assumes the consequent exposure to price fluctuations in the electricity market. However, either these prices are partially determined by reference to regulated tariffs (premium, incentive and supplementary payment), which reduce significantly the long-term fluctuation risk, or the regulation provides for certain mechanisms that help mitigating such fluctuation risk.

There can be no assurance that market prices will remain at levels which enable the Group to maintain profit margins and desired rates of return on investment. A decline in market prices below anticipated levels could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks in relation to the construction and water business of Acciona Group

Decreases in the funds allocated to civil engineering projects

Current economic conditions have led to a sharp reduction in tenders for civil engineering works, including projects for the public sector. The civil engineering investments included in the annual budget for each of the countries where the Group is present or targeting depend principally on two factors: the government budgetary policy and the economic conditions existing at the time in each country. In Spain, for example, the current situation is characterised by a reduction in the market levels of tendered civil engineering works. A further decrease in the spending on development and execution of civil engineering projects by governments and local authorities could adversely affect the Group’s business, financial condition and results of operations. The delay, suspension or cancellation of private sector projects may also adversely affect the Group's business, financial condition and results of operations.

Reductions in project procurement

The construction business is highly competitive. In the tendering stage of any civil engineering works, the Group competes against various groups and companies, including large construction groups or engineering companies that may have more experience, resources or local awareness than the Group does. Furthermore, these groups and companies may have greater resources, whether material, technical or financial, or may demand lower returns on investment and be able to present better technical or economic bids.

In these circumstances, the Group may be unable to secure contracts for new civil engineering projects in the geographical areas in which it operates or be obliged to accept the execution of certain projects with lower returns than those obtained in the past. If the Group is unable to obtain sufficient contracts for new civil engineering projects or can only do it under less favourable terms, these circumstances could have a material adverse effect on the Group's business, financial condition and results of operations.

Construction projects may be delayed or exceed their budget

All large-scale construction projects entail certain risks, such as shortages and the increased costs of materials, machinery and labour. Any failure by contractors and sub-contractors to meet the agreed deadlines and budgets, and any interruptions arising from adverse weather conditions or unexpected technical or environmental difficulties, may cause delays and excess construction costs. Construction agreements with contractors and sub-contractors tend to include contractor and sub-contractor liability clauses to cover these situations, although they may not cover all losses. Additionally, if there are delays, the Group may face a reduction of revenues, penalties and even termination of construction contracts, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Additional risks in relation to the water business of Acciona Group

Liability for environmental damages

The Group's water division develops and manages desalination plants, wastewater treatment plants, and infrastructures for the supply of drinking water and urban sanitation. In the event of malfunctions, certain discharges into the environment, environmental contamination or damages, these could result in significant liabilities being imposed for damages, clean up costs or penalties. The Group's insurance for environmental liability may not be sufficient or may not apply to any exposure to which it may be subject resulting from the type of environmental damage, and this could have a material adverse effect on the Group's business, financial condition and results of operations.

Adverse public reaction to water and industrial waste management facilities

Although the Group has not encountered major problems, it may face adverse public opinion to its water and waste recycling activities near inhabited areas, the expansion of such existing facilities or the construction of new facilities. These circumstances could result in restrictions to the current activities of the Group or its plans for future expansion, which could adversely affect its business, financial condition and results of operations.

Risks in relation to the Notes

The Notes may not be a suitable investment for all investors

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

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

- 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 and such instruments may be purchased by potential investors 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 the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks in relation 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 which contain particular risks for potential investors. Set out below is a description of certain such features.

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.

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. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such 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, 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, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

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

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Risks in relation to the Notes generally

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 provide that the Issuer may, without the consent of Noteholders, substitute for itself as principal debtor under any Notes another company.

The Issuer may redeem the Notes for tax reasons

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

Change of law

The Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg and investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes. The Global Notes will be deposited with a common depositary or common safekeeper for Euroclear and/or Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. Euroclear and/or Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes.

While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and/or Clearstream, Luxembourg and the Issuer will discharge its payment obligations under such Notes by making payments to the common depositary or, in the case of Global Notes in New Global Note form, the common service provider for Euroclear and/or Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg to receive payments under their relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to take enforcement action against the Issuer under the relevant Notes but will have to rely upon their rights under the Deed of Covenant (as defined below).

Risks in relation to the market generally

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls for investors

The Issuer will pay principal and interest on the Notes in the Specified Currency (as defined in the Conditions). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks for Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

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 advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks in relation to Spanish taxation

Article 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014. The procedures apply to interest deriving from preference shares and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

According to the literal wording of Article 44.5 of Royal Decree 1065/2007, income derived from securities originally registered with the entities that manage clearing systems located outside Spain, and are recognised by Spanish law or by the law of another OECD country will be paid free of Spanish withholding tax provided that the relevant paying agent submits to the relevant issuer in a timely manner a statement with the following information: (a) identification of the securities; and (b) total amount of the income corresponding to each clearing system located outside Spain. These obligations refer to the total amount paid to investors through each foreign clearing house. For these purposes, "income" means interest and the difference, if any, between the aggregate amount payable on the redemption of the Notes and the issue price of the Notes.

On 4 August 2016 the Issuer, the Guarantor and The Bank of New York Mellon, London Branch (the "**Fiscal Agent**") entered into an amended and restated fiscal agency agreement (the "**Agency Agreement**") where they have arranged certain procedures to facilitate the collection of information concerning the Notes.

In accordance with Article 44 of Royal Decree 1065/2007 as amended by Royal Decree 1145/2011, the Fiscal Agent should provide the Issuer with the above statement, in the form attached to the Agency Agreement, on the business day immediately prior to each interest payment date. The statement must reflect the situation at the close of business of that same day. In the event that on such date, the entity obliged to provide the declaration fails to do so, the relevant Issuer or the Paying Agent on its behalf will make a withholding at the general rate (currently 19 per cent.) on the total amount of the return on the relevant Notes otherwise payable to such entity and will not gross up payments in respect of any such withholding tax.

However, the Spanish Tax Authorities may eventually issue a tax ruling to clarify the interpretation of the currently applicable procedures and it cannot be completely disregarded that such ruling determines that the relevant Issuer, that is tax resident in Spain, should apply a withholding on payments to individuals with tax residence in Spain. If this were the case, identification of Noteholders may be required and the procedures, if any, for the collection of relevant information will be applied by the relevant Issuer so that it can comply with its obligations under the applicable legislation as clarified by the Spanish Tax Authorities. Neither the Issuer, the Arranger nor the Dealers assume any responsibility therefore.

In the case of Notes held by Spanish resident individuals (and under certain circumstances by Spanish entities subject to Spanish Corporate Income Tax) and deposited with a Spanish resident entity or a Spanish permanent establishment acting as depositary or custodian, payments in respect of the Notes may be subject to withholding by such depositary or custodian, currently at a 19 per cent. rate.

If this were to happen, the Issuer would not gross up payment in respect of any such withholding tax.

U.S. Foreign Account Tax Compliance Withholding Act (FATCA)

The United States has enacted rules under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**"), that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with Spain (the "**IGA**"). Under the current IGA, the Issuer does not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

Pursuant to the terms and conditions of the Notes, the Issuer's obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as holder of the Notes). The Issuer has no responsibility for any amount transmitted thereafter through the ICSDs and custodians or intermediaries and consequently, pursuant to Condition 8, it will not be required to pay additional amounts should FATCA withholding apply.

The proposed European financial transactions tax

On 14 February 2013, the European Commission published a proposal for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. For now, the issuance and subscription of Notes should, however, be exempt.

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

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear (the proposed timeline of 1 January 2016 for the first phase relevant only to shares and derivatives has already been missed and no announcements of a new proposed timeline for its introduction has been made). Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Risks in relation to the Spanish Insolvency Law

Law 22/2003, of 9 July, on Insolvency (*Ley 22/2003, de 9 de julio, Concursal*) (the "**Spanish Insolvency Law**"), as further amended, regulates court insolvency proceedings, and may lead either to the restructuring of the debts of the Issuer and/or the Guarantor or to the liquidation of their assets.

Under the Spanish Insolvency Law, the claims of creditors are classified as credits against the estate (*créditos contra la masa*), privileged credits (*créditos privilegiados*), ordinary credits (*créditos ordinarios*) or subordinated credits (*créditos subordinados*). On insolvency of an entity under the Spanish Insolvency Law, ordinary creditors rank ahead of subordinated creditors but behind privileged creditors and creditors with claims against the estate. It is intended that claims against the Issuer under the Notes and claims against the Guarantor under the Guarantee, respectively, will be classified as ordinary credits. However, certain actions or circumstances which are beyond the control of the Issuer and the Guarantor may result in these claims being classified as subordinated credits. For example, under Article 92.5 of the Spanish Insolvency Law, the claims of those persons especially related to the Issuer or the Guarantor (as the case may be) will be classified as subordinated creditors.

The following persons may be considered especially related to the Issuer or the Guarantor:

(a) shareholders holding (i) 5 per cent or more of the Issuer's or the Guarantor's share capital at the moment in which the credit right arises, if the Issuer or the Guarantor is a listed company; or (ii) 10 per cent. or more of the Issuer's or the Guarantor's share capital at the moment in which the credit arises, if the Issuer or the Guarantor is not a listed company;

(b) actual or shadow directors (including those who acted as such in the two years leading up to the declaration of insolvency); and

(c) members of the same group of companies as the Issuer or the Guarantor and their common shareholders, if they comply with the requirements established in subparagraph (a) above.

Furthermore, any person who acquires credits which were held by one of the above persons is also presumed to be especially related if the acquisition takes place in the two years leading up to the declaration of insolvency.

The claims of Noteholders may, therefore, to the extent they are considered especially related to the Issuer or the Guarantor (as the case may be) be subordinated as a result of the application of the provisions of the Spanish Insolvency Law. Noteholders should be aware of this subordination risk and take those precautions they consider appropriate to ensure that their claims are not subordinated.

