

A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES**CERTIFICADO DE CONCORDANCIA**

D. Pedro Miras Salamanca, en nombre y representación de la Corporación de Reservas Estratégicas de Productos Petrolíferos (en adelante, “CORES”), con domicilio social en Paseo de la Castellana 79, 28046, Madrid, en su condición de Presidente de CORES, debidamente apoderado al efecto por acuerdo de su Junta Directiva de 22 de mayo de 2014, en relación con el folleto de base (el “**Folleto de Base**”) correspondiente al programa de emisión de valores no participativos de CORES (el “**Programa**”),

CERTIFICO

Que la versión impresa del Folleto de Base de CORES inscrito y depositado en la Comisión Nacional del Mercado de Valores (“CNMV”) se corresponde con la versión en soporte informático que se adjunta.

Asimismo, por la presente se autoriza a la CNMV para que el Folleto de Base de CORES sea puesto a disposición del público a través de su página web.

Y, para que así conste y surta los efectos oportunos, expido la presente certificación en Madrid, a 5 de septiembre de 2014.

BASE PROSPECTUS



Corporación de Reservas Estratégicas de Productos Petrolíferos

(incorporated as a Non-profit Public-Law Corporation in Spain)

Euro 1,500,000,000

Euro Medium Term Note Programme

This base prospectus (the **Base Prospectus**) has been approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores –CNMV–*), as competent authority for the purpose of Directive 2003/71/EC, as amended (the **Prospectus Directive**), as a base prospectus in accordance with the requirements provided under EU and Spanish law pursuant to the Prospectus Directive with regard to the issue by Corporación de Reservas Estratégicas de Productos Petrolíferos (**CORES** or the **Issuer**), a Non-profit Public-Law Corporation (*Corporación de Derecho Público sin ánimo de lucro*), of notes (the **Notes**) under the Euro Medium Term Note Programme (the **Programme**) described in this Base Prospectus during the period of twelve months after the date hereof. Application will be made for the Notes to be admitted to trading on AIAF Mercado de Renta Fija (**AIAF**) and/or other European securities markets which qualify as regulated markets for the purposes of Directive 2004/39/EC (**MiFID**). Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information applicable to each issue of Notes will be set out in a final terms document (the **Final Terms**) which will be filed with the CNMV. For the purpose of article 14 of the Prospectus Directive, the Base Prospectus and any Final Terms issued under the Programme will be published on the website of the CNMV (www.cnmv.es).

This Prospectus is only addressed to, and directed at, persons who are qualified investors within the meaning of Article 2.1(e) of the Prospectus Directive.

In addition, in the United Kingdom, this Prospectus is being distributed to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **Order**); (ii) high net worth companies, unincorporated associations and other bodies within the categories described in Article 49(2) of the Order; and (iii) persons to whom it may otherwise lawfully be communicated (all such persons together, **relevant persons**). Therefore this Prospectus must not be acted on or relied upon (i) in any member state of the European Economic Area (**EEA**) other than the United Kingdom, by persons who are not qualified investors, and (ii) in the United Kingdom, by persons who are not qualified investors or relevant persons.

Under the Programme, CORES may from time to time issue Notes denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory requirements. No Notes may be issued under the Programme with a denomination of less than €100,000 (or the equivalent amount in another currency). The aggregate principal amount of Notes outstanding will not at any time exceed €1,500,000,000 (or the equivalent amount in other currencies) in accordance with the threshold authorised by CORES' Board of Directors' resolution passed on 22 May 2014 on the basis of the authorisation granted by a resolution of its General Assembly passed on 24 June 2010. As at the date of this Base Prospectus, CORES has an outstanding 3-year bond issue in the amount of €350 million issued under the abovementioned authorisation. Consequently, CORES will not be able to issue Notes under the Programme up to the maximum aggregate principal amount of €1,500,000,000 until the aforementioned issue is cancelled. Therefore until such cancellation takes place, the principal amount of Notes outstanding at any time under the Programme may not exceed €1,150,000,000.

In accordance with Act 211/1964, of 24 December, on the issue of debentures by companies not having taken the form of public limited company, association and other corporate bodies and the constitution of the syndicate of noteholders ("**Act 211/1964**"), the aggregate outstanding amount of CORES' debt issues, including those that may be issued under the Programme, may not exceed the amount in which the assets of the Corporation have been valued, accordingly the Final Terms of any issue under this Programme will detail the Issuer's compliance with this legal requisite.

The Notes will be issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*) and will be registered with the Spanish *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear)* as managing entity of the central registry of the Spanish clearance and settlement system (the **Spanish Central Registry**). Consequently, no global certificates will be issued in respect of the Notes. Clearing and settlement relating to the Notes, as well as payment of interest and redemption of principal amounts, will be performed within Iberclear's account-based system

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Issuer has been rated BBB+ by Fitch Ratings España, S.A.U. (**Fitch**) and BBB by Standard & Poor's Credit Market Services Europe (**S&P**). Series of Notes to be issued under the Programme may be rated or unrated.

As at the date of this Base Prospectus, each of Fitch and S&P are established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the **CRA Regulation**).

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

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.

The date of this Base Prospectus is September 2014.

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IMPORTANT NOTICES

This Base Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

Neither the delivery of this Base Prospectus or any Final Terms, nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Base Prospectus must be read and construed together with any supplements hereto and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

The only persons authorised to use this Base Prospectus in connection with an offer of Notes shall be, if applicable, the persons named as the Arrangers, Underwriters, Distributors or Co-ordinators, for the relevant issue as the case may be.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or, if applicable, any Arrangers, Underwriters, Distributors or Co-ordinators.

If applicable, neither the Arrangers, Underwriters, Distributors or Co-ordinators nor any of their respective affiliates will authorise the whole or any part of this Base Prospectus and none of them will make any representation or warranty or accept any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus.

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. In making an investment decision, investors must rely on their own examination and analysis of the Issuer and the terms of the Notes, including the merits and risks involved.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer and, if applicable, the Arrangers, Underwriters, Distributors or Co-ordinators that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and should consider the suitability of the Notes as an investment in light of their own circumstances, investment objectives, tax position and financial condition.

The distribution of this Base Prospectus and any Final Terms, and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base

Prospectus or any Final Terms comes are required to inform themselves about and to observe any such restrictions.

In particular, Notes have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about and observe any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom, the European Economic Area and Japan.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €1,500,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into Euro at the date of the agreement to issue such Notes) in accordance with the threshold authorised by CORES' Board of Directors' resolution passed on 22 May 2014 on the basis of the authorisation granted by a resolution of its General Assembly passed on 24 of June 2010.

Additionally, CORES has an outstanding 3-year bond issue in the amount of €50 million issued under the abovementioned authorisations. Consequently, CORES will not be able to issue Notes under the Programme up to the maximum aggregate principal amount of €1,500,000,000 until the aforementioned issue is cancelled. Therefore until such cancellation takes place, the principal amount of Notes outstanding at any one time under the Programme shall not be able to exceed €1,150,000,000.

In accordance with Act 211/1964, of 24 December, the aggregate outstanding amount of CORES' debt issues, including those that may be issued under the Programme, may not exceed the amount in which the assets of the Corporation have been valued, accordingly the relevant Final Terms of any issue under this Programme will detail the Issuer's compliance with this legal requisite.

In this Base Prospectus, unless otherwise specified, references to a **Member State** are references to a Member State of the European Economic Area and reference to **EUR, euro** or **€** are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in article 2 of Council Regulation (EC) No 947/98 of 3 May 1998 on the introduction of the euro, as amended.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

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 the applicable law.

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 (a) Notes are securities suitable for investment by it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

1. RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

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

Potential Noteholders (as defined herein) are alerted to the statements under "Taxation" regarding the tax treatment in the Kingdom of Spain of income in respect of Notes. Noteholders must seek their own advice to ensure that they comply with all applicable procedures and to ensure the correct tax treatment of their Notes.

RISK FACTORS RELATING TO THE ISSUER

Risks related to CORES status as a non-profit Public-law Corporation

Risks relating to failure by CORES members to pay its fees

CORES is a non-profit Public-law Corporation under the supervision of the Ministry of Industry, Energy and Tourism. It is a separate legal entity, operating under private law. Its framework for action derives from Act 34/1998, of 7 October, on the Hydrocarbon Sector (**Act 34/1998**) and Royal Decree 1716/2004, of 23 July, which regulates the obligation to maintain minimum security stocks, the diversification of the natural gas supply and the Corporación de Reservas Estratégicas de Productos Petrolíferos (**Royal Decree 1716/2004**). Accordingly, the Corporation does not have share capital and, consequently, no shareholders given that in accordance with Royal Decree 1716/2004, the equity and financing necessary to carry out legal purpose are obtained from its legally designated members and other legally obligated parties, and, where appropriate, from the financial markets.

CORES' main sources of income derive from the fees it receives from its members and other entities legally obliged to pay fees and, to a lesser extent, due to its extraordinary nature, from the sale of its strategic stocks of petroleum products.

The Ministry of Industry, Energy and Tourism fixes every year, on the basis of an annual budget prepared by the Corporation, the fees to be paid by the members of CORES to finance the maintenance of the strategic stocks and other overhead expenses of the Corporation. Additionally, once the annual contributions have been approved, CORES may request the General Directorate of Energy Policy and Mines (*Dirección General de Política Energética y Minas*) their modification upwards or downwards subject to a limit of 5%, submitting the documentation supporting such request.

Exceptionally, when the correct fulfilment of the purposes of CORES recommends it and in order to guarantee at all times its financial creditworthiness, extraordinary fees can be levied. Up to date, the approved fees have not been increased, due to the conservative approach followed in the preparation of annual budget.

Since CORES' incorporation on 6 June 1995, defaults in the payment of the fees by its members have been scarce. Even though it cannot be assured that this trend may continue in the future, the sanctions these members could face, should they breach their obligations to CORES under the relevant regulation should act as a critical deterrent to this potential breach.

Failure by its members to settle CORES' fees constitutes a serious or very serious infringement of the regulations on minimum security stocks which might entail the revocation or suspension of the administrative authorisation granted to such member to operate in the Spanish market. Accordingly, it

is unlikely that members fail to pay the fees to CORES unless they are suspending their operations in Spain. Even in that case, if a member suspends its activity, or its license to operate is withdrawn by the authorities, the rest of members of CORES would absorb the defaulting operator's market share and the payment of the corresponding fees going forward. Notwithstanding the above, some minor operators, in terms of turnover for CORES (Euro 0,1 million, which account for 0,10% of the fees collected up to May 2014) are in default with respect to the fees to be paid to the Corporation. Therefore, the relevant administrative and civil proceedings have been brought by CORES against them in order to collect such due amounts.

Therefore, CORES' ability to fulfil its obligations in relation to the Notes issued under the Programme depends, among other factors, on the timely payment by its members of its fees to CORES and, accordingly, failure by its members to pay such fees when due could have a material and adverse effect on the financial position of CORES and on its ability to meet its financial commitments.

Risk related to the eventual lack or scarcity of storage capacity for strategic stocks

CORES is compulsorily obliged to build up, maintain and manage a specific volume of strategic stocks. As at 31 December 2013, CORES had stocks equivalent to 8,127,109 m³ of crude oil and petroleum products (representing a slight decline from its stocks as at 31 December 2012 that amounted to 8,137,384 m³). From the total stocks as at 31 December 2013, 238,525 m³ are kept at the own facilities of CORES, while the remaining stocks are maintained at storage facilities rented from market participants. In the future, CORES could face some difficulties to comply with the requirement to establish, maintain and manage the strategic stocks, if no storage capacity is available at the market, or if an agreement is not reached to rent storage capacity subject to terms and conditions that are satisfactory for CORES. This risk, that has never materialised, is notably reduced as a result of several factors, among them (i) the current downwards trend shown by the sales made in the oil market (which entails a significant increase in the storage capacity, which could be offered to CORES, as long as it is not used by the market participants); (ii) the possibility that, according to Article 14.4 of Royal Decree 1716/2004, CORES may reduce its maintenance needs, in terms of strategic reserves, if no sufficient storage capacity is available; and (iii) the possibility that CORES may maintain strategic reserves, either of its own or rented, in countries of the European Union, in case that a bilateral treaty had been signed in that respect (Article 11 of Royal Decree 1716/2004); and (iv) the obligation of CORES' members and other entities' obliged to keep security stocks, to provide storage facilities to CORES if needed, as established by article 51 of Act 34/1998.

Regulatory risks

As detailed in section 3 (*Description of the Issuer*) of this Base Prospectus, CORES, as a non-profit Public-law Corporation (*Corporación de derecho público*) is subject to a number of Spanish regulations implemented through various legal instruments (e.g. Acts, Royal Decrees, etc.).

Therefore, notwithstanding the stability of CORES regulatory framework, any regulatory or political developments which result in changes to the legislation, government regulation or policy which CORES is subject to may have a material impact on the Issuer. For example, any change on regulation governing CORES' members obligations to financially support CORES' activity making monthly payments, based on their sales or consumption, could have an adverse effect on Issuer's financial position.

Entity under State oversight

CORES was incorporated in order to form, maintain and manage strategic reserves and monitor the fulfilment of the obligation to maintain minimum security stocks of oil products and to diversify the natural gas supply.

Article 52 of Act 34/1998 defines CORES as a non-profit Public-law Corporation acting with full legal personality under private law and governed by the provisions of such Act and its developing regulations. Consequently, the Corporation is subject to the oversight of the State General Administration, exercised through the Ministry of Industry, Energy and Tourism. Accordingly, the Ministry of Industry, Energy and Tourism may, through the Ministry appointed Chairman of CORES,

veto any decision or action taken by the governing bodies of CORES that in the opinion of the Ministry is not consistent with the law or public interest.

Financial risks

Interest rate risk

CORES relies on both bank and debt capital markets financing to fund its operations, execute its capital expenditure plans, purchase its stocks and refinance its financial liabilities when due. Accordingly, the Issuer is exposed to the risk of fluctuations in interest rates that may affect cash flows and the market value in respect of items in the statement of financial position and derivatives. CORES analyses its interest rate exposure in a dynamic manner through the simulation of different scenarios that take into account refinancing, renewal of current positions, alternative financing and hedging.

As of 2013 the interest rate on loans and lines of credit range between Euribor + 0.10% y Euribor + 4.00%. The following table shows the loans and credit facilities at the end of 2013 and 2012:

	Thousand euros		% change
	2013	2012	
Long-term bank loans	790,182	946,182	-16,49%
Short-term bank loans	179,722	20,205	789%

Additionally, the following table shows the list of financial instruments being measured at the date of this Base Prospectus:

Underlying ISIN	Underlying asset	Maturity date	Nominal amount (€)	Hedge instrument
ES0224261018	CORES 4.50% Bond (23/04/08)	23/04/2018	500,000,000	Fixed/Floating IRS
ES0224261026	CORES 3.25% Bond (19/04/13)	19/04/2016	350,000,000	Fixed/Floating IRS

The Corporation has entered into interest rate swaps in respect of the bond issues that took place in 2008 for a notional amount of €500,000 thousand and in 2013 for €350,000 thousand.

In the context of the bond issue that took place in 2008, the Corporation entered into three interest rate swaps pursuant to which the Corporation pays a variable interest rate of 3-month Euribor plus +0.24%. Additionally, in the context of the bond issue that took place in 2013, the Corporation entered into three interest rate swaps pursuant to which the Corporation pays a variable interest rate of 3-month Euribor plus 2.877%.

Any increase in prevailing interest rates would therefore result in a corresponding increase of CORES financial expenses. For this reason, and following a conservative approach, the Issuer has included in its annual budget (See *Budget and fees* on Section 3 of this Base Prospectus) a margin for escalation in the interest rate that covers such eventual increase in expenses, to adjust the income through the fees collected, without prejudice to other mechanisms that could eventually be available to repay or refinance the debt.

It should be noted that Article 25 of Royal Decree 1716/2004 provides that on an exceptional basis, when proper compliance with the Corporation's purpose so requires and in order to guarantee its financial solvency at all times, extraordinary fees may be levied on CORES' members. However, thanks to CORES' conservative approach in the preparation of its annual budget the implementation of such measures has never been necessary.

Counterparty risk

Counterparty or credit risk derives from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as customers, including outstanding receivables and transaction commitments. The Issuer only operates with top tier banks and financial

institutions that are of recognized solvency. As for CORES members, this risk is mitigated by the fact that the fees are invoiced and collected on a monthly basis. As discussed under (*Risks relating to failure by CORES members to pay its fees*), the level of defaults on payment is not relevant and therefore there are no outstanding significant receivables at the end of the year.

Liquidity risk

Exposure to adverse situations in the debt or capital markets or to Corporation’s economic and financial situation can prevent CORES from obtaining the financing required to properly carry on its activities.

Prudent liquidity risk management implies maintaining sufficient cash and cash-equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

From time to time, CORES may need to raise further debt to, among other things, finance the acquisition of strategic stocks and enable it to refinance its existing indebtedness. Even though, CORES may exceptionally establish extraordinary fees on its members or sell its existing stock surplus there can be no complete assurance that CORES will be able to raise future debt on terms that are satisfactory to it, or at all, and this may have an adverse effect on the Issuer's activity and results of operations.

Credit rating risk

As the Issuer is a non-profit Public-law Corporation, its credit rating is linked to, and closely follows, that of the Kingdom of Spain. The Issuer is, therefore, exposed to the risk of downgrading in Spain's sovereign credit rating. Accordingly, in line with the practice adopted by rating agencies, a hypothetical downgrade of Spain's credit rating may have a knock-on effect on the credit rating of the Issuer and, consequently, adversely affect the Issuer's access to alternative sources of funding and/or may increase the cost of funding.