A substantial reform of the Spanish Insolvency Law has focussed on pre insolvency instruments, refinancing agreements and arrangements (*convenios*). The key issues addressed by such reform are as follows:

(a) *Limitations to enforcement in pre insolvency scenarios:* the Spanish Insolvency Law already included a notification system for distressed companies that had started negotiations with creditors for the purposes of agreeing a refinancing agreement, which suspended the obligation of the insolvent company to file for insolvency in a period of three months. The reform introduced limitations on the ability of financial creditors (including any Noteholders) to initiate or continue enforcement actions if financial creditors holding 51% or more of the financial liabilities of the company have supported the commencement of negotiations to subscribe a refinancing agreement and they have undertaken not to initiate or continue enforcement actions during those negotiations. The reform also introduced limitations for enforcement actions over assets needed for the continuity of the business activity of the debtor.

(b) *Protected restructuring agreements:* the protected refinancing agreements were introduced in the Spanish Insolvency Law in 2011 in order to establish a “safe harbour” for restructuring processes, so the two years claw back period set out in the Spanish Insolvency Law did not affect them and the transactions carried out under these restructuring agreements were not subject to scrutiny and potential annulment when the company became insolvent. The reform carried out was aimed to further encourage the use of these pre insolvency agreements.

(c) *Spanish “schemes of arrangement”:* the refinancing agreements described above are designed to protect the actions carried out pursuant to them from the claw-back period upon insolvency of the company, but were only applicable to those creditors who were party to them. The amendments of the Spanish Insolvency Law allow the cram down of dissenting financial creditors within refinancing agreements if certain requirements are met, mainly regarding majority thresholds, which would vary depending on the measures adopted in the refinancing agreement.

The Spanish Insolvency Law also provides, among other things, that: (i) any claim may become subordinated if it is not reported to the insolvency administrators (*administradores concursales*) within one month from the last official publication of the court order declaring the insolvency (if the insolvency proceeding is declared as abridged, the term to report may be reduced to fifteen days) in the Spanish Official Gazette (*Boletín Oficial del Estado*), (ii) actions deemed detrimental for the insolvency estate of the insolvent debtor carried out during the two year period preceding the date of its declaration of insolvency may be rescinded, (iii) provisions in a contract granting one party the right to terminate by reason only of the other's insolvency may not be enforceable, and (iv) accrual of interest (other than secured interest covered by any security) shall be suspended as from the date of the declaration of insolvency and any amount of interest accrued up to such date and unpaid (other than any secured interest covered by any security) shall become subordinated.

DOCUMENTS INCORPORATED BY REFERENCE

The following information is incorporated in, and forms part of, this Base Prospectus:

(i) the English translation of the unaudited interim condensed consolidated financial statements of the Guarantor for the six month period ended 30 June 2016 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS-EU**"), together with the auditor's limited review report thereon;

(ii) the English translation of the audited consolidated financial statements of the Guarantor for the financial year ended 31 December 2015 prepared in accordance with IFRS-EU, together with the auditor's report thereon;

(iii) the English translation of the audited consolidated financial statements of the Guarantor for the financial year ended 31 December 2014 prepared in accordance with IFRS-EU, together with the auditor's report thereon;

(iv) the English translation of the audited annual accounts of the Issuer for the financial year ended 31 December 2015 prepared in accordance with generally accepted accounting principles in Spain, together with the auditor's report thereon;

(v) the English translation of the audited annual accounts of the Issuer for the financial year ended 31 December 2014 prepared in accordance with generally accepted accounting principles in Spain, together with the auditor's report thereon; and

(vi) the terms and conditions of the base prospectus of the Issuer dated 19 June 2015,

each of which have been previously filed with the Central Bank of Ireland and can be accessed on the following addresses on the Guarantor's website:

- the unaudited interim condensed consolidated financial statements of the Guarantor for the six month period ended 30 June 2016:

  http://www.acciona.com/media/2055839/annual_accounts_summary_first_semester_2016.pdf

- the audited consolidated financial statements of the Guarantor for the financial year ended 31 December 2015:

  http://www.acciona.com/media/2055172/ccaa_opinion_auditoria_2015.pdf

- the audited consolidated financial statements of the Guarantor for the financial year ended 31 December 2014:

  http://www.acciona.com/media/1570779/ccaa_consolidadas_2014_engl.pdf

- the audited annual accounts of the Issuer for the financial year ended 31 December 2015:

  http://www.acciona.com/media/2055613/ccaa-2015-aff-en.pdf

- the audited annual accounts of the Issuer for the financial year ended 31 December 2014:

  http://www.acciona.com/media/1634375/ccaa-2014-aff-en.pdf

- the terms and conditions of the base prospectus of the Issuer dated 19 June 2015:

  http://www.acciona.com/media/1673468/acciona_mtn_programme_update_2015.pdf

Cross-reference list

The following tables show where the information incorporated by reference in this Base Prospectus can be found in the above-mentioned documents. Information contained in those documents other than the information listed below does not form part of this Base Prospectus and is either not relevant or covered elsewhere in this Base Prospectus.

The Issuer and the Guarantor will, in connection with the listing of the Notes on the Irish Stock Exchange, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus, prepare a supplement to the Base Prospectus in accordance with Article 16 of the Prospectus Directive or publish a new Base Prospectus as may be required by the rules of the Irish Stock Exchange for use in connection with any subsequent issue of the Notes to be listed on the Irish Stock Exchange.

Any statement contained in this Base Prospectus or in any information or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement provided that such modifying or superseding statement is made by way of a supplement to this Base Prospectus pursuant to Article 16 of the Prospectus Directive.

If the terms of the Programme are modified or amended in a manner that would make the Base Prospectus, as so modified or amended, inaccurate or misleading, a new base prospectus will be prepared.

FORM OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary Global Note (a "**Temporary Global Note**"), without interest coupons, or a permanent global note (a "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of Notes with a depositary or a common depositary for Euroclear Bank S. A. /N. V. ("**Euroclear**") and/or Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant Final Terms will also specify whether United States Treasury Regulation §1. 163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1. 163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for a Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U. S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U. S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and

(ii) receipt by the Fiscal Agent of a certificate or certificates of non-U. S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U. S. beneficial ownership; provided however that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") upon either:

(i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of the holder thereof (or all of the holders acting together, if more than one) of the interest(s) in such Permanent Bearer Global Note) to the Fiscal Agent; or

(ii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U. S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U. S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes upon either:

(i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of the holder thereof (or all of the holders acting together, if more than one) of the interest(s) in such Permanent Bearer Global Note) to the Fiscal Agent; or

(ii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes whilst in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"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."

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes in definitive form issued under the Programme. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of 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 issued pursuant to an amended and restated agency agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 4 August 2016 between the Issuer, The Bank of New York Mellon, London Branch as fiscal agent and the other agents named in it and with the benefit of a deed of covenant (as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") dated 4 August 2016 executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent) and the "**Calculation Agent(s)**". The Noteholders (as defined below), the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. If so required by Spanish law, the Issuer will execute a public deed (*escritura pública*) (the "**Public Deed**") before a Spanish Notary Public in relation to the Notes and will register such Public Deed with the Mercantile Registry of Madrid. The Public Deed will contain, among other information, the terms and conditions of the Notes.

Payments under the Notes have been unconditionally and irrevocably guaranteed by the Guarantor pursuant to a deed of guarantee (the "**Guarantee**") dated 4 August 2016.

As used in these terms and conditions (the "**Conditions**"), "**Tranche**" means Notes which are identical in all respects.

Copies of the Agency Agreement, the Deed of Covenant and the Guarantee are available for inspection during normal business hours at the specified offices of each of the Paying Agents.

1 Form, Denomination and Title

The Notes are issued in bearer form 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 €100,000 (or its equivalent in any other currency as at the date of issue of those Notes).

This Note is a Fixed Rate Note, a Floating Rate Note or a combination of any of the foregoing, depending upon the Interest and Redemption/Payment Basis shown hereon.

Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached. Title to the Notes, Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall 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 an 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, "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Note, 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 No Exchange of Notes

Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

3 Status of the Notes and Guarantee

(a) Status of the Notes

The Notes and Coupons relating to them constitute (subject to Condition 4) unsecured 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 Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

Interest on the Notes accrued but unpaid as at the commencement of any insolvency proceeding (concurso) relating to the Issuer under Spanish law shall thereupon constitute subordinated obligations of the Issuer ranking below its unsecured and unsubordinated obligations. Under Spanish law, no further interest on the Notes shall be deemed to accrue from the date of any declaration of insolvency.

(b) Status of the Guarantee

The Guarantee constitutes (subject to Condition 4) unsecured obligations of the Guarantor. The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Guarantor, present and future.

4 Negative Pledge

So long as any Note or Coupon remains outstanding, neither the Issuer nor the Guarantor will create or permit to subsist, and the Guarantor will ensure that none of its Principal Subsidiaries will create or permit to subsist, any mortgage, charge, lien, pledge or other security interest other than any arising by operation of law (each a "**Security Interest**") upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, unless in any such case:

(A) before or at the same time as the creation of the Security Interest, any and all action necessary shall have been taken to ensure that:

- (i) all amounts payable by the Issuer under the Notes are secured equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be; or
- (ii) such other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Issuer under the Notes as shall be approved by a resolution of the Syndicate of Noteholders (as defined in Condition 11); or

(B) the Security Interest is to secure any Relevant Indebtedness (or any guarantee or indemnity in respect of such Relevant Indebtedness) of a Principal Subsidiary, being an entity that became a Subsidiary after the Issue Date, so long as:

  (i) such Security Interest was outstanding on the date on which such Principal Subsidiary became a Subsidiary and was not created in contemplation of such Principal Subsidiary becoming a Subsidiary or such Security Interest was created in substitution for or to replace either such outstanding Security Interest or any such substituted or replacement Security Interest; and

  (ii) the principal amount of the Relevant Indebtedness (or any guarantee or indemnity in respect of such Relevant Indebtedness) is not increased after the date that such Principal Subsidiary became a Subsidiary.

In these Conditions:

"**consolidated EBITDA**" means, in relation to the Guarantor and its Subsidiaries for any relevant period, the consolidated net operating profit (loss) before interest charges and taxation (resultado de explotación) (after adding back depreciation and amortisation expenses and disregarding extraordinary and exceptional items) of the Guarantor and its Subsidiaries in respect of the relevant period, as derived from the Issuer's consolidated accounts or financial statements in respect of such period;

"**EBITDA**" means, in relation to any Subsidiary of the Guarantor for any relevant period, the net operating profit (loss) before interest charges and taxation (*resultado de explotación*, in the case of a Subsidiary incorporated in Spain) (after adding back depreciation and amortisation expenses and disregarding extraordinary and exceptional items) of such Subsidiary in respect of the relevant period, as derived from such Subsidiary's individual and non-consolidated accounts or financial statements in respect of such period;

"**International Financial Reporting Standards**" means International Financial Reporting Standards as adopted by the European Union from time to time pursuant to Regulation 1606/2002/EC;

"**Non-Recourse Subsidiary**" means, at any relevant time, a Subsidiary of the Guarantor, substantially all the business of which involves the ownership, acquisition, construction, creation, development, maintenance and/or operation of one or more assets (whether or not an asset of the Issuer or any of its Subsidiaries), or any associated rehabilitation works, and substantially all of the indebtedness of which is Project Finance Indebtedness;

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, unincorporated association, limited liability company, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity);

"**Principal Subsidiary**" means:

(A) Acciona Agua, S.A., Acciona Energía, S.A., Acciona Infraestructuras, S.A. and Corporación Acciona Energías Renovables, S.L.; and

(B) at any relevant time, any other Subsidiary of the Guarantor (other than a Non-Recourse Subsidiary or a company which, as at the Issue Date, is a Subsidiary of the Guarantor the ordinary shares in which are listed on any stock exchange):

  (i) whose total assets or EBITDA at any relevant time represent no less than 5 per cent. of the total consolidated assets or consolidated EBITDA, respectively, of the Guarantor and its Subsidiaries, as calculated by reference to the then latest consolidated audited accounts or consolidated six-monthly report of the Guarantor and the latest non-consolidated accounts or non-consolidated six-monthly reports of each relevant Subsidiary prepared in accordance with International Financial Reporting Standards, provided that in the case of a Subsidiary acquired after the end of the financial period to which the then latest consolidated audited accounts or consolidated six-monthly reports of the Guarantor relate, then for the purpose of applying each of the foregoing tests, the reference to the Guarantor's latest consolidated audited accounts or consolidated six-monthly reports shall be deemed to be a reference to such accounts or reports as if such Subsidiary had been shown therein by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the auditors of the Guarantor for the time being after consultation with the Guarantor; or

(ii) to which is transferred all or substantially all of the assets and undertaking of a Subsidiary which, immediately prior to such transfer, is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary pursuant to this sub-paragraph (ii), and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this sub-paragraph (ii)(B) on the date on which the audited accounts or six monthly report of the Guarantor for the financial period current at the date of such transfer have been prepared as aforesaid, but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such audited accounts or six monthly report of the Guarantor have been prepared as aforesaid by virtue of the provisions of sub-paragraph (ii)(A) above;

"**Project Finance Indebtedness**" means any indebtedness to finance or refinance the ownership, acquisition, development and/or operation of an asset or assets in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not the Issuer, the Guarantor or any of its Subsidiaries) has or have no recourse whatsoever to the Guarantor or any of its Subsidiaries for the repayment thereof except for:

(A) recourse for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset or the business of owning, acquiring, constructing, developing, maintaining and/or operating such asset; and/or

(B) recourse to any shareholder or the like in the borrower over (i) its shares or the like (in each case, to the extent paid up) in the capital of, or (ii) shareholder loans or the like (in each case, to the extent drawn) to, the borrower to secure such indebtedness for borrowed money; and/or

(C) recourse under any guarantee and/or indemnity of such indebtedness or completion of construction or development of an asset, provided that in any such case the guarantee and/or indemnity is (to the extent not permitted by any of the foregoing paragraphs) released or discharged if completion of the relevant construction or development occurs on or prior to the agreed date for completion referred to in or in connection with the guarantee and/or indemnity and no default under or in connection with such indebtedness, guarantee or indemnity or any agreement relating thereto is then subsisting; and/or

(D) recourse to the Guarantor or any of its Subsidiaries, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a special way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or an obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by the person against whom such recourse is available.

"**Relevant Indebtedness**" means any present or future indebtedness (whether being principal, interest or other amounts), in the form of or evidenced by bonds, notes, debentures, loan stock or other similar debt instruments, whether issued for cash or in whole or in part for a consideration other than cash, and which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in or traded on any recognised stock exchange or other securities market but excluding any Project Finance Indebtedness;

"**Subsidiary**" of any person means (i) a company more than 50 per cent. of the Voting Rights of which is owned or controlled, directly or indirectly, by such person or by one or more other Subsidiaries of such person or by such person and one or more Subsidiaries thereof or (ii) any other person in which such person, or one or more other Subsidiaries of such person or such person and one or more other Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof; and

"**Voting Rights**" means, in respect of any person, the right generally to vote at a general meeting of shareholders of such person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

5 Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including 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 5(e).

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates: Each Floating Rate Note bears interest on its outstanding nominal amount from and including 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 5(e). 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 Interest 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. 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.

Unless otherwise specified hereon, the Notes will be subject to a Minimum Rate of Interest of zero.

(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 11.00 a.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.

(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) 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 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.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 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.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 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.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 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).

Unless otherwise specified hereon, the Notes will be subject to a Minimum Rate of Interest of zero.

(c) *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 (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(d) *Margin, Maximum/Minimum Rates of Interest 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 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be; or (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 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (with 0.000005 of a percentage point being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit 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 countries of such currency.

(e) *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.

(f) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts*

The Calculation Agent shall, as soon as practicable 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 or Optional Redemption 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 or Optional Redemption Amount to be notified to the Fiscal Agent, 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 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 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made 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 10, 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. 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.

(g) *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 an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - 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/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) 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;

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(v) 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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls; "**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) 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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" 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 D2 will be 30;

(vii) 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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" 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 D1 will be 30; and "D2" 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 D2 will be 30;

(viii) if "**Actual/Actual-ICMA**" is specified hereon, if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**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 which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean 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 InterestAccrual 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., 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;

"**Reference Rate**" means the rate specified as such hereon;

"**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; and

"**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.

(h) *Change of Interest Basis*

If Change of Interest Basis is specified in the relevant final Terms as being applicable, the Final Terms will indicate the relevant Interest Periods to which the Fixed Rate Note provisions, and/or Floating Rate Note Provisions shall apply.

(i) *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. 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, 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 appoint a leading bank or financial institution 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.

6 Redemption, Purchase and Options

(a) *Final Redemption*

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount.

(b) *Early Redemption*

The Early Redemption Amount payable in respect of any Note, upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) *Redemption for Taxation Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time, (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if a demand was made under the Guarantee, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Spain or, in each case, 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 date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as appropriate) 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 then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by two directors of the Issuer (or the Guarantor, if the obligation to pay additional amounts refers to it) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

(*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 specified hereon (which may be the Early Redemption Amount (as defined in Condition 6(b) above)) together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal 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 in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, 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 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) *Purchases*

The Issuer and any of its Subsidiaries (as defined in Condition 4) may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(g) *Cancellation*

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 Payments and Talons

(a) *Method of Payment*

Payments of principal and interest in respect of Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(e)(v)) or Coupons (in the case of interest, save as specified in Condition 7(e)(v)), 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. "**Bank**" means 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 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 Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) *Appointment of Agents*

The Fiscal Agent, the Paying Agents and the Calculation Agent initially appointed and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal 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) a Fiscal 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, and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer 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 unexchanged Talons*

(i) Upon the due date for redemption of Notes which comprise Fixed Rate Notes, those Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, 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, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) 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 representing it, as the case may be. 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 representing it, as the case may be.

(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 Fiscal Agent 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 or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial 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.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons or the Guarantor in respect of the Guarantee (as the case may be) 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 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 the Guarantor, as the case may be) shall pay such additional amounts as shall result in receipt by the Noteholders and the 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 or Coupon:

(A) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with Spain other than the mere holding of the Note or Coupon;

(B) presented for payment more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting it for payment on the expiry of such period of 30 days;

(C) to, or to a third party on behalf of, a holder if the Issuer (or the Guarantor, as the case may be) does not receive any relevant information as may be required by Spanish tax law, regulation or binding ruling or in case the current information procedures are modified, amended or supplemented by any Spanish law, regulation or a binding ruling;

(D) to, or to a third party on behalf of, a Spanish resident legal entity subject to Spanish Corporate Income Tax, if the Spanish tax authorities determine that the Notes do not comply with the exemption requirements specified in the General Directorate for Taxation's ruling of 27 July 2004 and require a withholding to be made;

(E) to, or to a third party on behalf of, a holder who would have been able to avoid such deduction or withholding by presenting a certificate of tax residence and /or such other document evidencing its tax residence required by the competent authorities; or

(F) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or otherwise imposed pursuant to Section 1471 through 1474 of the Code (including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-U.S. laws enacted with respect thereto).