As of the date of this Base Prospectus the Issuer’s rating according to the Rating Agencies shown below is as follows:

Rating Agency	Kingdom of Spain	CORES	
	Long Term	Rating	Outlook
Fitch	BBB+	BBB+	Stable
Standard & Poor’s	BBB	BBB	Stable

A downgrade in the credit ratings of Spain or of CORES may increase the cost of the Issuer’s debt and, accordingly, adversely affect CORES financial condition and results of operations.

RISK FACTORS RELATING TO THE NOTES

Market risks

The credit risk associated with the Notes may be affected by deterioration in the financial position of the Issuer

Should CORES’ financial position deteriorate, the credit risk associated with the Notes would rise as the risk that the Issuer could not fulfill its obligations under the Notes would increase. The Issuer’s financial position is affected by different risk factors, some of which have been outlined above. An increased credit risk could result in the market pricing the Notes with a higher risk premium, which could adversely affect the value of the Notes. Another aspect of the credit risk is that deterioration in the financial position of the Issuer could result in a lower credit worthiness, which could affect the Issuer’s ability to refinance the Notes and other existing debt, which could in turn adversely affect the Issuer’s financial position and results of operations.

An active secondary market in respect of the Notes may never develop

Pursuant to the Terms and Conditions, and unless otherwise stated in the applicable Final Terms, the

Issuer shall apply for registration of the Notes on Iberclear as the managing entity of the Spanish Central Registry and for admission to listing and trading on AIAF and/or other European securities markets. However, there can be no assurance that the Notes will be approved for admission to trading. A failure to obtain such listing may have a negative impact on the market value of the Notes. Even if admission to listing on AIAF, and/or other European securities markets, is obtained, there can be no assurance that an active secondary market on the Notes will develop following such admission.

Secondary market liquidity and price fluctuation

The liquidity and trading price of the Notes may vary substantially as a result of numerous factors, including general market movements, irrespective of the Issuer's operating and financial performance. 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.

No investor should purchase Notes unless such investor understands and is able to bear the risk that certain Notes may not be readily tradable, that the value of Notes will fluctuate over time and that such fluctuations may be significant.

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

If the Notes are not denominated in the investor's home currency, it will be exposed to movements in exchange rates that could adversely affect the value of his holding

The Issuer will pay principal and interest on the Notes in the specified currency of the issue. 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 of the issue of the related Notes. These include the risk that exchange rates may significantly change (including changes due to devaluation of the specified currency of the issue or revaluation of the Investor's Currency). An appreciation in the value of the Investor's Currency relative to the specified currency of the issue would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Credit ratings assigned to any of the Notes may not reflect all of the risks associated with an investment in those Notes

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

There can be no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the rating agencies (or any of them) as a result of changes in, or unavailability of, information or if, in the rating agencies' judgment, circumstances so warrant. If any rating assigned to the Notes is lowered or withdrawn, the market value of the Notes may be reduced. Future events, including events affecting the Issuer or circumstances relating to the oil industry generally could have a material adverse impact on the ratings of the Notes.

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

General risks applicable to the Notes

Risks related to the structure of a particular Tranche of Notes

- (i) Notes subject to optional redemption by the Issuer

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

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate comparable to 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.

- (ii) The value of the Fixed Rate Notes may be adversely affected by movements in market interest rates

The value of the Fixed Rate Notes is dependent on several factors, one of the most significant over time being the level of market interest rates. Investment in Fixed Rate Notes involves a risk that the market value of the Fixed Rate Notes could be adversely affected by changes in market interest rates.

- (iii) Notes issued at a substantial discount or premium

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

Claims of Holders under the Notes are effectively junior to those of certain other creditors

The Notes are unsecured and unsubordinated obligations of the Issuer. Upon the insolvency of the Issuer, subject to statutory preferences and provided they do not qualify as subordinated claims pursuant to article 92 of the Spanish Insolvency act (*Ley Concursal*), the Notes will rank equally with any of the Issuer's other unsecured and unsubordinated indebtedness. However, the Notes will be effectively subordinated to all of the Issuer's secured indebtedness, if any, to the extent of the value of the assets securing such indebtedness, and other preferential obligations under Spanish law.

Syndicate of Noteholders' meetings

A Syndicate of Noteholders may be established for any issue of Notes under the Programme. Accordingly, meetings of the relevant syndicate may be held in order to resolve matters that may affect the Noteholders' interests. Under Spanish law resolutions adopted by majority in the relevant Noteholders' meeting may bind all Noteholders, including those who have not participated in or voted at the actual meeting or who have not voted in accordance with the required majority, to decisions that have been taken at a duly convened and held Noteholders' meeting.

Clearing and settlement

The Notes will be registered with Iberclear. Consequently, no global certificates have been or will be issued in respect of the Notes. Clearing and settlement relating to the Notes, as well as payment of interest and redemption of principal amounts, will be performed within Iberclear's account-based system. The investors are therefore dependent on the functionality of Iberclear's account-based system.

Title to the Notes will be evidenced by book entries, and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participating entities in Iberclear (the **Iberclear Members**) as having an interest in the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein.

The Issuer will discharge its payment obligation under the Notes by making payments through Iberclear. Noteholders must rely on the procedures of Iberclear and its participants to receive payments. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, holders of the Notes according to book entries and registries as described in the previous

paragraph.

Legal investment considerations may restrict certain investments

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 advisors to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Risks Relating to the Insolvency Act

The Insolvency Act, which came into force on 1 September 2004, supersedes all pre-existing Spanish provisions which regulated bankruptcy, insolvency (including suspension of payments) and any process affecting creditors' rights generally, including the ranking of credits.

The Insolvency Act 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 of the last official publication of the court order declaring the insolvency (if the insolvency proceeding is declared as abridged, the period to report may be reduced to fifteen days), (ii) provisions in a contract granting one party the right to terminate by reason only of the other's insolvency may not be enforceable, and (iii) accrual of interest (other than interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall be suspended as from the date of the declaration of insolvency and any amount of interest accrued up to such date and outstanding (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall become subordinated.

2. OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this document and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer may agree (as specified in the relevant Final Terms) that Notes may be issued in a form other than that contemplated in "Terms and Conditions of the Notes" herein, in which event, if appropriate; a supplement to this Base Prospectus will be published.

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004. Words and expressions defined in the "Form of Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this overview.

Issuer	Corporación de Reservas Estratégicas de Productos Petrolíferos
Description	EMTN (the Programme)
Final Terms	Notes issued under the Programme may be issued either pursuant to this Base Prospectus and associated Final Terms. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as completed to the extent described in the relevant Final Terms.
Size	<p>Up to €1,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time in accordance with the threshold authorised by CORES' Board of Directors' resolution passed on 22 May 2014 on the basis of the authorisation granted by a resolution of its General Assembly passed on 24 of June 2010.</p> <p>At the date of this Base Prospectus, CORES has an outstanding 3-year bond issue in the amount of €50 million issued under the abovementioned authorisations. Consequently, CORES will not be able to issue Notes under the Programme up to the maximum aggregate principal amount of €1,500,000,000 until the aforementioned issue is cancelled. Therefore until such cancellation takes place, the principal amount of Notes outstanding at any one time under the Programme shall not be able to exceed €1,150,000,000.</p> <p>In accordance with Act 211/1964, of 24 December, the aggregate outstanding amount of CORES' debt issues, including those that may be issued under the Programme, may not exceed the amount in which the assets of the Corporation have been valued, accordingly the relevant Final Terms of any issue under this Programme will detail the Issuer's compliance with this legal requisite.</p>
Issuance in Series:	Notes issued under the Programme are issued in series (each a Series) and each Series may comprise one or more tranches (each a Tranche) of Notes. Each Tranche is the subject of Final Terms (the Final Terms) which complete the Terms and Conditions. The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms.
Currency/ies	Euro or any other specified currency.
Maturities	Any maturity up to 30 years after the Issue Date, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Specified Denomination	<p>Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p>Notes may not have a minimum denomination of less than €100,000 (or equivalent in another currency).</p>
Method of Issue	The Notes will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). The Notes may be issued in Tranches on a continuous basis with no minimum issue size, subject to compliance with all applicable laws, regulations and directives. Further Notes may be issued as part of an existing Series.
Selling Restrictions	<p>United States and Japan.</p> <p>In connection with the offering and sale of a particular Tranche of Notes, additional selling restrictions may be imposed which will be set out in the</p>

	relevant Final Terms.
Form of Notes	The Notes will be issued in uncertificated, dematerialised book-entry form (<i>anotaciones en cuenta</i>).
Registration, clearing and settlement	The Notes will be registered with the Spanish <i>Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.</i> Unipersonal (Iberclear) as managing entity of the central registry of the Spanish clearance and settlement system (the Spanish Central Registry) with its corresponding address at Plaza de la Lealtad, 1, 28014, Madrid, Spain. Holders of a beneficial interest in the Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Notes through bridge accounts maintained with participants in Iberclear by nominees for the benefit of each of Euroclear Bank S.A./N.V. (Euroclear) and Clearstream Banking, société anonyme, Luxembourg (Clearstream Luxembourg).
Title and transfer	<p>Title to the Notes will be evidenced by book entries and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participants (<i>entidades participantes</i>) in Iberclear (the Iberclear Members) as having an interest in the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein. The Holder of a Note means the person in whose name such Note is for the time being registered in the Spanish Central Registry managed by Iberclear or, as the case may be, the relevant Iberclear Member accounting book (or, in the case of a joint holding, the first named thereof) and Noteholder shall be construed accordingly.</p> <p>The Notes are issued without any restrictions on their free transferability. Consequently, the Notes may be transferred and title to the Notes may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant Iberclear Member) upon registration in the relevant registry of each Iberclear Member and / or Iberclear itself, as applicable. Each Holder will be (except as otherwise required by Spanish law) treated as the absolute owner of the relevant Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Holder.</p>
Issue Price	Notes may be issued at their principal amount or at a discount or premium to their principal amount.
Interest	Notes will be interest-bearing. Interest may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Fixed Rate Notes	Interest on Fixed Rate Notes will be payable in arrears on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes	Floating Rate Notes will bear interest set separately for each Series by reference to EURIBOR or LIBOR as adjusted for any applicable margin as specified in the applicable Final Terms.
Zero Coupon Notes	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Listing and admission to trading	Unless another European securities markets is stated in the applicable Final Terms, the Issuer undertakes to make or cause to be made an application on its behalf for the Notes to be admitted to listing and admitted to trading on AIAF within 30 days after the Issue Date.
Status of the notes	The Notes constitute (subject to the provisions of the Final Terms) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all time rank <i>pari passu</i> and without any preference among themselves

except for any applicable legal and statutory exceptions. Upon insolvency of the Issuer, the obligations of the Issuer under the Notes shall (except for any applicable legal and statutory exceptions) at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer (unless they qualify as subordinated claims pursuant to article 92 of Act 22/2003 (Ley Concursal) dated 9 July 2003 (the *Insolvency Act*) or equivalent legal provisions which replace it in the future).

Payments

Payments in respect of the Notes (in terms of both principal and interest) will be made by transfer to the registered account of the relevant Holder maintained by or on behalf of it with a bank that processes payments in a city in which banks have access to the TARGET2 System, details of which appear in the records of Iberclear or, as the case may be, the relevant Iberclear Member at close of business on the day immediately preceding the Payment Day on which the payment of principal or interest, as the case may be, falls due. Holders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the relevant Notes. None of the Issuer or the Paying Agent or, if applicable, any arrangers, underwriters, distributors or co-ordinators will have any responsibility or liability for the records relating to payments made in respect of the Notes.

Redemption and purchase

Redemption at maturity

Unless previously redeemed or purchased and cancelled, the Notes shall be redeemed in euro, or any other specified currency, at their Redemption Amount on the Maturity Date. In any case, Notes shall not be redeemed below par.

Optional Redemption

Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.

Rating

The Issuer has been rated BBB+ by Fitch and BBB by S&P. Each of Fitch and S&P is established in the European Union and is registered under the CRA Regulation. As such each of Fitch and S&P are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

Notes issued under the Programme may be rated or unrated. Where an Issue of Notes is rated, its credit rating may not necessarily be the same as the credit rating applicable to the Issuer. The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit ratings agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms.

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

Prescription

Claims in respect of the principal amount or interest on Notes will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date, as defined in Condition 4 (*Interest*).

Claims in respect of any other amounts payable in respect of the Notes will become void unless made within 10 years following the due date for payment thereof.

Events of default

If any one or more of the following events (each an Event of Default) shall occur and continue:

(A) Non-payment: in accordance with article 4 of Act 211/1964, of 24 of December, the Issuer fails to fulfil its obligation of payment of any amount of interest in respect of the Notes at the due date for payment thereof on more than two occasions; or

(B) Winding up: an order is made or an effective resolution, law or regulation is passed for the winding up, liquidation or dissolution of the Issuer otherwise than for the purposes of the Issuer being replaced and substituted by law for another non-profit Public Corporation (corporación de derecho público) with an analogous corporate purpose as the principal debtor in respect

of the Notes;

then (i) the Commissioner may, acting upon a resolution of the Syndicate of Noteholders, in respect of all the Notes, or (ii) in the event of (a) not having established a Syndicate of Noteholders for the issue (see Condition 11 (Syndicate of Noteholders and modification)) or (b) inexistence of a resolution to the contrary by the Syndicate of Noteholders (which resolution shall be binding on all Noteholders), any Noteholder in respect of the Notes held by such Noteholder may, formally request that the Issuer amend such event and following 30 business days since the aforementioned request declare such Notes due and payable provided whereupon the Notes shall, when permitted by applicable Spanish law, become immediately due and payable at their principal amount, together with accrued interest, without further formality.

Syndicate of Noteholders and modification

In accordance with the provisions of article 6 of Act 211/1964, of 24 December, on the issue of debt securities by companies that have not adopted the form of public limited companies, or by associations or by other legal entities, and the constitution of the noteholder syndicate, the Issuer, upon the issue of the Notes under this Programme, may decide not to constitute the respective Syndicate of Noteholders. However, in such a case, the Noteholders themselves, by virtue of the provisions of such article, may request the establishment of the Syndicate of Noteholders, provided they represent, at least, 30% of the issue.

Notices

So long as the Notes are listed on AIAF, notices to the Noteholders will be published in the official bulletin of AIAF (*Boletín Diario de AIAF Mercado de Renta Fija*) and, where applicable, through the filing by the Issuer of a price-sensitive information notice (*comunicación de hecho relevante*) with the CNMV. Any such notice will be deemed to have been given on the date of the first publication. In addition, so long as the Notes are represented by book-entries, all notices to Noteholders shall be made through Iberclear for on transmission to their respective accountholders.

Further issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions in all respects as the outstanding Notes or the same in all respects except for the date of the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding Notes.

Governing law and submission to jurisdiction

Governing law

The Notes and any non-contractual obligations arising out of or in connection with them are, subject as provided below, governed by, and shall be construed in accordance with Spanish law.

Submission to jurisdiction

The courts of Madrid, Spain are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes.

3. DESCRIPTION OF THE ISSUER

History and development of the Issuer

History and legal status

The full legal name of the Issuer is *Corporación de Reservas Estratégicas de Productos Petrolíferos*; in an abbreviated form: **CORES**.

CORES was incorporated on June 6, 1995 by virtue of Royal Decree 2111/1994, of October 28, 1994, it is a non-profit Public-law Corporation subject to the oversight of the State General Administration, exercised through the Ministry of Industry, Energy and Tourism. It is a separate legal entity, operating under private law. Its main purpose is to ensure the security of the hydrocarbon supply in Spain through stockholding of oil products and control of the stocks held by the industry with regard to oil products, liquefied petroleum gases (LPG) and natural gas and its management structure includes representatives of the government as well as the oil and natural gas sectors.

The obligation to hold stocks to address possible supply crises was initially applied in Spain in 1927, and was progressively increased as a consequence of the international commitments assumed when Spain joined the International Energy Agency (IEA) in 1974 and the European Union in 1986.

The International Energy Agency was created in 1974 after the oil crisis, as an independent agency within the OECD. Its mandate is to coordinate member country policies in the event the supply of crude oil and petroleum products, whether national or international, is interrupted. While Spain has been a member of the IEA since its inception, the European Union became a member of this agency once it was formed.

During the petroleum monopoly in Spain in force from 1927 to 1992, the responsibility for petroleum product stockholding alternated between the industry, state-owned CAMPSA, and at times both of them, depending on the historical period.

After the petroleum monopoly in Spain ended in 1992, as part of the oil sector liberalization process, and following Spain's international obligations regarding stockholding on a national level, CORES was created.

In Europe the creation of stockholding entities such as CORES, devoted to the storage and management of strategic reserves, has been the model most frequently used to fulfil the international obligations regarding stockholding on a national level. In fact, Directive 2009/119/EC promotes the existence of this type of organisation as the most efficient system for maintaining and managing stocks from an operational, financial and security of supply standpoint.

Consequently, in Spain stockholding obligations are currently shared between CORES and the industry. Together with CORES' aforementioned main activities and purposes, CORES assists in guaranteeing the suitable diversification of natural gas supplies in Spain, controlling to ensure that supply origins do not exceed the legal percentage set for any one country and has also been the leading information resource in the hydrocarbon sector in Spain since its creation.