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

9 Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events ("**Events of Default**") occurs, the holder of any Note of the relevant Series, in respect of such Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

(A) default is made in the payment on the due date of principal or interest or any other amount in respect of any of the Notes and such failure continues for a period of 14 calendar days in the case of any payment of interest and for 7 calendar days in any other case (including, but not limited to, payments of principal);

(B) the Issuer or the Guarantor do not perform or comply with any one or more of their other obligations in respect of the Notes or the Guarantee, which default is incapable of remedy or is not remedied within 30 calendar days after written notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder;

(C)

(i) any other present or future indebtedness for or in respect of moneys borrowed or raised of the Issuer, the Guarantor or any Principal Subsidiary becomes, or is declared, due and payable prior to its stated maturity by reason of an event of default (howsoever defined); or

(ii) any such indebtedness for or in respect of moneys borrowed or raised is not paid when due or, as the case may be, within any originally applicable grace period; or

(iii) the Issuer, the Guarantor or any Principal Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for or in respect of moneys borrowed or raised,

provided that the aggregate amount of the indebtedness, guarantees or indemnities in respect of which one or more of the events mentioned above in this paragraph (C) have occurred equals or exceeds €30,000,000 (or its equivalent on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates);

(D) 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, the Guarantor or any Principal Subsidiary and is not discharged or stayed within 30 calendar days;

(E) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any Principal Subsidiary in respect of any obligation(s) the aggregate principal amount of which equals or exceeds €30,000,000 (or its equivalent on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates) is enforced (including by the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person) upon any part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Principal Subsidiary;

(F)

(i) the Issuer, the Guarantor or any Principal Subsidiary is insolvent or bankrupt (*concurso de acreedores*) or unable to pay its debts as they fall due, or is declared insolvent or bankrupt or a voluntary request has been submitted to a relevant court for the declaration of insolvency or bankruptcy; or

(ii) the Issuer, the Guarantor or any Principal Subsidiary stops, suspends or threatens publicly to stop or suspend payment of all or a material part of (or of a particular type 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 or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, the Guarantor or any Principal Subsidiary;

(G) an order is made or an effective resolution passed for the winding-up (*liquidación*) or dissolution (*disolución*) of the Issuer, the Guarantor or any Principal Subsidiary, or the Issuer, the Guarantor or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except for (i) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by a resolution of the Syndicate of Noteholders; or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or another Subsidiary or are disposed of to third parties on arm's length terms, whether pursuant to a reconstruction, amalgamation, reorganisation, merger or consolidation or otherwise;

(H) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Notes admissible in evidence is not taken, fulfilled or done;

(I) any event occurs which under the laws of any relevant jurisdiction has a similar effect to any of the events referred to in any of paragraphs (D), (E), (F) or (G);

(J) it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes; or

(K) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

11 Meeting of Noteholders and Modifications

(a) Meeting of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions and the Deed of Covenant insofar as the same may apply to such Notes. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two 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 two or more persons 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 amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, (viii) to modify or cancel the Deed of Guarantee, (ix) to modify the Deed of Covenant or (x) to modify this provision, in which case the necessary quorum shall be one or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal 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 Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 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 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 or more Noteholders.

(b) *Modification of Agency Agreement*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) *Notification to the Noteholders*

Any modification, waiver or authorisation in accordance with this Condition 11 shall be binding on the Noteholders and the Couponholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

(d) *Substitution*

Each of the Guarantor or any of its Subsidiaries (each a "**Substitute Obligor**") may, without the consent of the holders of any Notes or Coupons, assume the obligations of the Issuer (or any previous Substitute Obligor) under and in respect of any Notes upon:

(A) the execution of a deed poll (the "**Deed Poll**") by the Substitute Obligor and (if the Substitute Obligor is not the Guarantor) the Guarantor in a form which gives full effect to such assumption and which includes (without limitation):

(i) a covenant by the Substitute Obligor in favour of the holders of the Notes to be bound by these Conditions, the Notes, the Coupons, the Deed of Covenant and the Agency Agreement, with any consequential amendments, as if it had been named herein and therein as the principal debtor in place of the Issuer, and such other deeds, documents and instruments (if any) in order for the substitution to be fully effective and for the Substitute Obligor to be bound by all of the Issuer's obligations;

(ii) a warranty and representation (A) that the Substituted Obligor has obtained all necessary governmental and regulatory approvals and consents necessary for such substitution and for the performance by the Substituted Obligor of its obligations under the Deed Poll and under any other documents required to give full effect to the substitution, (B) that all such approvals and consents are in full force and effect, and (C) that the obligations assumed by the Substituted Obligor are valid and binding in accordance with their respective terms and enforceable by each Noteholder; and

(iii) a covenant by the Substitute Obligor and (if the Substitute Obligor is not the Guarantor) the Guarantor, to indemnify and hold harmless each holder against all taxes or duties which arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against such holder as a result of any substitution pursuant to this Condition 11(d) and which would not have been so incurred or levied had such substitution not been made (and, without limiting the generality of the foregoing, any and all taxes or duties which are imposed on any such holder by any political sub-division or taxing authority of any country in which such holder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made); and

(iv) an acknowledgment of the right of all Noteholders to the production of the Deed Poll;

(B) if the Substitute Obligor is not the Guarantor, the execution of a deed of guarantee (the "**Substitute Guarantee**" hereinafter for the purpose of this Condition 11(d) only) by the Guarantor on substantially the same terms as the Guarantee pursuant to which it undertakes to guarantee the performance of the obligations of the Substitute Obligor under the Deed Poll, the Conditions of the Notes and any other documents required to give full effect to the substitution;

(C) the delivery by the Issuer of an opinion of independent legal advisers of recognised standing addressed to the Noteholders (care of the Fiscal Agent) to the effect that:

(i) the Deed Poll constitutes legal, valid, binding and enforceable obligations of the Substitute Obligor and, if the Substitute Obligor is not the Guarantor, the Guarantor;

(ii) the Notes constitute legal, valid, binding and enforceable obligations of the Substitute Obligor; and

(iii) if the Substitute Obligor is not the Guarantor, the Substitute Guarantee constitutes legal, valid, binding and enforceable obligations of the Guarantor in respect of all sums from time to time payable by the Substitute Obligor in respect of the Notes;

(D) where the Substitute Obligor is subject to a different taxing jurisdiction (the "**Substituted Territory**") than that to which the Issuer is subject generally (the "**Issuer's Territory**"), the Substituted Obligor will give an undertaking in terms corresponding to Condition 8 with the substitution for the reference in that Condition to the Issuer's Territory of references to the Substituted Territory;

(E) not later than fourteen days after the execution of any such documents as aforesaid in paragraph (a), the Substituted Obligor shall cause notice thereof to be given to the Noteholders; and

(F) upon the execution of such documents and compliance with the requirements stated in this Condition 11(d), the Substituted Obligor will be deemed to be named in these Conditions, the Notes and Coupons as if it had been named herein and therein as the principal debtor in place of the Issuer (or of any previous substitute under this Condition 11(d) and the Notes and the Coupons will be deemed to be amended in such manner as necessary to give effect to the substitution and any references in the Notes and Coupons to the Issuer will be references to the Substituted Obligor.

12 Replacement of Notes, Coupons and Talons

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent upon payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Coupons or further Coupons) and otherwise as the Issuer or the Fiscal Agent may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (in all respects except for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

14 Notices

Notices to the holders of Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange, multi-lateral trading facility or other relevant authority on which the Notes are for the time being listed and/or admitted to trading and, for so long as the Notes are admitted to trading in the regulated market of the Irish Stock Exchange, in accordance with its rules and regulations.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Fiscal Agent may approve.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

Notwithstanding the above, for so long as all the Notes are represented by a Global Note and the Global Note is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg and such notices shall be deemed to have been given to Noteholders on the day of delivery to Euroclear and/or Clearstream, Luxembourg.

15 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note or

Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17 Governing Law and Jurisdiction

(a) Governing Law:

Save as described below, the Agency Agreement, the Deed of Covenant, the Guarantee and the Notes, 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. Condition 3 is governed by, and shall be construed in accordance with, Spanish law.

(b) Jurisdiction:

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Service of Process:

The Issuer irrevocably appoints Acciona Infraestructuras, S.A. at its office at Westminster City Hall, Suite 9.5-9.6, 64 Victoria Street, London SW1E 6QP, United Kingdom as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

Final Terms dated [•]

ACCIONA FINANCIACIÓN FILIALES, S.A. UNIPERSONAL
(*incorporated with limited liability*
under the laws of the Kingdom of Spain)

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

Guaranteed by

ACCIONA, S.A.
(*incorporated with limited liability*
under the laws of the Kingdom of Spain)

Under the €1,000,000,000

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 4 August 2016 [and the supplement(s) to it dated [•]] [which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**")][1]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive][1] and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement(s) to it dated [•]] [have] [has] been published on the website of the Central Bank of Ireland (www.centralbank.ie).]

[*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 [19 June 2015] [and the supplement (s) to it dated [•]] which are incorporated by reference in the Base Prospectus dated 4 August 2016. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the "**Prospectus Directive**")][1] and must be read in conjunction with the Base Prospectus dated 4 August 2016 [and the supplement(s) to it dated [•]][, which [together] constitute(s) a base prospectus for the purposes of the Prospectus Directive] (the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the Base Prospectus dated [19 June 2015] [and the supplement(s) to it dated [•]]. Full

[1] When drafting Final Terms in relation to an issue of Notes to be listed on a non-regulated market, Prospectus Directive references should be removed

information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the Central Bank of Ireland (www.centralbank.ie).]

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

1.	(i) Issuer:	Acciona Financiación Filiales, S.A. Unipersonal
	(ii) Guarantor:	Acciona, S.A.
2.	(i) Series Number:	[•]
	(ii) Tranche Number:	[•]
	(iii) Date on which the Notes become fungible:	[Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of the Series*] on [*insert date*]/]the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 20 below [which is expected to occur on or about [insert date]]]] (*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:	[•]
	(i) Series:	[•]
	(ii) Tranche:	[•]
5.	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] *(if applicable)*]
6.	(i) Specified Denomination:	[•]
	(ii) Calculation Amount	[•]
7.	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[*Specify*]/[Issue Date]/[Not Applicable]
8.	Maturity Date:	[*Fixed rate – specify date]/[Floating rate –* [Interest Payment Date falling in or nearest to [*specify month and year*]]
9.	Interest Basis:	[[•] per cent. Fixed Rate (see paragraph 14 below)] [[•] month [LIBOR]/[EURIBOR] +/- [•] per cent. Floating Rate (see paragraph 15 below)] (further particulars specified below)

10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[•*insert figure*]/[100]] per cent. of their nominal amount
11.	Change of Interest Basis:	[From the period from (and including) the Interest Commencement Date, up to (but excluding) [*date*], paragraph [14]/[15] applies, and from the period from (and including) [*date*], up to (and including) the Maturity Date, paragraph [14]/[15] applies]/[Not Applicable]]
12.	Put/Call Options:	[Put Option] [Call Option] [Not Applicable]
13.	Date Board approval for issuance of Notes and Guarantee obtained:	[•] [and [•], respectively]] (*N.B. Only relevant where board of directors approval is required for the particular tranche of Notes or related Guarantee*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	**Fixed Rate Note Provisions**	[Applicable]/[Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate(s) of Interest:	[•] per cent. per annum payable in arrear on each Interest Payment Date
	(ii) 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]
	(iii) Fixed Coupon Amount(s):	[•] per Calculation Amount
	(iv) Broken Amount(s):	[[•] per Calculation Amount payable on the Interest Payment Date falling [in]/[on] [•]]/[Not Applicable]
	(v) Day Count Fraction:	[[Actual/Actual] / [Actual/Actual-ISDA]] / [Actual/365 (Fixed)] / [Actual/365 (Sterling)] / [Actual/360] / [[30/360] / [360/360] / [Bond Basis]] / [[30E/360 / Eurobond Basis]] / [30E/360(ISDA)] / [Actual/Actual-(ICMA)]
	(vi) Determination Date(s):	[[•] 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))*]/]Not Applicable]

15. Floating Rate Note Provisions	[Applicable]/[Not Applicable]
	(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i) Interest Period(s):	[[•][, subject to adjustment in accordance with the Business Day Convention set out in (v) below]/[, not subject to any adjustment, as the Business Day Convention in (v) is specified to be Not Applicable]]
(ii) Specified Interest Payment Dates:	[[•] each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below]/[, not subject to any adjustment, as the Business Day Convention in (v) is specified to be Not Applicable]]
(iii) First Interest Payment Date	[•]
(iv) Interest Period Date:	[[•][, subject to adjustment in accordance with the Business Day Convention set out in (v) below]/[, not subject to any adjustment, as the Business Day Convention in (v) is specified to be Not Applicable]/[Not Applicable]]
	(Not applicable unless different from Interest Payment Date)
(v) Business Day Convention:	[Floating Rate Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention/Preceding Business Day Convention]
(vi) Business Centre(s):	[[•]]/[Not Applicable]
(vii) Manner in which the Rate(s) of Interest and Interest Amount [is/are] to be determined:	[Screen Rate Determination]/[ISDA Determination]
(viii) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent):	[•]
(ix) Screen Rate Determination:	
- Reference Rate:	[•] month [LIBOR, EURIBOR]
- Reference Bank:	[•]
- Interest Determination Date(s):	[•]
- Relevant Screen Page:	[•]
(x) ISDA Determination:	
- Floating Rate Option:	[•]
- Designated Maturity:	[•]

	- Reset Date:	[•]
	(xi) Margin(s):	[+/-] [•]per cent. per annum
	(xii) Minimum Rate of Interest:	[•] per cent. per annum
	(xiii) Maximum Rate of Interest:	[•] per cent. per annum
	(xiv) Day Count Fraction:	[[Actual/Actual] / [Actual/Actual-ISDA]] / [Actual/365 (Fixed)] / [Actual/365 (Sterling)] / [Actual/360] / [[30/360] / [360/360] / [Bond Basis]] / [[30E/360 / Eurobond Basis]] / [30E/360(ISDA)] / [Actual/Actual-(ICMA)]

PROVISIONS RELATING TO REDEMPTION

16.	**Call Option**	[Applicable]/[Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note:	[[•] per Calculation Amount]/[Condition 6(b) applies]
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[•] per Calculation Amount
	(b) Maximum Redemption Amount:	[•] per Calculation Amount
	(iv) Notice period:	[•]
17.	**Put Option**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note:	[[•] per Calculation Amount/Condition 6(b) applies]
	(iii) Notice period:	[•]
18.	**Final Redemption Amount of each Note**	[•] per Calculation Amount
19.	**Early Redemption Amount** Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default:	[•] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20.	**Form of Notes**	**Bearer Notes:**
		[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice]/[in the limited circumstances specified in the Permanent Global Note]
		[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]
		[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice]/[in the limited circumstances specified in the Permanent Global Note]
21.	New Global Note (NGN):	[Yes]/[No]
22.	Financial Centre(s):	[Not Applicable]
		(Note that this paragraph relates to the place of payment and not Interest Period end dates to which paragraph 15(vi) relates)
23.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[No]/[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]

THIRD PARTY INFORMATION

[(*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 Acciona Financiación Filiales, S.A. Unipersonal

By: ....

Duly authorized

Signed on behalf of Acciona, S.A.

By: ....

Duly authorized

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Admission to trading:	[Application [has been]/[will be] made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market on [•] with effect from [•]]/[Not Applicable]
(ii) Estimate of total expenses related to the admission to trading:	[•]

2. RATINGS

Ratings:	The Notes to be issued under the Programme have not been rated

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

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

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

[(*When adding any other description, 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.*)]

4. [Fixed Rate Notes only – Yield

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]

5. OPERATIONAL INFORMATION

ISIN Code:	[•]
Common Code:	[•]
Any clearing system(s) other than Euroclear S.A./N.V. and Clearstream Banking societé anonyme and the relevant identification number(s)	[Not Applicable]/[*give names and number(s)*]
Delivery:	Delivery [against]/[free of] payment
Name and addresses of initial Paying Agent(s):	[•]

Name and addresses of additional Paying Agent(s) (if any):	[•]
[Intended to be held in a manner which would allow Eurosystem eligibility]	[Yes. Note that the designation "**yes**" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the designation is specified as "**no**" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

6. DISTRIBUTION

(i) Method of distribution:	[Syndicated]/[Non-syndicated]
(ii) If syndicated, names of Managers:	[Not Applicable]/[[*give names*]]
(iii) Stabilisation Manager(s) (if any):	[Not Applicable]/[[*give name(s)*]]
(iv) If non-syndicated, name of relevant Dealer:	[Not Applicable]/[[*give name*]]
U.S. Selling Restrictions:	[Regulation S Category 2; TEFRA C/TEFRA D/TEFRA not applicable]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILST IN GLOBAL FORM

The following provisions apply to the Notes whilst they are in global form, some of which modify the effect of the Conditions.

Clearing system accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's 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 Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

Amendment to Conditions

Each Global Note will contain provisions which modify the Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

Payment Business Day: In the case of a Global Note, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Exercise of put option: In order to exercise the option contained in Condition 6(e) (*Redemption at the Option of Noteholders*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 6(d) (*Redemption at the Option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

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

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, for so long as such Notes are admitted to trading in the regulated market of the Irish Stock Exchange all notices shall be published in a manner which complies with its rules and regulations.

DESCRIPTION OF THE ISSUER

Acciona Financiación Filiales, S.A. Unipersonal (the "**Issuer**") is a Spanish limited liability company (*sociedad anónima*), subject to the Spanish Companies Law (*Ley de Sociedades de Capital*), that was incorporated on 23 May 2014 for an indefinite period. It is registered in the Mercantile Registry of Madrid, Spain at Volume 32,365, sheet 1, Section 8, page number M-582603. The Issuer holds Tax Identification Code number A-87020855. The registered address of the Issuer is in Parque Empresarial de la Moraleja, Avenida de Europa 18, Alcobendas (Madrid) Spain, and its telephone number is +91 663 01 93.

Business overview

The corporate purpose of the Issuer is to manage the resources of the Group and attend its financial needs and to manage payments and collections on behalf of the companies of the Group.

Management

The joint directors (*administradores mancomunados*) of the Issuer as of the date of this Base Prospectus and the date of their first appointment are:

Name of director	Position	First appointment
Acciona Corporación, S.A. (*represented by Jose Julio Figueroa Gómez de Salazar*)	Joint Director	23 May 2014
Acciona Desarrollo Corporativo, S.A. (*represented by José Ángel Tejero Santos*)	Joint Director	23 May 2014

The business address of each director is Parque Empresarial de la Moraleja, Avenida de Europa 18, Alcobendas (Madrid), Spain.

Jose Julio Figueroa Gómez de Salazar and José Ángel Tejero Santos act respectively as Head of Legal Department and Executive Director of Control, Finance and Risk of Acciona, S.A. As at the date of this Base Prospectus, there are no potential conflicts of interest between the duties of the persons identified above to the Issuer and their private interests and/or duties. No specific measures are in place to regulate the control that Acciona, S.A. exercises over the Issuer.

Share capital and sole shareholder

The current share capital of the Issuer is €60,000, represented by 60,000 shares with a par value of €1 each, forming a single class. The share capital is fully paid up. The shares of the Issuer are not listed.

The Issuer is a wholly-owned subsidiary of the Guarantor.

Financial information

The Issuer was incorporated on 23 May 2014 with no financial activity prior to this date. The audited annual accounts of the Issuer for the financial years ended 31 December 2015 and 31 December 2014 have been incorporated by reference in this Base Prospectus. The Issuer has not produced other financial statements as of the date of this Base Prospectus.

DESCRIPTION OF THE GUARANTOR

Acciona, S.A. (the "**Guarantor**") is a Spanish limited liability company (*sociedad anónima*), subject to the Spanish Companies Law (*Ley de Sociedades de Capital*), that was incorporated on 17 June 1916 for an indefinite period. It is registered in the Mercantile Registry of Madrid at volume 30,116, sheet 120, page number M-216384. The registered address of the Guarantor is in Parque Empresarial de la Moraleja, Avenida de Europa 18, Alcobendas (Madrid), Spain, and its telephone number is +34 91 663 28 50.

Acciona Group

The Guarantor is the parent company of Acciona group ("**Acciona Group**" or the "**Group**"), an international leading player in the production, development and management of renewable energy, water and civil infrastructures with the minimum environmental impact.

The origins of the Guarantor go back to the railway operating company Compañía de los Ferrocarriles de Medina del Campo a Zamora y de Orense a Vigo (MZOV), founded in 1862, which in 1978 merged with Cubiertas y Tejados, S.A., founded in 1916, to form Cubiertas y MZOV, S.A. This company merged in 1997 with Entrecanales Távora, S.A., a construction company specialised in large civil works founded in 1931, to form NECSO Entrecanales Cubiertas, S.A., later renamed Acciona, S.A. The Group is now present in more than 35 countries in 4 continents, with a workforce of more than 30,000 persons, and it is committed to contribute actively to social wellbeing and a sustainable development.

Business overview

Acciona Group operates in several industries with a particular focus in the areas of renewable energies, water and construction, which, as of 30 June 2016, generated approximately 90% of the EBITDA of the Group. The production of energy, particularly wind power, and other energy related construction and development activities, represented, alone, 70% of the EBITDA of the Group as of 30 June 2016.