In the event of an oil supply crisis, whether national or international, and under the supervision of the Ministry of Industry, Energy and Tourism, CORES would contribute by ensuring supply continuity, coordinating the flow of the petroleum product stock necessary to consumers.

CORES' legal framework mainly derives from the following regulatory provisions:

- (i) Act 34/1998, of 7 October, on the Hydrocarbon Sector;
- (ii) Royal Decree 1716/2004, of 23 July, which regulates the obligation to maintain minimum security stocks, the diversification of the natural gas supply and the *Corporación de Reservas Estratégicas de Productos Petrolíferos*;
- (iii) Act 3/2013, of 4 June, on the creation of the National Commission of Markets and Competition. (BOE 134 of 5/6/2013);
- (iv) Royal Decree 61/2006, of 31 January, which sets specifications for gasoline, diesel fuel, fuel oil and liquid petroleum gases and regulates the use of certain biofuels;
- (v) Order ITC/3283/2005, of 11 October 2005, approving the regulations related to the information duties of the entities obligated to maintain minimum security stocks of petroleum products including liquid petroleum gases and natural gas, as well as the *Corporación de Reservas Estratégicas de Productos Petrolíferos*' inspection authority
- (vi) Ruling of the General Directorate of Energy Policy and Mines of 29/05/2007, approving the new official forms for submitting information to the General Directorate of Energy Policy and Mines, the National Energy Commission and CORES;
- (vii) Directive 2009/119/EC of the Council, of 14 September 2009, imposing an obligation on member states to maintain minimum stocks of crude oil and/or petroleum products. (Directive 73/238/EEC, Directive 2006/67/EC and Decision 68/416/EEC were repealed as of 31 December 2012); and
- (viii) Agreement on an International Energy Programme, signed in Paris on 18 November 1974.

Where a matter of law is not covered by any specific regulation, the regulations applicable to the private sector will apply in respect of that matter.

Place of registration of the Issuer and registration number

As CORES is a Spanish non-profit Public-law Corporation, it is not registered with any Public Registry. However, the Issuer Articles of Association contained in Royal Decree 1716/2004 establish that CORES must hold its registered office in Madrid. The current registered office and contact information of CORES is as follows:

Address: Paseo de la Castellana, 79, Planta 7, 28046 Madrid

Telephone: (+34) 91 360 09 10

Telefax: (+34) 91 420 39 45

CORES' members

All Spanish wholesale oil and liquid petroleum gas product operators as well as natural gas shippers automatically and obligatorily become members of CORES as of the activity start date corresponding to the Statement of Compliance given to the Ministry of Industry, Energy and Tourism.

The companies that conduct these activities are automatically subject to compulsory CORES membership starting from the date they make the corresponding Statement of Compliance before the Ministry of Industry, Energy and Tourism, in which they indicate initiation of activity. CORES maintains a regularly updated list of all its members on its webpage (www.cores.es).

Consequently, CORES' members can be grouped in the following sector categories:

- (i) 179 operators authorised to distribute petroleum products on a wholesale basis.
- (ii) 9 authorised wholesale liquid petroleum gas operators (4 also qualify as petroleum product operators and 3 as gas marketers, and therefore they are included to avoid double counting).
- (iii) 88 natural gas marketers (6 are also petroleum product operators and 3 are involved with liquid petroleum gas, and therefore they are not recounted).

Members are obliged to hold minimum security stocks and to financially support CORES' activity, making monthly payments based on their sales or consumption. These payments are made in accordance with the fees applicable to each product, which are calculated on CORES' anticipated operating costs for the year and approved by means of a Ministerial Order issued by the Ministry of Industry, Energy and Tourism (See *Budget and fees* on this Section 3).

In addition to CORES members, other entities are also obliged to hold minimum stocks and pay fees based on their imported product volume or the amount acquired directly without using a wholesale operator or gas dealer as an intermediary. This is the case for retail oil product and LPG distributors, major consumers of oil products and LPG, and direct consumers in the natural gas market.

Consequently, the entities obliged to maintain minimum security stocks assume the following obligations to CORES as of the activity commencement date that appears on the Statement of Compliance approved by the Ministry of Industry, Energy and Tourism:

- (i) Obligation to maintain minimum stocks.
- (ii) Obligation to pay the corresponding fee.
- (iii) Obligation to send in periodic information.

Additionally, there are other entities (storage facility owners, lessors, biofuel production plants and natural gas distributors and carriers, etc.) that are required to submit information to CORES, for the purpose of verifying the data submitted by the entities obliged to maintain minimum stocks.

Recent events related to the Issuer and considered significant to assess its solvency.

There are no recent events related to CORES that might be significant to assess its solvency

Business overview

Main activities of the Issuer

The activities performed by CORES, according to the current language of Act 34/1998 and defined in article 23 of Royal Decree 1716/2004, are focused on the areas of hydrocarbon supply security and serving as an information resource in the sector..

At the same time, in accordance with the latest reform of Act 34/1998, on the hydrocarbon industry, enacted pursuant to Royal Decree-Act 15/2013, of December 13, CORES has been designated as the "Central Stockholding Entity" in Spain, with the features and subject to the legal regulation resulting from such consideration in accordance with article 7 of Directive 2009/119/EC, of the EC, dated September 14, 2009.

(A) Security of national hydrocarbon supply

In the course of its activities, CORES contributes to ensuring security of supply for oil products, LPG and natural gas in Spain.

Spain has a mixed stockholding system in which responsibility for holding hydrocarbon stocks is shared between CORES and the industry. CORES' foremost activity is to build up, maintain and manage strategic stocks of crude oil and oil products.

Petroleum products (except LPG)

The obligation to maintain minimum security stocks of petroleum products (emergency stocks) in Spain currently means holding stocks equivalent to 92 days of eligible sales or consumption, which must be maintained at all times.

Of these total mandatory 92 days, CORES holds 42 days (strategic stocks) in benefit of every obliged party while the obliged party holds the remaining 50 days (industry reserves). At the same time, CORES must keep 45 days of the total Spanish market obligation. The surplus above the 42-day obligation on an individual basis may be allocated by CORES to the obliged parties that request an additional volume of coverage, according to Royal Decree 1716/2004, as explained below.

Consequently, CORES has maintained in favour of all the obliged parties, since 1 of January 2010, at least 42 days of sales or consumption in the three groups of petroleum products, namely motor car and aviation gasoline, automotive diesel oils, other diesel oils, aviation kerosene and other kerosene; and fuel oils. This constitutes an increase of 2 days in the liabilities of each one of the obliged parties, changing from the previous minimum of 40 days to 42 days, effective as from 1st January 2010, and has been fully assumed by CORES as part of the strategic stocks, in accordance with the resolution of the Board of Directors dated 17 September 2009. Thus, and although this resolution of the Board of Directors does not modify the compulsory minimum amounts established in Article 14 of Royal Decree 1716/2004, with effect as from 1st January 2010 CORES maintains, for all the obliged parties, a minimum obligation of 42 days, and the rest (a maximum of 50 days) is maintained by the obliged party.

The entities obliged to maintain minimum stocks of petroleum products are wholesale operators, retail distribution companies (for the part not supplied by wholesale operators) and consumers (for the part not supplied by wholesale operators or retail companies).

However, the new system established by Royal Decree 1766/2007, for the maintenance of strategic stocks configures the 42 days of stocks that CORES must maintain by law as a minimum threshold. Consequently, CORES may maintain up to 100% of the obligation of all the obliged parties and of the Spanish market, currently defined as 92 days of sales or consumption of each obliged party during the previous 12 months.

Another novelty introduced by Royal Decree 1766/2007, of 28 of December, amending Royal Decree 1716/2004, and effective since the enactment of such Royal Decree on 30 of December 2007, is the right granted by such Royal Decree to all the obliged parties to request the Corporation to keep for them a volume equivalent to 35 days of their obligation to maintain minimum security stocks, in addition to the number of days already assumed by CORES. Such requests will be dealt with on the basis of the capacity available for the Corporation, through the application of the distribution criteria established in Royal Decree 1766/2007, of 28 December.

Consequently, there exists the possibility for CORES to maintain:

- 100% of the obligation of the non-operator entities with a market share of less than 0.5%, upon their request.
- 35 additional days of the entities who request this, on the basis of the capacity available for the Corporation, through the application of the distribution criteria established in Royal Decree 1766/2007.

CORES will establish the appropriate deadlines and conditions applicable to the reception of the obliged entities requests for additional stockholdings. All of the reserves held by CORES are owned by CORES.

In this sense, 2013 saw a global decrease in strategic reserves, amounting to 10,275 m³ (a decrease of 1,289 m³ in gasoline, 4,561 m³ in medium distillates, a reduction of 230 tons of fuel oils and a decrease of 4,195 m³ in crude oil). This change in the amount of strategic reserves kept has been the result of:

- The non-replacement of petroleum products and crude oil shortages (-10.403 m³).
- Quality adjustment transactions (+128 m³).

However, the number of days maintained by the Corporation in 2013 has increased by 3.9 days with respect to the figure for the previous year (this increase is mainly due to the decrease in the sales subject to such liability). Consequently, the total figure represented, as at 31st December 2013, reached 56.8 days. In total, as at 31st December 2013, there were 8,127,109 m³ of strategic reserves.

Finally and in accordance with the above, the budget for 2014 does not contemplate the purchase of reserves, since the stocks physically held by the Corporation exceed the minimum compulsory levels (45 days in total for all the obliged parties and 42 days for each obliged party).

Liquid Petroleum Gases (LPG)

The obligation to maintain minimum security stocks (emergency stocks) of liquid petroleum gases (LPG) in Spain currently means holding stock equivalent to 20 days of eligible sales or consumption, which must be maintained at all times. These stocks are wholly held by the obligated entities. Currently CORES does not store strategic stocks of liquid petroleum gases.

The entities obliged to maintain minimum stocks of LPG are wholesale operators, retail companies (for the part not supplied by wholesale operators) and consumers (for the part not supplied by wholesale operators or retail companies).

Natural gas

In the natural gas sector, CORES is responsible for ensuring compliance with the obligation to maintain minimum security stocks. Moreover, also within the scope of security of supply and as an activity that differentiates it from other similar European entities, CORES contributes to ensuring appropriate diversification of the natural gas supplies in Spain

The obligation to maintain minimum security stocks of natural gas in Spain currently means holding 20 days of the previous calendar year's confirmed sales or consumption. This supply must be integrally maintained by the obligated entities and held at all times in underground storage facilities. CORES does not store strategic stocks of natural gas.

The entities obliged to maintain minimum stocks of natural gas are natural gas shippers and direct consumers on the market (for the part of their confirmed consumption not supplied by a shipper).

If over 50% of the total amount of the annual natural gas supplies used for domestic consumption (with the exception of gas acquired for facilities with alternative combustion) comes from a single country of origin, the shippers that provide over 7% of the annual supply must diversify their portfolios. CORES is responsible for overseeing this obligation

International stockholding

Spanish and Community regulations establish the possibility of maintaining reserves in other member states.

In fact, this possibility is promoted in the Directive 2009/119/EC, because it allows reserves to be counted in any member state. In accordance with Spanish law, there must first be a bilateral agreement in place in order to maintain minimum security stocks abroad.

In the case of other countries maintaining reserves in Spain, the legal limitations and requirements correspond to those established under the regulations of those countries

Currently Spain has bilateral agreements in place with France, Ireland, Italy and Portugal and unilateral agreements with New Zealand and Malta.

With regard to maintaining other countries' reserves, Spain has a privileged geostrategic location, with access to the main European markets (Atlantic and Mediterranean), making it an option with clear advantages over other countries.

Additionally, Spanish legislation recognises the right of third parties to have access to oil sector logistics facilities through a negotiated procedure, under non-discriminatory technical and economic conditions. These conditions are supervised through the publication of prices and access conditions by the competent authorities

Finally, and without prejudice to CORES principal activity which basically consists on the acquisition, build-up, holding and management of the aforementioned reserves, the Corporation shall specifically perform the following duties:

- (a) Identification, verification, accounting and control of reserves defined in Act 34/1998 and development regulations hereof, including commercial reserves, with the obligation to inform the Ministry of Industry, Energy and Tourism, at least on a monthly basis, on the level of reserves held by any obliged parties and economic operators.
- (b) Establishing a detailed and permanently updated register of all emergency reserves held, excluding, as the case may be, specific reserves. Such register shall include, in particular, the necessary details to pinpoint the depot, refinery or storage facility in which the relevant reserves are located, and the amount, the owner and the nature thereof, based on the categories defined by mandatory European Union regulations which may be applicable from time to time. Such details must be kept for a five-year period.

The Ministry of Industry, Energy and Tourism may at any time request such register from the Corporation, which shall have at the most 10 days to forward it.

Prior to January 31 of each year, it shall send the Ministry of Industry, Energy and Tourism a summary of such register, indicating at least the amounts and the nature of the emergency reserves included in the register on the last date of the preceding calendar year.

- (c) Publishing, on a permanent basis, complete information classified by product categories, concerning the volumes of stocks that the Corporation can guarantee to maintain vis-à-vis the obliged parties, other economic operators or central stockholding entities. Likewise, it shall publish, prior to May 31 of each year, the terms on which it shall offer reserve maintenance services on account of the obliged parties.
- (d) Acquiring or selling, on an exclusive basis, the specific reserves that, as the case may be, may be set pursuant to the mandate of the Ministry of Industry, Energy and Tourism.
- (e) Build-up, maintenance and management of reserves in favour of economic operators or obliged parties in the terms set forth under applicable regulations. Freely available reserves pursuant to lease agreements may not be assigned or leased to third parties in any way.
- (f) Calculation and verification of total petroleum equivalent reserves and product quantities held by the Kingdom of Spain on a permanent basis, calculated both as a number of days of average daily net imports and as a number of days of average daily internal consumption corresponding to the year of reference in accordance with European regulations and the obligations resulting from any International Treaties to which the Kingdom of Spain is a party.

Likewise, it must send to the Ministry of Industry, Energy and Tourism any statistical lists relating to hydrocarbons as may be provided under applicable regulations.

- (g) Proposal to the Ministry of Industry, Energy and Tourism of any actions and measures leading to the implementation and update of obligations concerning security of supply in the hydrocarbon market in accordance with the international commitments assumed by the Kingdom of Spain.
- (h) Cooperating with the different Public Administrations for the purpose of providing information and advice and of performing any other activity regarding aspects included

within the scope of its competence in the hydrocarbon industry, in particular, a review of Spain's degree of preparation and storage of emergency stocks.

- (i) Duties concerning security of supply in the hydrocarbon sector entrusted by the Ministry of Industry, Energy and Tourism. In this regard, another activity that sets CORES apart from other, similar European entities is its contribution to ensure an appropriate diversification of Spain's natural gas supply, controlling the supply to ensure that no one country of origin provides more than 50%, in accordance with the current legal limit.

(B) Leading national information resource for the hydrocarbon sector

In relation to certain specific duties mentioned in the previous paragraph (i) above, CORES is the leading information resource for the hydrocarbon sector in Spain and provides official statistics to different organisations, contributing official data to various chapters of the National Statistics Plan. This activity is different from those performed by other European entities similar to CORES, as its work controlling the diversification of natural gas suppliers.

These actions are reflected in the regular updating of its website with different statistics, publications and reports, making CORES a benchmark for sector information.

Moreover, CORES acts as a consultancy, collaborating with various government administrations to provide information and advice.

(C) Benchmark player in the sector

Finally, in almost 20 years of existence, CORES has positioned itself as an active player in the hydrocarbon sector, providing technical support to the Ministry of Industry, Energy and Tourism, participating regularly in different forums and work groups on a national and international level, and contributing to promote the image of Spain as a model of efficiency and energy security.

To achieve its purpose, CORES exercises its powers in accordance with Act 34/1998 and Royal Decree 1716/2004, as well as the Articles of Association incorporated into such Royal Decree as an annex.

CORES' economic regime

Acquisition and maintenance of strategic stocks

As previously mentioned, CORES' main purpose is to contribute to the security of the hydrocarbon supply in Spain through stockholding of petroleum products and control of the stocks held by the industry with regard to petroleum products, liquefied petroleum gases (LPG) and natural gas.

Accordingly, the Issuer may build up and maintain minimum security stocks qualified as strategic through the following procedures:

- (i) Acquisition through purchase or exchange of the necessary stocks under market conditions.
- (ii) Lease of stocks from operators at market price and under market conditions, up to a maximum of 50% of the total strategic stocks.

In this sense, the members of CORES, if appropriate, must sell, exchange or lease stocks to the Corporation. To that effect, the Issuer may execute contracts for the acquisition, exchange or lease of strategic stocks. In these cases, CORES must ensure that the prevailing market competition conditions remain unaltered.

In practice, CORES makes public calls for tender among its members (the only companies in Spain authorised for the wholesale distribution of petroleum products) to request bids whenever it makes any purchase of strategic reserves (or, generally, any transaction relating to strategic reserves). A certain volume of the product, the location and the delivery date are requested in the offer and the reference price fixed is that of the international markets. Upon reception of the offers, these are analysed and tabulated by the Corporation's technical departments and the bid deemed most convenient is proposed to the Board of Directors by CORES' management, without offering any details on the others to avoid

possible conflicts. Subsequently, the contracts are executed, the products are delivered and the payment takes place. The payment is made in Euro thus avoiding the exchange rate risk, and is financed through loans and issues of debt. In any event, CORES has never leased stocks to cover strategic reserves.

CORES may also execute purchase or lease contracts to obtain the necessary storage capacity for the maintenance of strategic stocks, which is also performed by means of public calls for tender among its members that own hydrocarbon storage facilities in Spain, and other logistics businesses that are not members of the Corporation. In accordance with the provisions of applicable regulations, the members of the Corporation should, if appropriate, sell or lease storage capacity to the Corporation.