The following chart shows relevant balance sheet financial data of the Group as of 30 June 2016 and 31 December 2015:

	30 Jun 2016	**31 Dec 2015**
	(€m)	
Equity	4,244	3,754
Net debt	5,452	5,159
Leverage ratio	129%	137%
Net investments	527	223

The following chart shows relevant income statements financial data of the Group as of 30 June 2016 and 30 June 2015:

	30 Jun 2016	30 Jun 2015
	(€m)	
Total revenues	2,764	3,304
Gross operating profit/loss (EBITDA)	525	573
Profit from operations (EBIT)	868	313
Profit/loss before tax (EBT)	587	153
Profit/loss attributable to the parent	596	103

The financial information included herein under "*Description of the Guarantor*" has been extracted from the unaudited interim condensed consolidated financial statements of the Guarantor for the six month period ended 30 June 2016.

Organisational structure

The Group is structured in five different segments of activity: energy, construction, water, services and other businesses. For organisational purposes, the Group brought together its operations of construction, water and services under a single division. This structure brings additional business opportunities from synergies among business lines and a more efficient international organizational structure to support the business.

Business description

The following is a description of the business lines of Acciona Group as reflected in the condensed consolidated financial statements of the Guarantor for the six month period ended 30 June 2016 and the consolidated financial statements of the Guarantor for the year ended 31 December 2015.

Energy

The energy business line of Acciona Group ("**Acciona Energy**") is an international leader in the field of renewable energy sources. With more than 20 years of experience and a mix of several renewable technologies, it is present in more than 20 countries, with operational facilities in 15 of them.

The activities of Acciona Energy focus on wind power, being a leading player in the development, construction, operation and maintenance of wind power facilities for itself and its clients. It has presence in all the steps of the value chain, from the production of wind turbines through its strategic alliance with Nordex, where Acciona owns 29.9% of the share capital, being its largest single shareholder, to the development, construction and management of wind farms and the marketing of the generated electricity.

As of 30 June 2016, Acciona Energy had installed a total 9,104 MW of wind power in 282 parks located in 17 countries, with a total of 7,931 wind turbines. Of this figure, 7,167 MW are owned by the Group (5,649 MW attributable) and 1,937 MW have been installed for clients.

66% of the wind power capacity owned by Acciona Energy is located in Spain and represents around 20% of the total for the country. Wind farms overseas account for the remaining 34%.

In 2015, Acciona Energy produced 17,421 GWh from wind power, similar to the previous year (attributable production in the same period was 13,841 GWh). Wind power represented 83% of the Group's power production for 2015 (80% of attributable production). 58% was produced in Spain and the remaining 42% in other countries.

Acciona Energy also has a significant presence in other renewable energy technologies: hydro, solar, thermal, photovoltaic and biomass and produces bio-fuels (biodiesel and bio-ethanol). It also owns cogeneration assets.

The activities of Acciona Energy include the marketing of energy through its subsidiary Acciona Green Energy Developments, S.L., which manages the sale of electricity produced at the Group's facilities in the market as well as to end clients. The company is also positioned as a provider of charging infrastructures for electric vehicles.

Construction

The construction business line of Acciona Group ("**Acciona Infrastructure**") is the longest standing business activity of the Group. Firmly established in Spain, on an international level it is well established in strategic markets such as Poland, Brazil, Mexico, Chile, Canada, and Australia. Acciona Infrastructure generated approximately 10% of the EBITDA of the Group as of 30 June 2016.

Acciona Infrastructure covers all aspects of construction, from engineering to project execution and maintenance. This includes the management of public works awards, especially in the area of transport (roads, motorways) and building construction, among which the most significant projects have been concessions awarded for hospital services and education centres.

The company works along two main lines of business: civil works and construction. Additionally, it has special construction support units, among which the most important units are the metal structures workshops, the machinery service, the infrastructure maintenance area, the facilities area and the engineering area, as well as various specialised auxiliary companies.

As of 30 June 2016, the EBITDA of the construction business line totalled €51 million, an 11% increase in comparison to the figure as of 30 June 2015 (€46 million).

Water

The water business line of the Group focuses on the treatment of water and desalination by reverse osmosis. It offers a full range of services in the integral water cycle, including the design, construction, development and management of desalination plants and waste water treatment plants, the supply of drinking water and sanitation of cities. Within the water business line the Group also operates water concessions. The water business line of the Group generated approximately 11% of the EBITDA of the Group as of 30 June 2016.

As of 30 June 2016, the EBITDA of the water business line of the Group totalled €56 million, an increase of 344% compare to the €13 million as of 30 June 2015.

Services

The services business line of Acciona Group is dedicated to provide facility services and management for both private and public-sector customers, including cleaning services for offices and commercial premises, ancillary services (help desks, telephone helplines, concierge, reception, etc.), technical assistance for building maintenance and installations, energy related services (energy efficiency studies, consumption optimization solutions, etc.), environmental services (maintenance of parks and green-space, irrigation systems, environmental monitoring, etc.), urban services (waste management, landfill management, assorted cleaning services, etc.), handling services (passenger services, cargo, ticket sales, finger services, etc.), production and design (events, exhibitions and museums), catering or security services, among others. The services business line generated approximately 2% of the EBITDA of the Group as of 30 June 2016.

Other businesses

The Group provides other services such as asset management and brokerage services, through Bestinver, S.A.; transportation of passengers and goods through Compañía Trasmediterranea, S.A., which is one of Spain's leading shipping companies; or wine production, by Hijos de Antonio Barceló, S.A. In addition, this division also includes the real estate business of the Group.

Recent developments

On 12 July 2016, the Issuer amended the terms of the EUR 1,800 million guaranteed syndicated credit facility entered into on 25 March 2015. The original syndicated credit facility had a EUR 360 million tranche A loan facility and an up to EUR 1,440 million tranche B credit facility and the repayment date was in March 2015. As a result of the amendment in July 2016, the EUR 360 million tranche A loan facility was increased to EUR 760 million and the repayment date of the syndicated credit facility was extended to July 2021.

Management

The members of the board of directors of the Guarantor as of the date of this Base Prospectus, their position within the board and the date of their first appointment are:

Name of director	Position	First appointment
Entrecanales Domecq, Jose Manuel	Chairman	14 April 1997
Entrecanales Franco, Juan Ignacio	Vice-Chairman	14 April 1997
Castellanos Borrego, Jaime	Director	4 June 2009
Becerril Martínez, Carmen	Director	24 June 2014
Sainz de Vicuña Bemberg, Ana	Director	11 June 2015
Entrecanales Domecq, Daniel	Director	4 June 2009
Entrecanales Franco, Javier	Director	22 September 2011
Gerard Rivero, Gerónimo Marcos	Director	24 June 2014
Garay Ibargaray, Juan Carlos	Lead Independent Director	6 June 2013
Rodés Vilà, Fernando	Director	4 June 2009
Villalonga Morenés, Belén	Director	10 May 2006

The business address of each member of the Board of Directors is Parque Empresarial de la Moraleja, Avenida de Europa 18, Alcobendas (Madrid), Spain.

Several members of the Board of Directors perform activities outside the Guarantor. As of the date of this Base Prospectus, the principal activities of the members of the Board of Directors performed by them outside the Guarantor are not significant with respect to the Guarantor. As of the date of this Base Prospectus, there are no potential conflicts of interest between the duties to the Guarantor of the members of the Board of Directors and their private interests and or duties.

The table below sets forth the names of the members of the Board of Directors of the Guarantor that hold a position as member of the Board of Directors in other listed companies:

Name of director	Company	Position
Sainz de Vicuña Bemberg, Ana	Inmobiliaria Colonial, S.A.	Director
Villalonga Morenés, Belén	Grifols, S.A.	Director

Share capital and major shareholders

The current share capital of the Guarantor is €57,259,550.00, represented by 57,259,550 shares with a par value of €1 each, forming a single class. The share capital is fully paid up.

The shares of the Guarantor are listed in the stock exchanges of Madrid and Barcelona and are included in the IBEX-35 Index.

The largest shareholders of the Guarantor as of the date of this Base Prospectus are:

Company	% shareholding
Tussen de Grachten, B.V.	27.80
Wit Europese Investering, B.V.	26.10
Capital Research and Management Company (Europacific Growth Fund for 3,67)	4.07

Source: Comisión Nacional del Mercado de Valores (Spanish National Securities Market Commission)

Tussen de Grachten, B.V. and Wit Europese Investering, B.V. (formerly named Entreazca, B.V.) and their respective shareholders, descendants of Mr José Entrecanales Ibarra, have mutually granted each other a preemptive right for the acquisition of their shares in the Guarantor that resulted from the merger of Grupo Entrecanales, S.A. and its subsidiaries with Acciona, S.A. and for the acquisition of their participations in Tussen de Grachten, B.V. and Wit Europese Investering, B.V.

This preemptive right of acquisition shall be effective until 14 July 2021 and shall thereafter be renewed automatically for five year periods unless any of Tussen de Grachten B.V. or Wit Europese Investering, B.V. notifies its termination to the other eighteen (18) months before the expiration of the initial term or of any of its extensions.

The agreement does not impose or assume the existence of concertation between the signatories on the management of Guarantor.

TAXATION

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of whom may be subject to special rules. Prospective investors who are in any doubt as to their position should consult with their own professional advisers.

Taxation in Spain

The following summary describes the main Spanish tax implications arising in connection with the acquisition and holding of the Notes by individuals or entities who are the beneficial owners of the Notes (the "**Noteholders**" and each a "**Noteholder**").

All the tax consequences described in this section are based on the general assumption that the Notes are initially registered for clearance and settlement in Euroclear and Clearstream, Luxembourg.

Prospective purchasers of the Notes should consult their own tax advisors as to the tax consequences, including those under the tax laws of the country of which they are resident, of purchasing, owning and disposing of Notes.

The information provided below does not purport to be a complete summary of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect.