When the Corporation requires storage capacity, it requests offers to warehouse owners established in Spain. At the Board of Directors' resolution, contracts are executed for a term adjusted to the Corporation's requirements from time to time and, in general terms, the costs related to the maintenance of the quality of the products, the seasonality (Winter-Summer rotation) and the insurance are included in the storage price. Currently, CORES maintains lease contracts of storage capacity for terms that range between 3 and 20 years and maturities between 2014 and 2029. The total sum represented by the rental of storage capacity amounted to €148,135 thousand in 2012 and €151,619 thousand in 2013.

The purchase, sale and lease operations of strategic reserves as well as those related to their storage will be governed by master agreements the form of which will be approved by the Ministry of Industry, Energy and Tourism.

The Board of Directors of CORES may agree to increase the quantities stored in certain geographical areas, considering the general situation as to the obligation to maintain minimum security stocks.

The Issuer guarantees at all times the quality of the products stored as strategic stocks, their appropriateness for their intended consumption as well as the compliance with the regulations in force on official specifications of the products.

CORES must maintain at all times an insurance covering all the strategic stocks for which the Corporation is responsible.

Sale or exchange of stocks

The Issuer may sell or exchange the surplus of stocks that exceeds the compulsory level, if appropriate, subject to the prior agreement of the Board of Directors, provided that such transfer is made at a price or value equivalent to the average weighed acquisition cost or at market price, if this latter is higher.

The authorization of the Ministry of Industry, Energy and Tourism will be compulsorily required if (i) the sale price or the value of the exchanged products is lower than its cost of acquisition or (ii) if the stock sold or exchanged does not have the consideration of surplus.

The sale or exchange of strategic stocks by CORES may never alter the competition conditions or the normal operation of the petroleum products market.

It must be noted that according to Article 29 of Royal Decree 1716/2004; any profits deriving from the sale or swap of strategic stocks must be applied to the repayment of any debts incurred by the Corporation.

In case of shortage in the supply of petroleum products and through a resolution published in the State's Official Gazette (*Boletín Oficial del Estado*), the Council of Ministers may order to submit the minimum security stocks, including strategic stocks, to an intervention system under the direct control of the Corporation in order to achieve the best use of the energy resources available.

Similarly, the Government may establish the use or final purpose of the minimum security stocks, including strategic stocks, available for consumption or transformation provided that this is necessary to guarantee the supply to priority consumption centres.

Strategic stocks to be disposed of will be offered at market price to the members of CORES for consumption purposes.

Furthermore, in the case of an evident risk that a shortage or scarcity in connection with gas supplies, as well as when the security of individuals, devices or facilities or the integrity of the gas network can be threatened, the parties involved in the gas system must prepare an emergency plan to alleviate the shortage situation, including the use of own stocks. The technical manager of the system will propose a plan that must be approved by the Ministry of Industry, Energy and Tourism.

Financing

To finance CORES' activity, mainly the acquisition and maintenance of strategic stocks, as well as other overhead expenses the Corporation has the following financial resources:

- The regular or special fees that must be paid by its members and the other entities obliged to maintain minimum security stocks.
- The liquidity resulting from its debt or loan capital.
- Any other ordinary or extraordinary income that may be generated in the course of exercising its functions.

In addition to these resources, and as previously mentioned, CORES can sell or trade any stock in excess of its obligatory stockholding if the Board of Directors approves, as long as this sale or trade takes place at a price or value equal to the average weighted acquisition cost, or at the market price, if higher. Taking into consideration CORES' aforementioned legal obligation to use profits used to repay existing debt.

It must be noted that according to Article 29 of Royal Decree 1716/2004; any positive results deriving from the sale or swap of strategic stocks carried out in accordance with the provisions of Article 36 cannot be distributed and will be first applied to the repayment of any debts incurred by the Corporation.

In any case, if the sales price or value of the trade is lower than the average weighted acquisition cost, the transaction must be authorised by the Ministry of Industry, Energy and Tourism.

Consequently, CORES' financial objectives are as follows: (i) obtaining funds to acquire strategic reserves at a cost within the range of comparable entities; (ii) financing with medium and long-term debt; and (iii) use of diversified financing sources that permit flexibility based on needs

(i) Financing of operations:

CORES has a stable, predictable income structure, with a financing system based on the payment of fees established by law. Accordingly, CORES' income is made up mainly of the fees paid by its members and the other entities obliged to maintain minimum security stocks, which pay monthly or annual contributions based on their sales or consumption.

Such fees are calculated annually by CORES, based on its income and expenses budget, which includes the estimate of the financial resources necessary to fulfil its objectives. Once the budget has been approved by the Board of Directors, it is presented to the members of CORES at the General Assembly. Then the fee proposal is forwarded to the Ministry of Industry, Energy and Tourism for its subsequent ratification by means of a Ministerial Order (see *Budget and fees* below).

These payments are made in accordance with the unit fees applicable to each group of products.

Accordingly, the provisions of Royal Decree 1716/2004 establish that the holding of strategic stocks and minimum LPG's stocks must be financed by the obligated parties defined in Article 7 and 8 (operators, distributors and consumers of liquid hydrocarbons and LPG's) of the aforementioned Royal Decree, through monthly payments based on their sales or consumption.

On the other hand, to finance the Issuer's expenses for activities relating to liquid petroleum gases (excluding minimum stock holdings) and natural gas, an annual fee will be established for the obligated parties defined in Article 8 (operators, distributors and consumers of LPG's) and Article 15 (marketers and consumers of natural gas) of Royal Decree 1716/2004, based on their share of the market.

Additionally, not only all CORES' members are obliged to hold minimum security stocks and to financially support the Corporation's activity but additionally, other entities that are not members of CORES may be also obliged to hold minimum stocks and pay fees based on their imported product volume or the amount acquired directly without using a wholesale operator or gas dealer as an intermediary. This is the case for retail oil product and LPG distributors, major consumers of oil products and LPG, and direct consumers in the natural gas market.

Finally, in order to ensure CORES' financial solvency at all times, the possibility of imposing special fees when needed also exists. These extraordinary fees are established by Order of the Ministry of Industry, Energy and Tourism upon proposal by CORES.

(ii) Asset financing

CORES' obligation to maintain strategic reserves creates the need for financing a high level of stocks.

As of the date of this Base Prospectus, the acquisition of strategic stocks is financed through the issuance of medium term notes, bank loans and credit facilities established with different national and international financial institutions.

In order to meet its financial obligations, by operation of the law CORES' income from the sale of strategic reserves must be first applied to the amortisation of the Issuer's indebtedness and, in the case of losses as a result of the activities of the Corporation, the Board of Directors may resort to the fees of the members and other obliged parties to repay such liabilities, provided that there are no reserves available for such purpose, in which case such reserves will be applied to that purpose.

Additionally, the legal framework reinforces CORES' financial solvency since it is mandatory for stocks to be registered at the average acquisition price. In this way, for accounting purposes, CORES is not affected by the variations in market prices. No correction, depreciation or amortization can be made to the stocks' historical cost.

As of December 2013, the market value of CORES' stock was 2.3 times its average purchase price (See *Comparison between the acquisition cost and the market value of strategic reserves* in this Section 3).

On 19 April 2013, in order to refinance CORES' first bond issue in 2003, the Issuer issued a new 3-year bond issue in the amount of €350 million. Additionally, CORES has another bond issue in the amount of 500 million euro (due April 2018).

As of December 2013, CORES bank loans amounted to 969,904 thousand euro (790,182 thousand euro corresponding to long-term bank loans and 179,722 thousand euro corresponding to short-term bank loans).

Finally, and in line with the increase in the flexibility of the financial policy that commenced in 2012, the bank pool has been expanded together with the commitments available under CORES credit facilities.

Budget and fees

The Corporation prepares an annual budget that incorporates the appropriate forecast of expenses for the acquisition of new strategic stocks in case of an increase in the respective obligation. To that effect, the Corporation must use all the information it has available in order to update the volume of strategic stocks to be maintained at all times and the costs in which it might incur in order to achieve its corporate purpose.

Once the income and expense budget has been prepared, a proposal for the unit fees applicable to each group of products taking into consideration the volume of cubic meters or metric tonnes of each product to be sold or consumed, forecasted on the basis of the market information available will be forwarded to the Ministry of Industry, Energy and Tourism by the Corporation. These fees determine the payment to which members of CORES are obliged to comply with.

Consequently, once the proposal from the Corporation is forwarded, the unit fees per cubic meter or metric tonne sold or consumed for each group of products, and in the case of those groups where CORES maintains strategic stocks (all except liquefied petroleum gas and natural gas), per day of stocks maintained by CORES on behalf of each obliged party are determined on an annual basis through an Order of the Ministry of Industry, Energy and Tourism, except when the need to maintain the Corporation's financial solvency recommends establishing extraordinary fees for a different term, following an equivalent approval procedure.

Once the annual contributions have been approved, CORES may request the General Directorate of Energy Policy and Mines (*Dirección General de Política Energética y Minas*) their modification upwards or downwards subject to a limit of 5%, submitting the documentation supporting such request.

In accordance with the provisions of the Ministerial Order IET/2459/2013, of December 26, approving the Corporation's fees for year 2014, the obliged parties will pay the following fees to the Corporation in 2014:

- (i) Motor vehicle and aviation gasoline: Euro 0.1013 per cubic meter sold or consumed and per day of stocks held by the Corporation for the account of the obliged party.
- (ii) Automotive diesel oils, other diesel oils, aviation kerosene and other kerosene: Euro 0.0996 per cubic meter sold or consumed and per day of stocks maintained by the Corporation for the account of the obliged party.
- (iii) Fuel oils: Euro 0.0993 per metric tonne sold or consumed and per day of stocks maintained by the Corporation for the account of the obliged party
- (iv) Liquefied petrol gases: Euro 0.08 per metric tonne sold or consumed.
- (v) Natural gas: Euro 3.60/GWh of firm sales or consumptions.

In this respect, fees for liquefied petrol gases and natural gas approved for each calendar year are collected during the following year.

The Corporation will forward a formal notice to each obliged party that fails to effect the payment of the relevant fee. In case of delay in the payment on the part of the debtor, interests will be charged at a rate equivalent to 3 percentage points above the legal interest rate on the delayed fee.

The non-payment of the contributions or fees to the Corporation will be considered a serious or very serious infringement of the regulations on minimum security stocks, without prejudice to the possibility of revoking or suspending the administrative authorization granted to the obliged party. In addition, it should be taken into account that if the obliged party ceases its operation, or its license is revoked due to the default, its market share would presumably be absorbed by another operator which would pay the corresponding fees to CORES.

Apart from these ordinary fees and exceptionally when so recommended for the correct fulfilment of the purposes of the Corporation and at the proposal of CORES, extraordinary fees will be fixed by the Ministry of Industry, Energy and Tourism.

In 2013 there were significant changes in some of the assumptions taken into account in the Corporation's Budget, which is the basis for the approval of the fees for 2013. Specifically, due to the management decisions made by CORES, that led to the decline in financial expenses, and to the containment of the rest of expenses by CORES, a surplus was generated.

Accordingly, a proposal was made in order to decrease fees applicable to sales or consumption starting September 2013, inclusive, with the exception of those relating to liquid petroleum gases and natural

gas, which remained unchanged. The Ministry of Industry, Energy and Tourism approved Order IET/1789/2013 (30 September), which amends CORES' fees for 2013.

Finally, in line with previous financial years, the level of defaults in the payment of fees was not relevant due to their mandatory nature and the sanctions CORES' members could face, should they breach their obligations to CORES, since failure by its members to settle CORES' fees constitutes a serious or very serious infringement of the regulations on minimum security stocks which might entail the revocation or suspension of the administrative authorisation granted to such member to operate in the Spanish market

Inspection powers and information liabilities

To monitor the fulfilment of the obligation to maintain minimum security stocks and to diversify the supply of natural gas, as well as the fulfilment of the lease or storage agreements executed in connection with strategic stocks, the agents appointed to that effect by the Corporation may access the premises or warehouses of the obliged parties or contracting parties and examine the conditions and other terms that might affect the minimum security stocks and the strategic stocks contracted or stored, as well as the diversification of natural gas supplies.

All the information, as well as the information received by the Corporation that might include any significant event with respect to the commercial position of the obliged party, will be considered strictly confidential as to the individual data provided by the company.

Most significant factors of the main activities and businesses

As already mentioned in the previous paragraphs, CORES has two basic and specific purposes in connection with petroleum products and natural gas:

- (i) To build up and manage strategic reserves (of petroleum products) owned by it; and
- (ii) To monitor the compliance with the obligation to maintain minimum security stocks directly required from the obliged parties.

Hereinafter a series of tables are included that show the change in minimum security stocks and in income and expenses of the Corporation during the last two years:

Minimum security stocks

	2013 (tonnes)	2012 (tonnes)	Change (%)
Obliged parties	8,179,479	7,917,178	3.31
CORES (Strategic Reserves) ¹	6,895,308	6,903,962	-0.13

Source: CORES

At December 31, 2013, the Corporation held 56.8 days in Strategic Reserves, a 3.9-day increase compared to 2012 (52.9 days). Accordingly, at 31 December 2013 CORES maintained 6,895,308 tonnes of Strategic Reserves (8,127,109 m³) as compared to 31 December 2012 where the amount totalled to 6,903,962 tonnes (8,137,384 m³). Movements in the various accounts representing Strategic Reserves in 2013 gave rise to a €2,346 thousand decrease in their value compared with 2012, due to the overall decline in strategic reserves totalling 8,654 tonnes (10,277 m³) (969 tonnes in gasoline (1,289 m³), 3,821 tonnes in medium distillates (4,560 m³), 230 tonnes of fuel oils (230 m³) and 3,635 tonnes in crude oil (4,198 m³). No indicative table representing such movements for 2013 is included in the corresponding annual accounts.

Strategic reserves

	2013 (tonnes)	2013 (tonnes)	Change (%)
Gasoline products	506,781	507,750	-0.19

Source: CORES

	2013 (tonnes)	2013 (tonnes)	Change (%)
Medium Distillates (Kerosene's and Diesel Oils)	3,728,632	3,732,453	-0.10

Source: CORES

	2013 (tonnes)	2012 (tonnes)	Change (%)
Fuel oils	230,018	230,248	-0.10

Source: CORES

	2013 (tonnes)	2012 (tonnes)	Change (%)
Crude oil	2,429,876	2,433,511	-0.15

Source: CORES

The following table shows a comparison between the acquisition cost and the market value of the strategic reserves maintained by CORES during the last two years:

Comparison between the acquisition cost and the market value of strategic reserves

	2013 (€thousand)	2012 (€thousand)	Change (%)
Acquisition cost	1,993,995	1,996,341	-0.12%
Market value (31/12/2013)	4,515,649	4,677,382	-3.46%

Source: CORES, Annual Accounts 2013

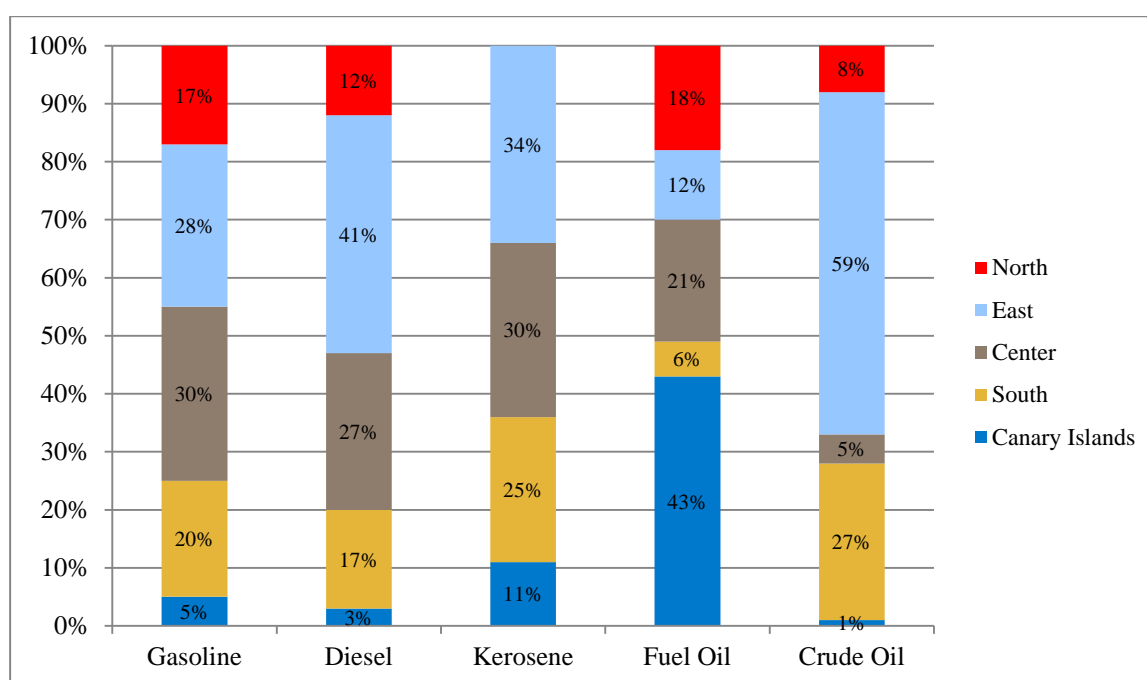
As at 31 December 2013, the market value of strategic reserves of CORES was 126% higher than the acquisition cost.

CORES is not affected by the changes in the market prices. The Corporation is obliged by the law to account for its stocks at the average weighed acquisition price and cannot make any correction, depreciation or amortization on their historical cost as a result of the movements of the markets.

In all situations of crises in the supplies (a situation in which CORES would have to sell its stocks, if so decided by the Government), the market value would be much higher than the acquisition cost of strategic reserves.

Geographic distribution of the strategic reserves

The strategic stocks are distributed throughout Spain in five different areas, based on the consumption needs of each of them: (i) the North area comprises the Autonomous Communities of Galicia, Asturias, Basque Country, Navarra and Castilla Leon (with the exception of its provinces of Segovia and Avila); (ii) the East area comprise the Autonomous Communities of Cataluña, Aragon, Valencia, Murcia and Balearic Islands; (iii) the Center area comprises the Autonomous Communities of Madrid, Castilla La Mancha, Extremadura and the provinces of Segovia and Avila; (iv) the South area comprises the Autonomous Community of Andalucía and the cities of Ceuta and Melilla; and finally (v) the Canary Islands Area comprises the Autonomous Community of the Canary Islands. CORES does not hold any stocks outside Spain. The following table shows a geographic distribution of the strategic reserves as of 30 June 2014:



Income from fees

The evolution of the income obtained by CORES from the fees is indicated in the table below:

	2013 (€thousand)	2012 (€thousand)	Change (%)
Actual income (before refunds)	189,047	200,261	-5.6%
Estimated budget income ^(*)	185,562	215,589	-13.9%
Deviation	3,485	-15,328	122.7%
Refund	2,064	18,563	-88.9%
Income after excess calculation	186,983	181,698	2.9%

(*) 2013 data taken from budget as reviewed on September 2013 due to a significant changes in some of the assumptions taken into account in the Corporation's Budget (basis for the approval of the fees for 2013). Specifically, due to the decline in financial expenses and the fact and the containment of the rest of expenses by CORES, a surplus was generated. Accordingly, a proposal was made in order to decrease fees applicable to sales or consumption starting September 2013, that was approved by the Ministry of Industry, Energy and Tourism through Order IET/1789/2013 (30 September), which amends CORES' fees for 2013 (See *Budget and fees* on this Section 3).

Source: CORES

The annual calculation of CORES' members refund is based on:

- The annual deviation between income and actual expenses; and
- The excess on the amount of CORES statutory reserve maintained in accordance with its Articles of Association, which according to article 13 of its Articles of Association must be an amount equivalent to one quarter of the ordinary expenses of the year.

Management decisions made by CORES, including the issue of €350 million notes due 2016 to refinance a previous issue of Notes maturing on May 2013, at a lower than expected coupon allowed the Corporation to reduce its financial expenses in respect of the amount forecasted in the 2013 budget and to record a surplus in spite of the decrease in fee income from its members as a result from a negative deviation in their sales.

The breakdown of fee income per CORES member in 2013 was as follows:

Member	% of CORES fee income	
	2013	2012
Repsol group	32%	32%
CEPSA group	22%	21%
BP Group	10%	9%
GALP Group	9%	11%
DISA Group	7%	7%
SARAS Energía	5%	4%
Others	15%	16%

Maintenance expenses

Maintenance expenses are those which are necessary for the storage, maintenance of quantities and quality and to guarantee strategic reserves. The most significant item corresponds to the lease of storage capacity. The cost is updated in most cases on the basis of the evolution of 80% of the Consumer Price Index (CPI). Expenses related to insurance of strategic reserves, the cost of the rotation of products due to seasonality (Summer – Winter) and to the maintenance of the quality are also included as well as any other expenses necessary to maintain the quantity and quality of strategic reserves. The following table shows a breakdown on the Corporation's maintenance expenses:

	2013 ⁽¹⁾ (€thousand)	2012 ⁽¹⁾ (€thousand)	Change (%)
Maintenance expenses			
Storage, seasonal change, quality maintenance, placement ("external services") ⁽²⁾	156,445	148,685	5.22%
Depreciation of storage facilities owned by the Corporation	2,707	2,707	0.00%
Storage shortages	2,346	2,457	-4.52%
Maintenance expenses	161,498	153,849	4.97%

(1) Information from the analytical accounts of CORES. All data used to develop these figures derives from CORES' corresponding audited financial statements. Accordingly, the information on the significant maintenance expenses of the Corporation derives from the following items of CORES' corresponding audited financial statements: "Other operating expenses", "Fixed asset depreciation" and "Changes in inventories of finished products and work in progress".

(2) From the figure of Euro 156,445 thousands at the closing of year 2013, Euro 151,619 thousand (equivalent to 96.92%) correspond to the cost of 'the rental of the storage facilities' item. From the

figure of Euro 148,685 thousands at the closing of year 2012, Euro 148,135 thousand (equivalent to 99.63%) correspond to the cost of 'the rental of the storage facilities' item.

Source: CORES

Financial expenses

As of the date of this Base Prospectus, all the Financial Indebtedness of CORES is referenced to variable interest rates. As indicated in Note 5.14 ("Debts and Items payable") of the 2013 Annual Accounts of CORES, at December 31, 2013, debt consists of loans and credit facilities with banking institutions, at a variable interest rate, and two issues of debt securities at an interest rate of 4.50% and 3.25% respectively, with maturity dates in April 2018 and April 2016. The exposure to the principal amount of such notes was the subject of interest rate swaps allowing CORES to pay a variable interest rate (3M Euribor + 0.244% and 3M Euribor + 2.877%, respectively).

Thus, an increase in the reference interest rates would have a direct impact on the amount of the annual financial expenses of the Corporation, without prejudice to the conservative approach employed by CORES for the preparation of the yearly Budget, where a reasonable margin has been estimated for increases in the interest rates.

These expenses are Euro 1,450 thousand lower than those accrued during the year 2012, as a result of, amongst other, the lower average interest rate applicable to debt during the present financial year, amounting to 0.954%, compared to 1.019% on the previous year.

The table below shows the financial expenses for the years 2013 and 2012:

	2013 (€thousand)	2012 (€thousand)	Change (%)
Financial expenses	19,465	20,915	-6.93%

Source: CORES, Annual Accounts 2013

Structural expenses and Other Expenses

Structural expenses and other expenses include staff expenses, taxes, depreciation, and external services different from the storage of strategic reserves:

	2013 ⁽¹⁾ (€thousand)	2012 ⁽¹⁾ (€thousand)	Change (%)
Structural expenses	5,902	5,646	4.53%
Other expenses	662	0	
Structural and other expenses	6,564	5,646	16.26%

(1) Information from the analytical accounts of CORES. All data used to develop these figures derives from CORES' corresponding audited financial statements. Accordingly, the information on the significant structural expenses of the Corporation derives from the following items of CORES' corresponding audited financial statements: "Personnel expenses", "Other operating expenses"; "Fixed Asset Depreciation" and "Other results". The amount corresponding to Other expenses of the table is included in the item "Profit/(loss) obtained on the disposal of fixed assets".

Source: CORES

Percentage distribution of ordinary expenses

Finally, the table below shows percentage distribution of ordinary expenses shown above (i.e., maintenance, financial, structural and other expenses). The item maintenance expenses related to the strategic reserves stands out due to its relative weight. The stability of such a significant item facilitates the preparation of the annual budget that serves as the basis to fix the fees.

	2013 (%)	2012 (%)
Maintenance expenses of strategic reserves	86.12%	85.28%
Financial expenses	10.38%	11.59%
Structural and other expenses	3.50%	3.13%

Source: CORES

Breakdown of loans and credit facilities by type and maturity date

31 December 2013

Thousand euro	Maturing in less than 1 year	Maturing between 1 and 5 years	Maturing in more than 5 years	Total
Bank loans	(36,000)	(372,152)	(418,030)	(826,182)
Credit facilities	(140,022)	-	-	(140,022)
Accrued interest payable	(3,700)	-	-	(3,700)
Total	(179,722)	(372,152)	(418,030)	(969,904)

31 December 2012

Thousand euro	Maturing in less than 1 year	Maturing between 1 and 5 years	Maturing in more than 5 years	Total
Bank loans	-	(128,152)	(668,030)	(796,182)
Credit facilities	(17,375)	(150,000)	-	(167,375)
Accrued interest payable	(2,830)	-	-	(2,830)
Total	(20,205)	(278,152)	(668,030)	(966,387)

Acquisitions of strategic reserves

Acquisitions of strategic reserves are made depending on the evolution of the consumption of petroleum products.

As of the date of this Base Prospectus, the acquisition of strategic stocks is mainly financed through the issuance of bonds in the financial markets, loans and credit lines established with different national and international financial institutions (93%) and through non distributed profits (7%).

The following table shows the cost of CORES' strategic reserves together with the Corporation's financial indebtedness (both long and short term) employed in the financing of the aforementioned reserves for the years 2013 and 2012:

	2013 (€thousand)	2012 (€thousand)	Change (%)
Cost of Strategic Reserves	1,993,995	1,996,341	-0.12%
External resources	1,818,477	1,816,387	0.12%

Source: CORES, Annual Accounts 2013

Members of administrative, management and supervisory bodies

General Assembly

The General Assembly is made up of the duly accredited representatives of all of CORES' members.

According to article 6 of CORES' Articles of Association incorporated as an Annex to Royal Decree 1716/2004, all wholesale oil and liquid petroleum gas product operators as well as natural gas shippers

automatically and obligatorily become members of CORES as of the activity start date corresponding to the Statement of Compliance given to the Ministry of Industry, Energy and Tourism.

Consequently and as previously mentioned, all of the companies that conduct these activities are automatically subject to compulsory CORES membership starting from the date they make the corresponding Statement of Compliance before the Ministry of Industry, Energy and Tourism, in which they indicate initiation of activity. CORES maintains a regularly updated list of all its members on its webpage (www.cores.es).

The members of CORES will be summoned to the Assembly, in one single call, subject at least to a prior fifteen days' notice through the publication of the announcement of the call stating the date of the Assembly and the agenda of the Assembly published, at least, in two mayor newspapers with national coverage. Such term can be reduced in case of an emergency situation, provided that prior notice to the Ministry of Industry, Energy and Tourism is made.

The Chairman must summon the General Assembly once a year to inform on the evolution of the Corporation's activities during the previous year, to approve the accounts and to decide on the management of the administration bodies. The Assembly will also be summoned when so requested in writing, with an indication of its purpose, by the members of the Corporation who represent, at least 15% of the total voting rights of the members. The Chairman may also summon the Assembly when it is deemed appropriate in accordance with the interests of the Corporation.

The General Assembly will have faculties to take any decisions, irrespective of the number of attendants. The General Assembly will be chaired by the Chairman of the Corporation, who will appoint the Secretary in charge of preparing the minutes of the meetings, and who will have a right to speak but not to vote.

Resolutions are passed by a three-quarters majority of those present with a right to vote and will be notified to the Ministry of Industry, Energy and Tourism which, if appropriate, may veto those resolutions that might infringe the provisions of the Act on the Hydrocarbons Sector and its developing regulations.

The members of CORES will hold the voting rights they are entitled to on a pro rata basis to the volume of their effective annual financial contribution to the Corporation. The Board of Directors will verify the number of voting rights that correspond to each member on a pro rata basis to their financial contribution before the holding of the Assembly.

Board of Directors

The Board of Directors of the Corporation must consist at all times of eleven members, apart from the Chairman, who will chair the meetings.

According to article 11 of CORES' Articles of Association incorporated as an Annex to Royal Decree 1716/2004, the Chairman of the Corporation and four Members of the Board will be appointed by the Ministry of Industry, Energy and Tourism, for a term of office of five years, and they can be re-elected for similar periods.

The remaining seven members of the Board will be elected by the General Assembly for a term of five years, and they can be re-elected for similar periods, as follows:

- (i) Authorised wholesale distributors of oil products, with refining capacity in the Spanish territory will elect three representatives.
- (ii) Authorised wholesale distributors of oil products, without refining capacity will elect two representatives.
- (iii) Authorised wholesale distributors of Liquefied Petroleum Gas will elect one member of the Board.
- (iv) Natural gas Suppliers who are also members of CORES will elect one member of the Board.

The Board of Directors will elect by majority of votes a deputy chairman among its members, and the deputy chairman will perform the organic functions derived from the substitution of the Chairman.

If one of the elected members resigns before the expiry of the term of his/her office, the Board of Directors may appoint a new member for the time pending until the next General Assembly is held.

As of the date of this Base Prospectus, the members of CORES Board of Directors are as listed in the table below:

Name or Corporate Name of Director	Representative	Date of last appointment
Mr. Pedro Miras Salamanca	N/A	16/02/2012
Mr. Sergio López Pérez	N/A	21/10/2009
Mr. Ignacio Grangel Vicente	N/A	21/02/2012
Ms. María Lorena Prado Orcoyen	N/A	26/02/2014
Mr. Carlos Aguirre Calzada	N/A	02/06/2014
REPSOL PETRÓLEO, S.A.	Ms. Lourdes Rodríguez Gutiérrez	19/11/2009
COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. (CEPSA)	Mr. Carlos Navarro Navarro	19/11/2009
BP OIL ESPAÑA, S.A.	Mr. Richard Bartlett	19/11/2009
DISA RED DE SERVICIOS PETROLÍFEROS, S.A.	Mr. Raimundo Baroja Rieu	19/11/2009
GAS NATURAL COMERCIALIZADORA, S.A.	Ms. Inés Patricia Díez Rodríguez	19/11/2009
REPSOL BUTANO, S.A.	Mr. Manuel Pérez Jurado	19/11/2009
SARAS ENERGÍA, S.A.	Mr. Emilio Borrego Manzano	19/11/2009

The Chairman, Mr. Pedro Miras Salamanca, and Mr. Sergio López Pérez, Mr. Ignacio Grangel Vicente, Ms. María Lorena Prado Orcoyen and Mr. Carlos Aguirre Calzada were appointed by the Minister of Industry, Energy and Tourism. The remaining seven members, as noted above, were chosen by the members of the Corporation at the General Assembly on November 19, 2009. The Board of Directors elected Repsol Petróleo, S.A. as Vice-Chairman, with the duties provided in the articles of association, at its meeting dated December 17, 2009. Finally, Mr. Juan Serrada Hierro acts as non-member secretary of the Board.

The Board of Directors will be validly constituted when the Meeting, summoned by the Chairman or the person who might replace him, is attended by, apart from the Chairman, half plus one of its Members. The resolutions will be adopted by a majority of the votes cast. The Minister of Industry, Energy and Tourism, through the intermediary of the Chairman, may exercise the veto right, within a term of 15 days, in connection with any resolution that goes against public interests.

The powers of the Board of Directors are the following:

- (i) To determine the general action policy of CORES and to discuss any issues of significance for it.
- (ii) To approve the internal organization and operating rules and procedures of CORES, in line with its regulating legal principles.
- (iii) To monitor the activities of CORES, with the exception of those aspects related to specific inspection tasks with respect to the individual information of the obliged parties.
- (iv) To approve the proposals to fix the fees in order to forward them to the Ministry of Industry, Energy and Tourism.
- (v) To draft the annual accounts of CORES.

- (vi) To exercise the remaining functions assigned to it by the legal provisions or the Articles of Association.
- (vii) To approve an inspection manual that includes the basic principles to be abided by the inspection activities, as well as the procedures to carry them out.
- (viii) To establish the official address of CORES, as well as any representative offices deemed necessary for the fulfilment of its purposes.
- (ix) Any other powers not assigned to the General Assembly or to the Chairman of CORES.

The Board of Directors may establish one or several committees, formed by its members, with specific competences on the aspects that constitute the legal object of CORES, but always subject to the ultimate control of the Board of Directors, or in order to comply with the legislation in force.

Currently, the Board of Directors has established the following Committees:

The Petroleum Product Committee

Made up of the Chairman of the Board of Directors, the four Directors appointed by the Ministry of Industry, Energy and Tourism, three representatives of the operators authorized to distribute petroleum products on a wholesale basis, with refineries in Spain, two representatives of operators who do not have refineries, and assisted by the Secretary to the Board of Directors. Its competences are those related to strategic reserves of petroleum products owned by the Corporation, and to the obligation to maintain minimum stocks of these products.

Name or corporate name	Representative	Position
Mr. Pedro Miras Salamanca		Chairman
Mr. Sergio López Pérez		Member
Mr. Ignacio Grangel Vicente		Member
Ms. María Lorena Prado Orcoyen		Member
Mr. Carlos Aguirre Calzada		Member
REPSOL PETRÓLEO, S.A.	Ms. Lourdes Rodríguez Gutiérrez	Member
COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. (CEPSA)	Mr. Carlos Navarro Navarro	Member
BP OIL ESPAÑA, S.A.	Mr. Richard Bartlett	Member
DISA RED DE SERVICIOS PETROLÍFEROS, S.A.	Mr. Raimundo Baroja Rieu	Member
SARAS ENERGÍA, S.A.	Mr. Emilio Borrego Manzano	Member

The Gas Committee

Made up of the Chairman of the Board of Directors, the four Directors appointed by the Ministry of Industry, Energy and Tourism, one Director elected by the operators authorized to distribute liquefied petroleum gases on a wholesale basis, one Director elected by the suppliers of natural gas who are members of the Corporation; and assisted by the Secretary of the Board of Directors. Its competences are those related to natural gas and liquefied petroleum gases, and to the obligation to maintain minimum stocks of these products.