1 Introduction

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Base Prospectus:

(a) of general application, First Additional Provision of Law 10/2014, of 26 June, on regulation, supervision and solvency of credit entities ("**Law 10/2014**") (formerly Law 13/1985, of 25 May), as well as Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes ("**Royal Decree 1065/2007**"), as amended by Royal Decree 1145/2011, of 29 July ("**Royal Decree 1145/2011**");

(b) for individuals resident for tax purposes in Spain who are Personal Income Tax ("**PIT**") tax payers, Law 35/2006, of 28 November, on the PIT and on the partial amendment of the Corporate Income Tax Law, Non-Resident Income Tax Law and Wealth Tax Law, as amended by Law 26/2014, of 27 November and Royal Decree-Law 9/2015, of 10 July (the "**PIT Law**"), and Royal Decree 439/2007, of 30 March approving the PIT Regulations which develop the PIT Law, as amended, along with Law 19/1991, of 6 June on Wealth Tax, as amended most recently by Law 48/2015, of 29 October ("**Law 48/2015**"), and Law 29/1987, of 18 December on Inheritance and Gift Tax, as amended;

(c) for legal entities resident for tax purposes in Spain which are Corporate Income Tax ("**CIT**") taxpayers, Law 27/2014 of 27 November on Corporate Income Tax, as amended by Royal Decree-Law 9/2015, of 10 July (the "**CIT Law**"), and Royal Decree 634/2015, of 10 July, promulgating the CIT Regulations, as amended (the "**CIT Regulations**"); and

(d) for individuals and entities who are not resident for tax purposes in Spain which are Non-Resident Income Tax ("**NRIT**") taxpayers, Royal Legislative Decree 5/2004, of 5 March, promulgating the Consolidated Text of the NRIT Law, as amended by Law 26/2014, of 27 November, as amended by

Royal Decree-Law 9/2015, of 10 July, and Royal Decree 1776/2004, of 30 July, promulgating the NRIT Regulations, as amended along with Law 19/1991, of 6 June, on Wealth Tax as amended most recently by Law 48/2015, and Law 29/1987, of 18 December, on Inheritance and Gift Tax, as amended.

Whatever the nature and residence of the Noteholder, the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, for example, exempt from Transfer Tax and Stamp Duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December, regulating such tax.

2 Spanish tax resident individuals

2.1 Personal Income Tax (Impuesto sobre la Renta de las Personas Físicas)

Both interest periodically received and income deriving from the transfer of the Notes constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the PIT Law, and must be included in the PIT savings taxable base of each investor and taxed currently at 19 per cent for taxable income up to €6,000; 21 per cent for taxable income between €6,001 and €50,000, and 23 per cent for taxable income exceeding €50,000.

As a general rule, both types of income may be subject to the corresponding withholding tax on account of Spanish PIT, at the applicable tax rate (currently 19 per cent). However, Article 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, establishes information procedures applicable to debt instruments issued under Law 10/2014 (which do not require identification of the Noteholders) under which interest payments will be paid by the Issuer to the Fiscal Agent free of withholding tax, provided that such information procedures are complied with, as described in "*Disclosure Obligations in connection with payments on the Notes*".

However, regarding the interpretation of Royal Decree 1145/2011, please refer to "*Risk Factors – Risks in relation to Spanish Taxation*".

Nevertheless, withholding tax at the applicable rate (currently 19 per cent) may have to be deducted by other entities (such as depositaries or financial entities), provided that such entities are resident for tax purposes in Spain or have a permanent establishment in Spanish territory.

Amounts withheld, if any, may be credited by the relevant investors against their final PIT liability.

2.2 Wealth Tax (*Impuesto sobre el Patrimonio*)

According to Wealth Tax regulations (subject to any exceptions provided under relevant legislation in each autonomous region (*Comunidad Autónoma*)), the net worth of any Spanish tax resident individuals in excess of €700,000 is subject to Wealth Tax in respect of tax year 2016.

Therefore, investors who are Spanish tax resident individuals should take into account the value of the Notes which they hold as at 31 December 2016 for the purposes of Spanish Wealth Tax, the applicable rates ranging between 0.2 per cent. and 2.5 per cent. (subject to any exceptions provided under relevant legislation in each autonomous region (*Comunidad Autónoma*)). Under Law 48/2015, which amended Spanish Wealth Tax regulated by Law 19/1991, of 6 June, Wealth Tax is scheduled to be removed from 1 January 2017.

2.3 Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Inheritance and Gift Tax in accordance with the applicable Spanish regional or State rules (subject to any regional tax exemptions being available to them). The applicable effective tax rates currently range between 7.65 per cent. and 81.6 per cent (subject to any specific regional rules), depending on relevant factors.

3 Spanish tax resident legal entities

3.1 Corporate Income Tax (*Impuesto sobre Sociedades*)

Both interest periodically received and income deriving from the transfer of the Notes must be included as taxable income of Spanish tax resident legal entities for CIT purposes in accordance with the rules for this tax, being typically subject to the standard rate of 25 per cent, with lower or higher rates applicable to certain categories of taxpayers.

According to Article 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, the Issuer is not obliged to withhold any tax amount on interest payments made under the Notes provided that the new simplified information procedures (which do not require identification of the Noteholders) are complied with by the Fiscal Agent, as described in section "Disclosure Obligations in connection with Payments on the Notes".

However, regarding the interpretation of Royal Decree 1145/2011, please refer to "*Risk Factors – Risks in relation to Spanish Taxation*".

Income derived from the transfer of the Notes shall not be subject to withholding tax as provided by Section 61(s) of the Corporate Income Tax Regulations, to the extent that the Notes satisfy the requirements laid down by the reply to the Directorate General for Taxation's (*Dirección General de Tributos*) consultation, on 27 July 2004, indicating that in the case of issuances made by entities with tax residency in Spain (as in the case of each of the Issuers), application of the exemption requires that the Notes be placed outside Spain in another OECD country and traded on organised markets in OECD countries.

Amounts withheld, if any, may be credited by the relevant investors against their final CIT liability

3.2 Wealth Tax (*Impuesto sobre el Patrimonio*)

Legal entities are not subject to Wealth Tax.

3.3 Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax but must include the market value of the Notes in their taxable income for Spanish CIT purposes.

4 Individuals and legal entities tax resident outside Spain

4.1 Non-Resident Income Tax (*Impuesto sobre la Renta de No Residentes*)

(A) Acting through a permanent establishment in Spain

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes shall be, generally, the same as those previously set out for Spanish CIT taxpayers.

(B) Not acting through a permanent establishment in Spain

Both interest payments periodically received and income deriving from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes, and who are NRIT taxpayers with no permanent establishment in Spain, are exempt from NRIT, on the same terms laid down for income from public debt.

In order for the exemption to apply, it is necessary to comply with certain information obligations relating to the Notes, in the manner detailed under "*Disclosure obligations in connection with payments on the Notes*" as laid down in Article 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011. If these information obligations are not complied with in the manner indicated, the Issuer will withhold 19 per cent and the Issuer will not pay additional amounts.

4.2 Wealth Tax (*Impuesto sobre el Patrimonio*)

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax will not be generally subject to such tax on the Notes. Otherwise, under current Wealth Tax regulations non-Spanish resident individuals whose properties and rights located in Spain (or that can be exercised within the Spanish territory) exceed € 700,000 will be subject to Wealth Tax during year 2016, the applicable rates ranging between 0.2 per cent. and 2.5 per cent. However, as the income derived from the Notes is exempted from NRIT, any non-resident individuals holding the Notes as of 31 December 2016 will be exempted from Spanish Wealth Tax in respect of such holding. Furthermore, under Law 48/2015, which amended Spanish Wealth Tax regulated by Law 19/1991, of 6 June, Spanish Wealth Tax is scheduled to be removed from 01 January 2017.

Legal entities tax resident outside Spain are not subject to Spanish Wealth Tax.

4.3 Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Individuals not tax resident in Spain who acquire ownership or other rights over the Notes by inheritance, gift or legacy, and who are tax resident in a country with which Spain has entered into a double tax treaty in relation to Inheritance and Gift Tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to Inheritance and Gift Tax in accordance with the applicable Spanish regional and State legislation.

Legal entities not tax resident in Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax. They will be subject to NRIT (as described above). If the entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of such treaty will apply. In general, double tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

5 Payments under the Guarantee

In the opinion of the Guarantor, any payments of principal and interest made by the Guarantor under the Guarantee may be characterised as an indemnity and, accordingly, be made free and clear of, and without withholding or deduction on account of any Spanish tax.

However, although no clear precedent, statement of law or regulation exists in relation thereto, even if the Spanish tax Authorities take the view that the Guarantor has effectively assumed all the obligations of the Issuer under the Notes subject to and in accordance with the Guarantee, and that accordingly they shall be classified as interest payments for Spanish tax purposes, they should determine that payments made by the Guarantor relating to interest on the Notes will be subject to the same tax rule previously set out for payments made by the Issuer (i.e. payable free of withholding tax provided that the relevant information obligations outlined in "*Disclosure obligation in connection with payments on the Notes*" below are complied with).

6 Disclosure obligations in connection with payments on the Notes

The Issuer is currently required by Spanish law to gather certain information relating to the Notes. In accordance with Article 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, certain information with respect to the Notes must be submitted to the Issuer at the time of each payment (or, alternatively, before the tenth calendar day of the month following the month in which the relevant payment is made).

Such information includes the following:

(a) Identification of the Notes (as applicable) in respect of which the relevant payment is made;

(b) the date on which the relevant payment is made;

(c) total amount of income from the Notes;

(d) total amount of income (either from interest payments or redemption) corresponding to each clearing house located outside Spain.

In particular, the Fiscal Agent must certify the information above about the Notes by means of a certificate the form of which is attached as Annex I to this Base Prospectus. In light of the above, the Issuer and the Fiscal Agent have arranged certain procedures to facilitate the collection of information concerning the Notes by the close of business on the Business Day immediately preceding each relevant Payment Date. If, despite these procedures, the relevant information is not received by the Issuer on each Payment Date, the Issuer will withhold tax at the then-applicable rate (currently 19 per cent) on the total amount of interest payable in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

If, before the tenth day of the month following the month in which interest is paid, the Fiscal Agent provides such information, the Issuer will reimburse the amounts withheld.

However, regarding the interpretation of Royal Decree 1145/2011, please refer to "*Risk Factors – Risks in relation to Spanish Taxation*".

The Issuer, the Arranger and the Dealers do not accept any responsibility relating to the procedures established for the collection of information concerning the Notes and they will not be liable for any damage or loss suffered by any holder who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because these procedures prove ineffective. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding. See "*Risk Factors*". The procedures for providing documentation referred to in this section are set out in detail in the Fiscal Agency Agreement, which may be inspected upon reasonable notice, at the specified offices of the Issuer and the Fiscal Agent. Should any withholding tax be levied in Spain, holders of the Notes should note that they may apply directly to the Spanish tax authorities for any tax refund which may be available to them.