Name or corporate name	Representative	Position
Mr. Pedro Miras Salamanca		Chairman
Mr. Sergio López Pérez		Member
Mr. Ignacio Grangel Vicente		Member
Ms. María Lorena Prado Orcoyen		Member

Name or corporate name	Representative	Position
Mr. Carlos Aguirre Calzada		Member
GAS NATURAL COMERCIALIZADORA, S.A.	Ms. Inés Patricia Díez Rodríguez	Member
REPSOL BUTANO, S.A.	Mr. Manuel Pérez Jurado	Member

The Audit Committee

Consisting of three Directors of the Board of Directors, one from the group of operators authorized to distribute petroleum products on a wholesale basis, who have refineries in Spain, another from the group of operators with no refineries who are authorized to distribute petroleum products in Spain, and a third Member from the group of Directors who operate in the liquefied petroleum gas or natural gas sectors. Its powers are those set out in the Eighteenth Additional Provision of Act 24/1998, of 29th July, on the Stock Exchange Market.

Name or corporate name	Representative	Position
BP OIL ESPAÑA, S.A.	Mr. Richard Bartlett	Chairman
SARAS ENERGIA, S.A.	Mr. Emilio Borrego Manzano	Member
REPSOL BUTANO, S.A.	Mr. Manuel Pérez Jurado	Member

The official address of the members of the Board of Directors of CORES together with the members of its aforementioned committees is the address of CORES itself: Paseo de la Castellana, 79, Planta 7, 28046 Madrid.

The Chairman

Currently, the Office of Chairman of CORES is being held by Mr. Pedro Miras Salamanca, who has been appointed by the Ministry of Industry, Energy and Tourism.

The Chairman of CORES will exercise the following functions:

- (i) He will legally represent CORES in all kinds of formalities and contracts and before any individual or company, in court and out of court, without prejudice to the powers system established by the Board of Directors.
- (ii) To manage the activities and inspection tasks, and to propose the commencement of any sanctioning proceedings to the relevant public administration.
- (iii) To submit to the Board of Directors for its approval the proposals for the fixing of fees and the annual accounts.
- (iv) To summon and chair the Board of Directors and the General Assembly.
- (v) To manage those issues related to the inspection activities and the handling of individual information of the obliged parties.
- (vi) To exercise the faculties expressly delegated by the Board of Directors to him, as well as those faculties assigned by the legislation in force.

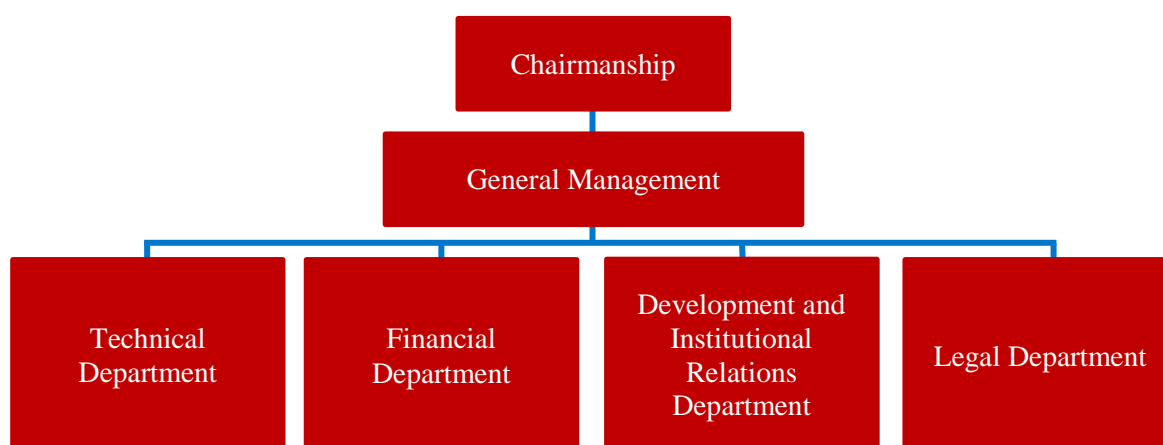
The term of office of the Chairman and of the members of the Board of Directors is of five years, with the possibility of being re-elected for additional terms of five years and without further restrictions.

Organizational structure

CORES has a streamlined and efficient organisation whereby the limited internal resources are supported, as far as possible, through the contracting of outsourcing services. As at 31 December 2013, the Issuer had 43 employees, being 40 the number of employees on 31 December 2012.

Certain specific tasks are entrusted to professionals, consultancy companies and work teams formed by experts from companies of the sector who are members of CORES.

The following chart shows the current organizational structure of CORES:



As of the date of this Base Prospectus, the management team of CORES, other than the Chairman, was formed by the following persons, apart from the Chairman:

Office	Name
Managing Director	Ms. Carmen Gómez de Barreda Tous de Monsalve
Chief Financial Officer	Ms. Almudena Corrochano Vives
Head of the Technical Department	Mr. Ismael Martín Barroso
Head of the Development and Institutional Relationships Department	Ms. Encarnación García Lastra
Head of the Legal Department	Mr. Pablo Blanco Aróstegui

The official address of the management team of CORES is located at Paseo de la Castellana, 79, Planta 7, 28046 Madrid.

A list of the members of the Board of Directors and the Management Team of CORES who hold offices in other entities different from the Issuer follows:

Name	Office
Mr. Pedro Miras Salamanca	International Energy Agency (IEA): Chairman of the Emergency Group (SEQ, Standard Group on Emergency Questions). World Petroleum Council (WPC): Chairman of the Spanish Committee. Asociación de visitantes internacionales VIA-Jefferson Circle: Member.
Ms. Lourdes Rodríguez Gutiérrez	Repsol Petróleo, S.A.: Chief Executive Officer. Repsol Trading, S.A.: several administrator (<i>administrador solidario</i>). Sksol Lube Base Oils, S.A.: Chief Executive Officer.

Name	Office
Mr. Ignacio Grangel Vicente	Empresa Nacional de Residuos Radioactivos (ENRESA): Member of the Executive Committee of the company's board of directors and Chairman of the Audit and Control Commission.
Mr. Sergio López Pérez	Deputy director (<i>Subdirector General</i>) of the hydrocarbon department in the Spanish Ministry of Industry.
Mr. Carlos Navarro Navarro	Cepsa Aviación, S.A.: Director. C.M.D. S.A.-Chairman. Compañía Española de Petróleos, S.A.: Manager Productos Asfálticos, S.A., Director. Cepsa Comercial Petróleo, S.A.: Director. Petróleos de Canarias, S.A.: Director.
Mr. Richard Barlett.	B.P. Oil España, S.A.U., Iberian Supply&Logistics: Director.
Mr. Raimundo Baroja Rieu	Disa Corporación Petrolífera, S.A.: Chief Executive Officer. Disa Gas, S.A.U.: Chairman. Disa Gestión Logística, S.A.: Chairman. Disa Red de Servicios Petrolíferos S.A.U.: Chairman. Disa Renovables, S.L.U. : Chairman. Disa Península, S.A.: Chief Executive Officer. Explotación Estación de Servicio, S.A.U.: Chairman. Disa Retail Atlántico, S.A.: Chairman. Petroli, S.L.U.: Chairman. Gas y Progreso, S.LU.: Chairman. Prodalca España, S.A.: Chairman. Distribuidora Marítima Petrogas, S.A.U.: Chairman. Disa Suministros y Trading, S.L.U.: Vice Chairman. Archipiélago y Turismo, S.A.: Chairman. Syocsa-Inarsa, S.A.: Vice Chairman. Disa-Acsa Granadilla, S.L.: Sole administrator. A.V. Energía Soltaica Dos, S.L.: Chairman. Sociedad Anónima Damm, S.A.: representative of the Director Disa Corporación Petrolífera, S.A. Corporación Económica Damm, S.A.: Director. Estrella de Levante, Fábrica de Cerveza, S.A.: Director. Biodiesel Manchego, S.L.: Director. Font Salem, S.L.: Director. Las Monjas Fotovoltaica, S.L.U.: Sole Administrator. Disa Atención al cliente S.L.U.: Chairman. Disa Capital, S.A.U.: Sole Administrator.
Mr. Emilio Borrego Manzano	Saras Energía, S.A: Director of legal and general affairs Asociación Española de Operadores de Productos Petrolíferos: member of the Board of Directors (<i>Junta Directiva</i>).

Name	Office
Mr. Manuel Pérez Jurado	Repsol Butano, S.A.: Sole Administrator Executive director of GLP REPSOL.
Ms. Inés Patricia Díez Rodríguez.	Gas Natural Comercializadora S.A.: Sole Administrator. General de Edificios y Solares S.L.: Director.
Mr. Carlos Aguirre Calzada.	Advisor to the Spanish Secretary of State of Energy in the Spanish Ministry of Industry.
Ms. María Lorena Prado Orcoyen.	Deputy director (<i>Subdirector General</i>) of international energy relations in the Spanish Ministry of Industry.

Conflicts of interests of the administration, management, and supervision bodies.

The acquisition, maintenance and management activities related to Strategic Reserves carried out by CORES must be performed under market conditions as set out in articles 30 and 31 of Royal Decree 1716/2004, and in line with the master agreement approved by the General Directorate of Energy Policy and Mines. In practice, CORES makes public calls for tender among its members (the only companies in Spain authorised for the wholesale distribution of petroleum products) to request bids whenever it makes any purchase of strategic reserves (or, generally, any transaction relating to strategic reserves). A certain volume of the product, the location and the delivery date are requested in the offer and the reference price fixed is that of the international markets. Upon reception of the offers, these are analysed and tabulated by the Issuer technical departments and the bid deemed most convenient is proposed to the Board of Directors by CORES' management, without offering any details on the others to avoid possible conflicts. Subsequently, the contracts are executed, the products are delivered and the payment takes place. The payment is made in Euro thus avoiding the exchange rate risk, and is financed through loans and issues of debt. In any case, CORES has never leased stocks to cover strategic reserves.

CORES' transactions entered into with its members who are also members of its Board of Directors in the ordinary course of its business of building up and storing strategic stocks are authorised on a general basis prior to the relevant call for tender by the Issuer's Board of Directors, which entitles the entity's Management team to set the technical and economic terms, deadlines and other terms of the relevant calls for tender.

Subsequently, as noted above, CORES acquires the strategic stocks and stores the same by making, the relevant call for tender to its members and/or other logistics companies that own hydrocarbon storage facilities and which are not members of the Issuer.

The call for tender, the drafting and approval of the specifications thereof, the receipt and opening of bids, their tabulation and the proposal to award each tender are under the direct responsibility of CORES' Management and technical services, without any intervention on the part of the Board.

Upon expiration of the deadline to submit bids and for the tabulation thereof, the Management of the Corporation forwards the most convenient award proposal, in its opinion, to CORES' Board of Directors, without informing on or giving any details of other bids received, or on the identity of the bidders; as a result, the resolutions to award the relevant tenders are taken "blindly" by the Board of Directors.

As a result, CORES' Board of Directors is not aware of the identity of the bidders or of the economic or other details of the bids submitted to it that may give rise to any conflicts of interest or to competition-related issues between the Corporation and its members.

Main shareholders

Share capital

CORES is a non-profit Public-law Corporation under the supervision of the Ministry of Industry, Energy and Tourism.

Accordingly, the Corporation does not have share capital, does not form part of any group and has no shareholders given that in accordance with its Articles of Association (Appendix to Royal Decree 1716/2004), the financial means that are necessary to carry out legal purpose are contributed by the obligated parties and, if appropriate, obtaining resources from financial markets.

Its members are required by law to join the Corporation from the start of their activity (wholesale distribution of petroleum products or the marketing of natural gas), but they do not have any ownership rights with respect to CORES.

Therefore, CORES' main sources of income derive from the fees paid by its members and the other entities obliged to maintain minimum security stocks (See *Financing* on this Section 3) and the sale of its strategic stocks (See *Sale or Exchange of Stocks* on this Section 3).

Financial information concerning the Issuer's assets and liabilities, financial position and profit and loss

Historical Financial Information

This section provides the relevant information on the financial situation of CORES in accordance with the figures obtained from the audited financial statements corresponding to the years 2013 and 2012.

The annual accounts, the management reports of the Corporation corresponding to the years 2013 and 2012 and its corresponding auditor reports can be consulted during the term of validity of the Base Prospectus in the website of CORES (www.cores.es). Similarly, these annual accounts and the corresponding audit reports are deposited and can be consulted at the CNMV.

Balance Sheet of CORES

The following tables show the financial situation of CORES as at 31 December 2013 and 2012.

<i>Units: Thousand euro</i>	2013	2012	Variación
NON-CURRENT ASSETS	103,847	131,462	-21.01%
Intangible assets	35	35	0.00%
Computer software	35	35	0.00%
Property, plant and equipment	35,143	38,137	-7.85%
Plant and other PPE	35,143	38,137	-7.85%
Long-term financial investments	68,669	93,290	-26.39%
Derivatives	68,568	93,238	-26.46%
Other financial assets	101	52	94.23%
CURRENT ASSETS	2,000,236	2,008,647	-0.42%
Inventories	1,993,995	1,996,341	-0.12%
Strategic reserves	1,993,995	1,996,341	-0.12%
Trade and other receivables	5,838	5,598	4.29%
Trade receivables from associated companies	22	149	-85.23%
Sundry receivables	3	77	-96.10%
Personnel	17	29	-41.38%
Current tax assets	-	5,343	-100.00%

<i>Units: Thousand euro</i>	2013	2012	Variación
Other receivables from Public Administrations	5,796	-	
Current financial investments	-	6,603	-100.00%
Derivatives	-	6,603	-100.00%
Cash and other cash equivalents	403	105	283.81%
Cash	403	105	283.81%
Total Assets	2,104,083	2,140,109	-1.68%

	2013	2012	Variación
EQUITY	241,102	263,843	-8.62%
Equity:	189,677	188,962	0.38%
Share capital	-	-	-
Reserves	188,962	144,588	30.69%
Special reserves	130,437	86,371	51.02%
Statutory reserves	58,525	58,217	0.53%
Profit for the year	714	44,374	-98.39%
Value change adjustments:	51,426	74,881	-31.32%
Hedging operations	51,426	74,881	-31.32%
NON-CURRENT LIABILITIES	1,655,897	1,471,142	12.56%
Long-term payables	1,638,755	1,446,182	13.32%
Debentures and other marketable securities	848,573	500,000	69.71%
Bank loans	790,182	946,182	-16.49%
Deferred tax liabilities	17,142	24,960	-31.32%
CURRENT LIABILITIES	207,084	405,124	-48.88%
Short-term accruals	364	-	
Short-term payables	179,722	370,205	-51.45%
Debentures and other marketable securities	-	350,000	-100.00%
Bank loans	179,722	20,205	789.49%
Short-term payables to associated companies	5,559	18,704	-70.28%
Trade and other payables	21,439	16,215	32.22%
Trade payables, associated companies	137	137	0.00%
Trade payables	18,331	13,043	40.54%
Personnel	2	1	100.00%
Current tax liabilities	196	66	196.97%
Other payables to Public Administrations	2,773	2,968	-6.57%
Total equity and liabilities	2,104,083	2,140,109	-1.68%

The heading “Long Term Financial Investments” shows a change of -26.39% due to the decrease in fair value, assessed by an independent auditor, of the Interest rate Swap Agreements executed with the Arrangers of the 2 issues of bonds made up to this date.

The heading “Inventories” includes a change of 0.12%. Compared to the situation in 2012, there has been a global decrease in strategic reserves amounting to 10,277 m³, mainly due to the failure to cover shortages in products and crude oil. At December 31, 2013, the Corporation held 56.8 days in reserves, a 3.9-day increase compared to 2012, largely due to the decrease in sales subject to such obligation. Consequently, CORES has held stocks exceeding its obligation during the whole year, and it has therefore not been necessary to acquire any products.

The item “Trade and other receivables” includes a change of 4.29% which is mainly due to the change in “Other credits with Public Administrations”, which corresponds to the Corporate Income Tax settlement.

The amount corresponding to the item “Current financial investments” has decreased as a result of the settlement of the swap corresponding to the first note issue, upon maturity thereof in 2013.

The heading “Cash and other cash equivalents” shows a change, as a result of the excess cash maintained in an interest-bearing current account.

The heading “Reserves” shows a change of 30.69%, mainly due to the distribution of the profit for the year 2012.

The heading “Special Reserves” was increased by Euro 44,066 thousand, by crediting to such account the part of the profit for 2012 obtained as a result of the disposal of Strategic Reserves (in accordance with article 52.2 of Act 34/1998, the income obtained by the Corporation as a result of the disposal of strategic stocks may not be distributed among its members”).

The item “Statutory Reserves” is increased by Euro 308 as a result of the application of the profit for the year 2012 arising from the contributions of the obliged parties and financial income.

The item “Profit for the year” shows a 98.39% reduction, mainly due to fact that the sales of products made in 2012 were not repeated in 2013. The positive result for the year 2013 has amounted to Euro 714 thousand, mainly resulting from financial income.

The heading “Hedge Transactions” shows a change of 31.32%, , as a consequence of the situation previously described in connection with the heading “Long term financial investments”, once the relevant tax on deferred profit has been deducted.

The item “Long-term payables” has shown a 13.32% increase, due to a new Note Issue in 2013, with a three-year maturity, in the amount of 350 million Euro, and as a result of the reduction in the balance of Bank loans, resulting from the transfer of 156 million Euro from long to short-term payables.

The heading “Deferred tax liabilities” includes a change of 31.32%, similarly to what has been already described in connection with the heading “Hedge Transactions”.

The heading “Short Term Payables” shows a change of 51.45%, mainly as a result of the redemption of the first Note Issue maturing in 2013 in the amount of 350 million Euro and, on the other hand, of the increase in Bank Loans as a result of the aforementioned transfer noted in the item “Long-term payables”.

The heading “Short-term payables to associated companies” includes a change of -70.28%, caused by the change in the balance of the item “Creditors for excess fees” that includes at December 31, 2013, the outstanding balance resulting from the refund of fees corresponding to the last instalment for the year 2012 and to the year 2013 in the amount of Euro 2,064.

The heading “Trade and other payables” shows a change of 32.22%, which is mainly due to invoices that are not yet due and payable corresponding to product placement expenses as a result of the award of a tender for the relocation and storage of strategic reserves, which has allowed CORES to adjust its storage costs to current market conditions.

CORES Income Statement

<i>Units: Thousand euro</i>	2013	2012	Variación
A) CONTINUED OPERATIONS			
1. Revenue	186,983	252,188	-25.86%
a) Sales	-	70,490	-100.00%
b) Services rendered	186,983	181,698	2.91%
2. Changes in inventories of finished products and work in progress	-2,346	-28,881	-91.88%
3. Other operating revenue	-	5	-100.00%
4. Personnel expenses	-3,418	-3,113	9.80%
a) Wages, salaries and similar remuneration	-2,421	-2,167	11.72%
b) Staff welfare expenses	-997	-946	5.39%
5. Other operating expenses	-157,884	-152,394	3.60%
a) External services	-158,722	-151,062	5.07%
b) Taxes	-24	-47	-48.94%
c) Losses, impairments and changes in provisions for trade operations	862	-1,285	-167.08%
6. Fixed asset depreciation	-2,806	-2,817	-0.39%
7. Profit/(loss) obtained on the disposal of fixed assets	-664	-	
8. Other results	-400	75	-633.33%
A.1) OPERATING PROFIT	19,465	65,063	-70.08%
9. Financial income	910	294	209.52%
b) On marketable securities and other financial instruments	910	294	209.52%
b2) Third parties	910	294	209.52%
10. Financial expense	-19,465	-20,915	-6.93%
b) Amounts owed to third parties	-19,465	-20,915	-6.93%
11. Exchange differences	-	-2	-100.00%
A.2) FINANCIAL INCOME/(EXPENSE)	-18,555	-20,623	-10.03%
A.3) PROFIT/(LOSS) BEFORE INCOME TAX	910	44,440	-97.95%
12. Corporate income tax	-196	-66	196.97%
A.4) PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	714	44,374	-98.39%
B) DISCONTINUED ACTIVITIES	-	-	0.00%
13. Profit/(loss) for year from discontinued operations, net of taxes	-	-	0.00%
Profit for the year	714	44,374	-98.39%

The heading “Revenue” shows a change of -25.86%, due to the fact that in 2013 no sale of stock was performed, as opposed to the sale made in 2012 for an amount of Euro 70,490 thousand, while the rendering of maintenance services for strategic stocks has increased by 2.91%.

The heading “Changes in inventories of finished products and work in progress” shows a change of -91.88% compared with 2012, since in 2013 no sales as the one described in the previous paragraph have been made. The balance for 2013, which amounts to Euro 2,346 thousand, includes the reduction in stock in the strategic reserves as a consequence of contractual shortages.

The heading “Other operating expenses” includes a change of 3.60% which is the consequence of the increase shown in the account “External Services” caused by the increase in the item corresponding to the lease of storage capacity, caused by the increase in the storage rates and by product placement expenses. Within the above-mentioned “External Services” account, the most significant item is the one previously mentioned, related to the rental of storage capacity for an amount of Euro 151.619 thousand. The remaining amount, up to Euro 158.722 thousand, corresponds to sundry expenses, such as structural expenses, professional services, insurance premiums, product location expenses and the lease of the premises where the Corporate Office of the Corporation is located.

The heading “Financial Income/(Expense)” shows a change of -10.03%, caused by a reduction in interest rates in 2013, which changed from an average effective rate of 1.02% in 2012 to 0.95% in 2013.

The heading “Profit for the year” includes a decrease of -98.39%, which has been mainly the result of the sale of the product in 2012, which was not repeated in 2013. The profit figure for 2013 has been Euro 714 thousand. In the case of CORES, the profit figure lacks the meaning it has for other companies, since the Corporation is a non-profit making organisation and, consequently, the profit to be obtained must be limited to the compliance with the requirements of the amounts allocated to reserves, in accordance with the requisites of the legislation in force.

CORES Cash Flow Statement

<i>Units: Thousand euro</i>	2013	2012	Variación
CASH FLOWS FROM OPERATING ACTIVITIES	16,564	54,517	-69.62%
Profit/(loss) for the year before income tax	910	44,440	-97.95%
Adjustments to profit/(loss)	20,425	25,019	-18.36%
Fixed asset depreciation	2,806	2,817	-0.39%
Impairment adjustments	-862	1,285	-167.08%
Change in accruals	364	-	
Financial income	-910	-	
Financial expenses	19,465	20,915	-6.93%
Exchange differences	-	2	-100.00%
Other income and expenses	-438	-	
Changes in working capital	13,023	14,302	-8.94%
Inventories	2,346	28,881	-91.88%
Trade and other receivables	5,583	-821	-780.02%
Trade and other payables	5,094	-13,758	-137.03%
Other current liabilities	-	-	
Other cash flows from operating activities	-17,794	-29,244	-39.15%
Interest paid	-18,595	-23,959	-22.39%
Interest received	910	-	
Corporate income tax received/(paid)	-109	-5,285	-97.94%
CASH FLOWS FROM INVESTING ACTIVITIES	-474	-31	1429.03%

<i>Units: Thousand euro</i>	2013	2012	Variación
Investment collections	-	2	-100.00%
Other financial assets	-	2	-100.00%
Amounts paid on investments	-474	-33	1336.36%
Intangible assets	-17	-2	750.00%
Property, plant and equipment	-457	-31	1374.19%
CASH FLOWS FROM FINANCING ACTIVITIES	-15,792	-59,093	-73.28%
Collections and payments on financial liability instruments	-15,792	-59,093	-73.28%
Issue:			
Debentures and other marketable securities	350,000	-	
Bank loans	-	209,922	-100.00%
Return and repayment of:			
Debentures and other marketable securities	-350,000	-	
Borrowings from the Group	-13,145	3,060	-529.58%
Bank loans	-2,647	-272,075	-99.03%
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS	298	-4,607	-106.47%
Cash or cash equivalents at beginning of the year	105	4,712	-97.77%
Cash or cash equivalents at end of the year	403	105	283.81%
Change in cash or cash equivalents	298	-4,607	-106.47%

Statement of changes in Net Equity

<i>Units: Thousand euro</i>	Reserves	Profit/(loss) for the year	Value change adjustments	TOTAL
BALANCE AT 2011 YEAR END	144,403	185	60,819	205,407
Total recognised income and expenses	-	44,374	14,062	58,436
Transactions with shareholders and owners:	185	-185	-	-
Distribution of prior year profit/(loss)	185	-185	-	-
BALANCE AT 2012 YEAR END	144,588	44,374	74,881	263,843
Total recognised revenues and expenses	-	714	-23,455	-22,741
Transactions with shareholders and owners:	44,374	-44,374	-	-
Distribution of prior year profit/(loss)	44,374	-44,374	-	-
Balance at 2013 Year End	188,962	714	51,426	241,102

Financial statements

The annual accounts, the management reports of the Corporation corresponding to the years 2013 and 2012 and its corresponding auditor reports can be consulted during the term of validity of the Base Prospectus in the website of CORES (www.cores.es). Similarly, these annual accounts and the corresponding audit reports are deposited and can be consulted at the CNMV.

4. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING. TERMS AND CONDITIONS OF THE NOTES.

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be applicable to the Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. Those definitions will be endorsed on the definitive Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

Corporación de Reservas Estratégicas de Productos Petrolíferos (the **Issuer**) has established a programme (the **Programme**) for the issuance of up to €1,500,000,000 in aggregate principal amount of notes (the **Notes**) in accordance with the threshold authorised by CORES’ Board of Directors’ resolution passed on 22 May 2014 on the basis of the authorisation granted by a resolution of its General Assembly passed on 24 of June 2010. Notes issued pursuant to the Programme will be in dematerialised, book-entry form (*anotaciones en cuenta*).

Notes issued under the Programme are issued in series (each a **Series**) and each Series may comprise one or more tranches (each a **Tranche**) of Notes. Each Tranche is the subject of Final Terms (the **Final Terms**) which complete these terms and conditions (the **Conditions**). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. According to the legislation in force, the securities will grant no present and/or future voting and other non-financial rights in CORES. The investor’s economic and financial rights associated to the acquisition and holding of securities will be those resulting from the interest rate, yield and redemption amount conditions as set out in the respective Final Terms and in Conditions 4 (*Interest*), 5 (*Payments*) and 6 (*Redemption and purchase*) below. In any case, Investors in the securities will not receive negative returns.

1 FORM, SPECIFIED DENOMINATION AND TITLE

1.1 *Form and denomination*

The Notes will be issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*) in the aggregate nominal amount (the **Aggregate Nominal Amount**), specified denomination (the **Specified Denomination**) and specified currency (the **Specified Currency**) shown in the relevant Final Terms provided that the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

1.2 *Registration, clearing and settlement*

The Notes will be registered with the Spanish Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (**Iberclear**) as managing entity of the central registry of the Spanish clearance and settlement system (the **Spanish Central Registry**) with its corresponding address at Plaza de la Lealtad, 1, 28014, Madrid, Spain. Holders of a beneficial interest in the Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Notes through bridge accounts maintained by each of Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme, Luxembourg (**Clearstream Luxembourg**) with Iberclear.

Iberclear will manage the settlement and clearing of the Notes, notwithstanding the Issuer’s commitment to assist, when appropriate, on the clearing and settlement of the Notes through Euroclear and Clearstream Luxembourg.

The information concerning the International Securities Identification Number Code of the Notes (the **ISIN Code**) which will be provided by the Spanish National Numbering Agency (*Agencia Nacional de Codificación de Valores Mobiliarios*) will be stated in the Final Terms.

1.3 *Title and transfer*

Title to the Notes will be evidenced by book entries and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participating entities (*entidades participantes*) in Iberclear (the **Iberclear Members**) as having an interest in the Notes shall

be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein. In these Conditions, the **Holder** of a Note means the person in whose name such Note is for the time being registered in the Spanish Central Registry managed by Iberclear or, as the case may be, the relevant Iberclear Member accounting book (or, in the case of a joint holding, the first named thereof) and **Noteholder** shall be construed accordingly.

One or more certificates (each, a **Certificate**) attesting to the relevant Noteholder's holding of the Notes in the relevant registry will be delivered by the relevant Iberclear Member or, where the Holder is itself an Iberclear Member, by Iberclear (in each case, in accordance with the requirements of Spanish law and the relevant Iberclear Member's or, as the case may be, Iberclear's procedures) to such Holder upon such Holder's request.

The Notes are issued without any restrictions on their free transferability. Consequently, the Notes may be transferred and title to the Notes may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant Iberclear Member) upon registration in the relevant registry of each Iberclear Member and / or Iberclear itself, as applicable. Each Holder will be (except as otherwise required by Spanish law) treated as the absolute owner of the relevant Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Holder.

2 ISSUE AND MATURITY DATE

The Notes will be issued and will mature on the respective date set forth in the relevant Final Terms (the **Issue Date** and the **Maturity Date**, respectively). In any case, the maturity period for the Notes shall not exceed 30 years from the Issue Date.

3 LISTING AND ADMISSION TO TRADING

Unless another European securities markets is stated in the applicable Final Terms, the Issuer undertakes to make or cause to be made an application on its behalf for the Notes to be admitted to listing and admitted to trading on AIAF within 30 days after the Issue Date

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all time rank *pari passu* and without any preference among themselves except for any applicable legal and statutory exceptions. Upon insolvency of the Issuer, the obligations of the Issuer under the Notes shall (except for any applicable legal and statutory exceptions) at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer (unless they qualify as subordinated claims pursuant to article 92 of Act 22/2003 (*Ley Concursal*) dated 9 July 2003 (the **Insolvency Act**) or equivalent legal provisions which replace it in the future).

In the event of insolvency (*concurso*) of the Issuer, under the Insolvency Act, claims relating to the Notes (which are not subordinated pursuant to article 92 of the Insolvency Act) will be ordinary credits (*créditos ordinarios*) as defined in the Insolvency Act. Ordinary credits rank junior to credits against the insolvency state (*créditos contra la masa*) and credits with a privilege (*créditos privilegiados*). Ordinary credits rank senior to subordinated credits and the rights of shareholders.

Pursuant to article 59 of the Insolvency Act, the accrual of interest shall be suspended as from the date of declaration of the insolvency of any Issuer. Interest on the Notes accrued but unpaid as of the commencement of any insolvency procedure of the Issuer shall constitute subordinated claims against the Issuer ranking in accordance with the provisions of article 92 of the Insolvency Act.

4 INTEREST

4.1 Interest on Fixed Rate Notes

This Condition 4.1 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

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 4.6.

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and, in the case of the Broken Amount, will be payable on the particular Interest Payment Date(s).

4.2 Interest on Floating Rate Notes

This Condition 4.2 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4.6. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown thereon, Interest Payment Date shall mean each date which falls the number of months or other period specified as the Interest Period in the relevant Final Terms 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 which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event (a) such date shall be brought forward to the immediately preceding Relevant Business Day and (b) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant 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 Relevant Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant 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 in the relevant Final Terms as being applicable.

(a) ISDA Determination for Floating Rate Notes

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

- (x) the Floating Rate Option is as specified in the relevant Final Terms;
- (y) the Designated Maturity is a period specified in the relevant Final Terms; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms;

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

(b) Screen Rate Determination for Floating Rate Notes

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

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

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) 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.

- (x) if the Relevant Screen Page is not available or, if sub paragraph (b)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (b)(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 Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (y) if paragraph (x) 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 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).

4.3 Interest on Zero Coupon Notes

This Condition 4.3 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

Where a Note the interest basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (calculated in accordance with Condition 6.4)).

4.4 Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless 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 4 to the Relevant Date (as defined in this Condition 4 (*Interest*)).

4.5 Margin, Maximum/Minimum Interest Rates and Redemption Amounts, and Rounding

- (i) If any Margin is specified hereon (either (a) generally, or (b) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (a), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (b), calculated in accordance with Condition 4.2 above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin subject always to the next paragraph.
- (ii) If any Maximum or Minimum Interest Rate 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.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves

being rounded up), (b) all figures will be rounded to seven significant figures (with halves being rounded up) and (c) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes unit means, with respect to any currency other than Euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to Euro, means 0.01 Euro.

4.6 Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the relevant Final Terms, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

4.7 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 each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation, determine the Rate of Interest and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest 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 Issuer, each of the Paying Agents, the Holders, any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation 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 a Rate of Interest, the Interest Amount, the Interest Payment Date, the Final Redemption Amount, Early Redemption Amount and Optional Redemption Amount, or (ii) in all other cases, as soon as practicable but in no event later than the fourth Relevant Business Day after such determination. 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 9 (*Events of default*), 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 Amounts so calculated need be made. The determination of each Rate of Interest, Interest Amount, Final Redemption Amount, the Early Redemption Amount and the Optional Redemption Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

4.8 Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

Day Count Fraction means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the **Calculation Period**):

- (i) if **Actual/Actual** or **Actual/Actual(ISDA)** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **Actual/365 (Fixed)** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if **Actual/360** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if **30/360, 360/360** or **Bond Basis** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 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 Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

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

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

where:

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

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

"D₁" is the first calendar day, expressed as a number, of the Interest 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 Interest Period, unless such number would be 31, in which case D₂ will be 30;

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

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

where:

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

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

"D₁" is the first calendar day, expressed as a number, of the Interest 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 Interest 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.

- (vii) if **Actual/Actual (ICMA)** is specified in the relevant Final Terms:

(a) where the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (A) the actual number of days in such Determination Period and (B) the number of Determination Periods in any year;

(b) where the Calculation Period is longer than one Determination Period, the sum of:

(1) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (I) the actual number of days in such Determination Period and (II) the number of Determination Periods in any period of one year; and

(2) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (I) the actual number of days in such Determination Period and (II) the number of Determination Periods in any period of one 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 specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Date.

Euro-zone means the member states of the European Union that are participating in the third stage of European Monetary Union.

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 an Interest Period Date and ending on, but excluding, the next succeeding Interest Period Date.

Interest Amount means the amount of interest payable and, in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

Interest Commencement Date means the date of issue of the Notes (the Issue Date) or such other date as may be specified in the relevant Final Terms.

Interest Determination Date means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the day falling two Relevant Business Days in London prior to the first day of such Interest Accrual Period if the specified currency is not sterling, or (iii) the day falling two TARGET2 Business Days prior to the first day of such Interest Accrual Period if the specified currency is euro.

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

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

ISDA Definitions means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms.

Rate of Interest means the rate of interest payable from time to time in respect of the Note and which is either specified, or calculated in accordance with the provisions, in the relevant Final Terms.

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 in the relevant Final Terms.

Relevant Business Day means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency; and/or
- (ii) in the case of euro, a day on which the TARGET2 System is operating; 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 specified, generally in each of the Business Centres so specified.

Relevant Date means the date on which any payment of principal or interest in respect of the Notes first becomes due, except that, if the full amount of the money payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which,

the full amount of such money having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12 (*Notices*.)]