In the event that the currently applicable procedures were modified, amended or supplemented by, amongst others, a Spanish law, regulation, interpretation or ruling of the Spanish Tax Authorities, the Issuer will inform the Noteholders of such information procedures and of their implications, as the Issuer may be required to apply withholding tax on interest payments under the Notes if the Noteholders would not comply with such information procedures. In such case, the Issuer will not pay additional amounts with respect to the Notes as a result of the imposition of such withholding tax, as provided in Condition 8 (*Taxation*).

Set out below is Annex I. Sections in English have been translated from the original Spanish. In the event of any discrepancy between the Spanish language version of the certificate contained in Annex I and the *corresponding English translation, the Spanish tax authorities will only hold the Spanish language version of the relevant certificate as the valid one for all purposes.*

U.S. Foreign Account Tax Compliance Act (FATCA)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign pass thru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions including Spain have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for the purpose of FATCA withholding unless materially modified after such date (including by reason of substitution of the issuer). However if additional Notes (as described under "Terms and Conditions – Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Annex I

Anexo al Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007

Modelo de declaración a que se refieren los apartados 3, 4 y 5 del artículo 44 del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos

Annex to Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

Declaration form referred to in paragraphs 3, 4 and 5 of Article 44 of the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

Don (nombre), con número de identificación fiscal (...)[(1)], en nombre y representación de (entidad declarante), con número de identificación fiscal (....)[(1)] y domicilio en (...) en calidad de (marcar la letra que proceda):

Mr. (name), with tax identification number (...)[(1)], in the name and on behalf of (entity), with tax identification number (....)[(1)] and address in (...) as (function - mark as applicable):

(a) Entidad Gestora del Mercado de Deuda Pública en Anotaciones.

(a) Management Entity of the Public Debt Market in book entry form.

(b) Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero.

(b) Entity that manages the clearing and settlement system of securities resident in a foreign country.

(c) Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español.

(c) Other entities that hold securities on behalf of third parties within clearing and settlement systems domiciled in the Spanish territory.

(d) Agente de pagos designado por el emisor.

(d) Paying Agent appointed by the issuer.

Formula la siguiente declaración, de acuerdo con lo que consta en sus propios registros:

Makes the following statement, according to its own records:

1. En relación con los apartados 3 y 4 del artículo 44:

1. In relation to paragraphs 3 and 4 of Article 44:

1.1 Identificación de los valores ....

1.1 Identification of the securities ....

1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)..

1.2 Income payment date (or refund if the securities are issued at discount or are segregated)..........................

1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados)..

1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated)...

1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora

1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved

1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).

1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).

2. En relación con el apartado 5 del artículo 44.

2. In relation to paragraph 5 of Article 44.

2.1 Identificación de los valores ....

2.1 Identification of the securities ....

2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)...

2.2 Income payment date (or refund if the securities are issued at discount or are segregated) ....

2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados ....

2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated) ....

2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.

2.4 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country A.

2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.

2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.

2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C.

2.6 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

Lo que declaro en ………………………… a .... de …………. de …........

I declare the above in……………………on the ...... of …………... of ……....

(1)En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia

(1)In case of non-residents (individuals or corporations) without permanent establishment in Spain it shall be included the number or identification code which corresponds according to their country of residence.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banca IMI S.P.A., Banca March, S.A., Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Bankia, S.A., Merrill Lynch International, BNP Paribas, CaixaBank, S.A., Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, Morgan Stanley & Co. International plc, UniCredit Bank AG, Société Générale and The Royal Bank of Scotland plc. (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealer agreement dated 4 August 2016 and made between the Issuer, the Guarantor and the Dealers (the "**Dealer Agreement**"). Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America

Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not *applicable in the relevant Final Terms*.

The Notes and the Guarantee have not been and will not be registered under 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 certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

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

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes and the Guarantee, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U. S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes and the Guarantee within the United States or to, or for the account or benefit of, U. S. persons.

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

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) ***No deposit-taking:*** in relation to any Notes having 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:

      (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

      (B) 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 FSMA by the Issuer;

(b) ***Financial promotion:*** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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) ***General compliance***: 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.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken, and each further Dealer appointed under the Programme will be required to undertake, that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Kingdom of Spain

The Dealers have represented and agreed that the Notes will not be offered, sold or distributed, nor will any subsequent resale of Notes be carried out in Spain, except in circumstances which do not constitute a public offer of securities in Spain within the meaning of the Spanish Securities Market Law (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as amended and restated, or without complying with all legal and regulatory requirements under Spanish securities laws. Neither the Notes nor the Base Prospectus have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore the Base Prospectus is not intended for any public offer of the Notes in Spain.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus, any Final Terms or any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*) ("**Qualified Investors**"), as defined under Article 34-ter, paragraph 1, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation 11971/1999**"); or

(b) in circumstances which are exempted from the rules on offers of securities to be made to the public pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 ("**Financial Services Act**") and Article 34-ter, first paragraph, of Regulation 11971/1999.

Any offer, sale or delivery of the Notes in the Republic of Italy or distribution of copies of this Base Prospectus, any Final Terms or any other document relating to the Notes in the Republic of Italy under (a) and (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993, as amended; and

(ii) in compliance with any other applicable laws and regulations.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply to the best of its knowledge and belief with all applicable securities laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer, the Guarantor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

The Issuer and the Guarantor have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The establishment of the Programme was authorised by the resolutions of the board of directors of the Guarantor passed on 30 June 2014 on the basis of the authorisation granted by a resolution of the Ordinary General Meeting of Shareholders passed on 24 June 2014. The update of the Programme was authorised by a resolution of the joint directors of the Issuer passed on 28 July 2016. The Guarantor authorised the update of the Programme and the Guarantee by a resolution of its Board of Directors passed on 28 July 2016.

Significant/Material change

There has been no material adverse change in the prospects of the Issuer nor has there been any significant change in its financial or trading position since 31 December 2015, being the date of the most recently published audited financial information of the Issuer.

There has been no material adverse change in the prospects of the Guarantor and its subsidiaries taken as a whole since 31 December 2015, being the date of the most recently published audited consolidated financial statements of the Guarantor, and there has been no significant change in the financial or trading position of the Guarantor and its subsidiaries taken as a whole since 30 June 2016, being the date of the most recently published interim financial information of the Guarantor.

Legal and arbitration proceedings

Neither of the Issuer, the Guarantor nor any of the members of the Group 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 are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of any of the Issuer, the Guarantor or the Group.

Material contracts

There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

Independent Auditors to the Issuer and the Guarantor

The audited annual accounts of the Issuer for the financial years ended 31 December 2015 and 31 December 2014 and the consolidated financial statements of the Guarantor for the years ended 31 December 2015 and 31 December 2014 have been audited by Deloitte, S.L., registered in the Official Registry of Auditors (*Registro Oficial de Auditores de Cuentas*) under number S0692. The registered office of Deloitte, S.L. is Plaza Pablo Ruiz Picasso 1, 28020 Madrid, Spain.

Third party information

Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

Listing

Application has been made to the Irish Stock Exchange for the Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and trading on its regulated market. However, the Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer.

The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

Clearing of the Notes

The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Tranche of Notes will be set out in the relevant Final Terms.

Documents of display

For the period of 12 months from the date of this Base Prospectus, hard copies of the following documents are available for viewing during normal business hours at the registered office of the Issuer and the Fiscal Agent:

(i) the Agency Agreement, the Deed of Covenant, the Guarantee and the forms of Global Notes, Definitive Notes, Coupons and Talons;

(ii) a copy of this Base Prospectus, any future prospectuses, supplements, Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity) and any documents incorporated herein or therein by reference, and

(iii) the by-laws of the Issuer and the Guarantor (together with an English translation thereof);

The English translation of the audited annual accounts of the Issuer for the financial year ended 31 December 2015 and 2014, the English translation of the unaudited interim consolidated financial information of the Guarantor for the six month period ended 30 June 2016 and the English translation of the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2015 and 2014, together (where appropriate) with the auditor's reports thereon can be accessed on the addresses on the Guarantor's website set out in "*Documents incorporated by reference*".

The Base Prospectus, any supplement prospectus and the Final Terms for notes listed on the Irish Stock Exchange will be published on the website of the Central Bank of Ireland (www.centralbank.ie).

REGISTERED OFFICE OF THE ISSUER

Acciona Financiación Filiales, S.A. Unipersonal
Avenida de Europa 18
28108 Alcobendas
Madrid
Spain

REGISTERED OFFICE OF THE GUARANTOR

Acciona, S.A.
Avenida de Europa 18
28108 Alcobendas
Madrid
Spain

ARRANGER AND DEALER

Banco Bilbao Vizcaya Argentaria, S.A.
Ciudad BBVA
Edificio Asia
c/ Sauceda 28
28050 Madrid
Spain

DEALERS

Banca IMI S.p.A.
Largo Mattioli 3
20121 Milan
Italy

Banca March, S.A.
Avenida Alejandro Rosselló 8
07002 Palma de Mallorca
Spain

Banco Santander, S.A.
Gran Vía de Hortaleza 3
Edificio Pedreña
28033 Madrid
Spain

Bankia, S.A.
Paseo de la Castellana 189
Torre Bankia
28046 Madrid
Spain

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

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

CaixaBank, S.A.
Avda. Diagonal, 621
08028 Barcelona
Spain

Crédit Agricole
Corporate and Investment Bank
12, Place des Etats-Unis
CS 70052 92547 Montrouge Cedex
France

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

Morgan Stanley & Co International plc
25 Cabot Square, Canary Wharf
London E14 4QA
United Kingdom

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Germany

Société Générale
29 boulevard Haussmann
75009 Paris
France

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR
United Kingdom

FISCAL AGENT AND PAYING AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

IRISH LISTING AGENT

The Bank of New York Mellon SA/NV, Dublin Branch
Hanover Building
Windmill Lane
Dublin 2
Ireland

INDEPENDENT AUDITORS

Deloitte, S.L.
Plaza Pablo Ruiz Picasso 1
28020 Madrid
Spain

LEGAL ADVISERS

To the Dealers as to English and Spanish law

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28010 Madrid
Spain