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

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

TARGET2 Business Day means a day on which the TARGET2 System is operating.

TARGET2 System means the Trans European Automated Real Time Gross Settlement Express Transfer system (TARGET2) which was launched on 19 November 2007 or any successor thereto.

4.9 Change of Interest Basis

If Changes 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, Floating Rate Note provisions and/or Zero Coupon Note provisions shall apply.

4.10 Calculation Agent

The Issuer will procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are 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 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 Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5 PAYMENTS

5.1 *Principal and Interest*

Payments in respect of the Notes (in terms of both principal and interest) will be made by transfer to the registered account of the relevant Holder maintained by or on behalf of it with a bank that processes payments in a city in which banks have access to the TARGET2 System, details of which appear in the records of Iberclear or, as the case may be, the relevant Iberclear Member at close of business on the day immediately preceding the Payment Day on which the payment of principal or interest, as the case may be, falls due. Holders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the relevant Notes. None of the Issuer, the Paying Agent or, if applicable, any of the arrangers, underwriters, distributors or co-ordinators will have any responsibility or liability for the records relating to payments made in respect of the Notes.

5.2 *Payments subject to fiscal laws*

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

5.3 *Payment Day*

If the due date for payment of any amount in respect of any Note is not a Business Day, the Holder shall not be entitled to payment in the relevant place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of such delay. In this condition 7.3:

Business Day means:

- (i) a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as Financial Centres in the relevant Final Terms; and
- (ii) if the currency of payment is euro, any day which is a TARGET2 Business Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (iii) 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.

6 REDEMPTION AND PURCHASE

6.1 *Redemption at maturity*

Unless previously redeemed, purchased and cancelled as provided below, each Note will be redeemed at its Final Redemption Amount (which, unless otherwise provided in the relevant Final Terms, is its principal amount) on the Maturity Date specified on each Note. In any case, Notes shall not be redeemed below par.

6.2 *Purchases*

The Issuer may at any time purchase the Notes at any price in the open market or otherwise. The Notes may be held, resold or, at the option of the Issuer, cancelled.

6.3 *Cancellation*

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.2 (*Purchases*) above cannot be reissued or resold.

6.4 *Early Redemption of Zero Coupon Notes*

- (i) The Early Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date upon redemption of such Note pursuant to Condition 6.5, Condition 6.6 and Condition 6.7 or upon it becoming due and payable upon the occurrence of any event of default as established in the applicable Final Terms of the Notes, shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their Issue Price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant Condition 6.5, Condition 6.6 and Condition 6.7 or upon it becoming due and payable upon the occurrence of any event of default as established in the applicable Final Terms of the Notes, is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (both before and after judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4.4.

6.5 Redemption at the option of the Issuer

If Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem, all or, if so provided some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Redemption Amount 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 in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

The aforementioned notice will be addressed to the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores –CNMV–*) as a price-sensitive information (*hecho relevante*) notice, the Commissioner, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, Iberclear and the Noteholder, the latter exclusively under the Issuer's sole discretion and in accordance with applicable law, through the publication of the relevant notice in the corresponding official bulletins of the listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation. Such notice must include the following information:

- (i) The issue of the Notes subject to redemption;
- (ii) the aggregate nominal amount that will be redeemed; and
- (iii) the Redemption Amount.

Such notice shall be irrevocable and will bind the Issuer according to the terms contained thereof.

6.6 Redemption at the option of the Noteholder

If Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any such Note, upon the Holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Dates at its Optional Redemption Amount together with interest accrued to the date fixed for redemption. It may be that before a Put Option can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise such option the Holder must, within the notice period, deliver a duly completed option exercise notice (**Exercise Notice**) in the form obtainable from the Paying Agent at its registered office which will, in turn, forward the Exercise Notice to the Issuer. The Paying Agent shall deliver a duly completed notice receipt to the relevant Holder. No such notice, once delivered in accordance with this Condition 6.6 may be withdrawn.

6.7 Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in 6.4(i)), upon it becoming due and payable upon the occurrence of any event of default as established in the applicable Final Terms of the Notes, shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.

7 TAXATION

If any withholding or deduction on the payments is required by Law, the relevant payment shall be made subject to and after any such withholding or deduction is made. No additional amounts shall be payable by the Issuer in respect of any such withholding or deduction. See *Taxation – Spanish tax considerations*.

8 PRESCRIPTION

Claims in respect of the principal amount or interest on Notes will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date, as defined in Condition 4 (*Interest*).

Claims in respect of any other amounts payable in respect of the Notes will become void unless made within 10 years following the due date for payment thereof.

9 EVENTS OF DEFAULT

If any one or more of the following events (each an Event of Default) shall occur and continue:

- (A) Non-payment: in accordance with article 4 of Act 211/1964, of 24 of December, the Issuer fails to fulfil its obligation of payment of any amount of interest in respect of the Notes at the due date for payment thereof on more than two occasions; or
- (B) Winding up: an order is made or an effective resolution, law or regulation is passed for the winding up, liquidation or dissolution of the Issuer otherwise than for the purposes of the Issuer being replaced and substituted by law for another non-profit Public Corporation (*corporación de derecho público*) with an analogous corporate purpose as the principal debtor in respect of the Notes;

then (i) the Commissioner may, acting upon a resolution of the Syndicate of Noteholders, in respect of all the Notes, or (ii) in the event of (a) not having established a Syndicate of Noteholders for the issue (see Condition 11 (*Syndicate of Noteholders and modification*)) or (b) inexistence of a resolution to the contrary by the Syndicate of Noteholders (which resolution shall be binding on all Noteholders), any Noteholder in respect of the Notes held by such Noteholder may, formally request that the Issuer amend such event and following 30 business days (as defined in Condition 5 (*Payments*)) since the aforementioned request declare such Notes due and payable provided whereupon the Notes shall, when permitted by applicable Spanish law, become immediately due and payable at their principal amount, together with accrued interest, without further formality.

10 PAYING AGENT

In acting under the Issue and Paying Agency Agreement and in connection with the Book- Entry Notes, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

The Paying Agent as well as the Calculation Agent (if any) will be specified in the relevant Final Terms. The Issuer is entitled to vary or terminate the appointment with the Paying Agent, in its role of paying agent, and/or appoint additional or other paying agents (the **Paying Agents**) or Calculation Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) there will at all times be a Paying Agent;
- (ii) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (iii) so long as the Notes are listed on any secondary market, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant secondary market; and
- (iv) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any variation, termination, appointment or change regarding the Paying Agent will be given to the Noteholders promptly by the Issuer in accordance with Condition 12 (*Notices*).

11 SYNDICATE OF NOTEHOLDERS AND MODIFICATION

The Issuer will not constitute a Syndicate of Noteholders for any issue of the Notes under the Programme. However, in such a case, the Noteholders themselves, may request the establishment of the Syndicate of Noteholders, provided they represent, at least, 30% of the issue.

Notwithstanding the above, a Commissioner will be appointed for each issue by the Issuer. Upon the subscription of the Notes, and provided the aforementioned request is made by the Noteholders, the Commissioner will call a general meeting of Noteholders, that will be initially chaired by the Commissioner until the election of a chairman, the duty of which shall be to decide upon the constitution of the Syndicate of Noteholders and ratify the regulations governing the relevant Syndicate of Noteholders (the **Regulations**), such decisions must be approved by an absolute majority of the Noteholders present or represented.

The Regulations applicable to the relevant Syndicate of Noteholders, in case that it is constituted in accordance with the previous paragraph, may be consulted at any time at the corporate office of CORES and in its web site (www.cores.es).

The Issuer may, with the consent of the Commissioner, but without the consent of the Noteholders amend these Conditions insofar as they may apply to the Notes to correct a manifest error or which amendments are of a formal minor or technical nature or to comply with mandatory provisions of law.

Any modification, waiver or authorisation in accordance with this Condition 11 (*Syndicate of Noteholders and Modification*) shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12 (*Notices*).

For the purposes of these Conditions,

- (i) **Commissioner** means the *comisario* as this term is defined under Act 211/1964 and, subsequently, Royal Decree Legislative 1/2010, of 2 July 2010, approving the consolidated text of the Spanish Companies Act (*Ley de Sociedades de Capital*) (the **Spanish Companies Act**); and
- (ii) **Syndicate of Noteholders** means the *sindicato* as this term is described under Act 211/1964 and, subsequently, the Spanish Companies Act.

12 NOTICES

12.1 *Notice to Noteholders*

So long as the Notes are listed on AIAF, notices to the Noteholders will be published in the official bulletin of AIAF (*Boletín Diario de AIAF Mercado de Renta Fija*) and, where applicable, through the filing by the Issuer of a price-sensitive information notice (*comunicación de hecho relevante*) with the CNMV. Any such notice will be deemed to have been given on the date of the first publication. In addition, so long as the Notes are represented by book-entries, all notices to Noteholders shall be made through Iberclear for on transmission to their respective accountholders.

12.2 *Notice of a General Meeting of the Syndicate of Noteholders*

Notice of a general meeting of the Syndicate of Noteholders, if constituted, must be given in accordance with the Regulations (see Condition 11 (*Syndicate of Noteholders and Modification*)).

Notice to Commissioners

Copies of any notice given to any Noteholders will be also given to the Commissioner of the Syndicate of Noteholders, if any.

13 FURTHER ISSUES

The Issuer may from time to time, without the consent of the Holders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

14 GOVERNING LAW AND SUBMISSION TO JURISDICTION

14.1 *Governing law*

The Notes and any non-contractual obligations arising out of or in connection with them are, subject as provided below, governed by, and shall be construed in accordance with, Spanish law. In particular, they will be issued in accordance with Act 24/1988, of 28 July, on the Securities Market (*Ley 24/1988*,

de 28 de julio, del Mercado de Valores –LMV–) and in accordance with Act 211/1964, of 24 December, on the issue of debt securities by companies that have not adopted the form of public limited companies, or by associations or by other legal entities, and the constitution of the bondholder syndicate, and in accordance with those other developing regulations.

14.2 Submission to jurisdiction

The courts of Madrid, Spain are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes.

5. FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated []

Corporación de Reservas Estratégicas de Productos Petrolíferos
(incorporated as a Non-profit Public-Law Corporation in Spain)

Issue of

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

Under the EUR 1,500,000,000

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 [] [and the supplemental Base Prospectus dated []] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. For the purpose of article 14 of the Prospectus Directive, the Base Prospectus and these Final Terms are published on the website of the CNMV (www.cnmv.es).

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

- | | | |
|----|--|---|
| 1. | Issuer: | Corporación de Reservas Estratégicas de Producto Petrolíferos, "CORES" |
| 2. | (i) Series Number: | [] |
| | (ii) Tranche Number: | [] |
| | (iii) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [<i>identify earlier Tranches</i>] on [the Issue Date] |
| 3. | Specified Currency or Currencies: | [] |

4. Aggregate Nominal Amount:

(i) Series: []

(ii) Tranche: []

In accordance with the provisions of Act 211/1964, of 24 December, the total amount of the debt issued up to the date of these Final Terms (including the amount of the new issue to be made under these Final Terms), does not exceed the amount in which the assets of the Corporation have been valued.

To this effect, CORES has obtained from two representatives of its auditing company [insert auditor denomination at the date of the relevant Final Terms] a certificate related to the items and amounts of the assets owned by it and their valuation as they appear in the accounting records of the company at [insert date], this is, as of a date comprised within the 6 months immediately preceding the date of filing of the relevant Final Terms.

5. Issue Price: [] per cent. of the Aggregate Nominal Amount

6. (i) Specified Denominations: []

(ii) Calculation Amount: []

7. (i) Issue Date: []

(ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]

8. Maturity Date: [any date up to 30 years after the Issue Date]

9. Interest Basis: [[] per cent. Fixed Rate]
[[[] month [LIBOR/EURIBOR]] +/- [] per cent. Floating Rate]
[Zero Coupon]
(see paragraph 14/15/16 below)

10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount. [In any case, no Notes shall be redeemed below par.]

11. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 15 and 16 below and identify there][Not Applicable]*
12. Put/Call Options: [Investor Put] [Issuer Call]
[Not Applicable]
[(see paragraph 18/19/20 below)]
13. (i) Status of the Notes: Senior Unsecured
- (ii) Date [Board] approval for issuance of Notes obtained: [] [and [] respectively]] / [Not Applicable]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs 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 up to and including the Maturity Date
(Amend appropriately in the case of irregular coupons)
- (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]
(Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount)
- (v) Day Count Fraction: []

(vi) [Determination Date(s): in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)

15. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) Interest Period(s) []

(ii) Interest Payment Dates: []

(iii) Interest Period Date: []
(Not applicable unless different from Interest Payment Date)

(iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

(v) Business Centre(s): [] [Not Applicable]

(vi) Manner in which the Rate(s) of Interest is / are to be determined [Screen Rate Determination/ISDA Determination]

(vii) Calculation Agent: []

(viii) Description of the Reference Rate: []

(ix) Screen Rate Determination:

• Reference Rate: [] month [LIBOR/EURIBOR]

• Interest Determination Date(s): []

- Relevant Screen Page: []
- (x) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)
- (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: []
16. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Amortisation Yield: [] per cent. per annum

PROVISIONS RELATING TO REDEMPTION

17. Call Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of [] per Specified Denomination each Note:
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
 - (b) Maximum Redemption Amount: []
- (iv) Notice periods: Minimum period: [] days
Maximum period: [] days

18. Put Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount: [] per Specified Denomination
- (iii) Notice periods: Minimum period: [] days
Maximum period: [] days
19. Final Redemption Amount: [] per Calculation Amount
20. Early Redemption Amount payable on redemption for taxation reasons, on an event of default or upon the occurrence of a Capital Event: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes:
- (i) Form: Book-Entry Notes: Uncertificated, dematerialised book-entry form notes (*anotaciones en cuenta*) registered with Iberclear as managing entity of the Spanish Central Registry.
22. Financial Centre(s): [Not Applicable/give details]
- (i) Principal Financial Center: []
- (ii) Additional Financial Center(s): []
23. Liquidity counterparties and liabilities [N.A./Entity] [name and address]
24. Estimated expenses in connection with the Issue:
- (i) Underwriting and placement fees: []
- (ii) Expenses (CNMV, IBERCLEAR, AIAF, [rating], legal counsel, paying agent and others): []
- (iii) Total fees and expenses of the issue: _____
[]

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the issuer (or on its behalf) for the Notes to be admitted to trading on [AIAF/other regulated market] with effect from [].] [Application is expected to be made by the issuer (or on its behalf) for the Notes to be admitted to trading on [AIAF/other regulated market] with effect from [30 days after the Issue Date/ other time period].]
(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

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

[Save for any fees payable to [arrangers, underwriters, distributors or co-ordinators or [•]], as far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. [[Arrangers, underwriters, distributors or co-ordinators or [•]] 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 and include if there are other interests or none at all.]

4. YIELD

- Indication of yield: []

[The yield is calculated at the Issue Date by [insert method of yield calculation] on the basis of [insert yield calculation hypothesis]. It is not an indication of future yield.]

5. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: [Not Applicable/give details]
- (iii) Any clearing system(s) other than, [Not Applicable/give name(s) and number(s)]
Iberclear and the relevant
identification number(s):
- (iv) Delivery: [Delivery against payment]
- (v) Names and addresses of Paying []
Agent(s)
- (vi) Names and addresses of Calculation []
Agent(s) (if any):

6. NOTEHOLDERS' SYNDICATE AND APPOINTMENT OF THE COMMISSIONER

In accordance with the provisions of article 6 of Act 211/1964, of December 24, on the issue of debt securities by companies that have not adopted the form of public limited companies, or by associations or by other legal entities, and the constitution of the noteholder syndicate, it has been determined not to create a Syndicate of Noteholders. Notwithstanding the foregoing, the Noteholders themselves, pursuant to the provisions of the aforementioned article, may take the initiative and request the constitution of the Syndicate of Noteholders, provided that they represent, at least, 30% of the total amount of the issue. In such case, CORES shall communicate by publishing it as a price-sensitive information (*hecho relevante*) notice addressed to the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores –CNMV–*) and the relevant announcement in in the official bulletin of AIAF (*Boletín Diario de AIAF Mercado de Renta Fija*).

In accordance with Condition 11 (*Syndicate of Noteholders and Modification*) of the Base Prospectus, and for this issue of securities, [], of legal age, holding Tax Identification Number (NIF) [] and with domicile at [] is hereby appointed as Commissioner. [] appears in his/her own name for the sole purposes of accepting such appointment.

All the pages of these Final Terms have been duly initialled and signed in [], this [].

Signed on behalf of Corporación de Reservas
Estratégicas de Producto Petrolíferos:

Chairman of CORES

[General Manager of CORES / Other]

Commissioner

6. TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not constitute tax advice and does not purport to be a complete analysis of all tax considerations relating to the Notes, as applicable, whether in Spain or elsewhere. Prospective investors should consult their own tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and under the tax laws of Spain of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes.

This summary is based on the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. The Spanish Government has recently submitted to the Spanish parliament in August 2014 for discussion and approval several bills of law that include significant reforms to the Spanish tax system. Specifically, these bills of law include amendments to the Individual Income Tax Law and Non Resident Income Tax Law, as well as a brand-new Corporate Income Tax Law. The approval process is expected to last until December 2014 such that the new legislation would come into force in January 2015. As a result, the information provided below may be subject to change. Investors are advised to consult their own tax advisors as to the applicable tax consequences derived from the approval of such reforms.

Investors should also note that the appointment by an investor in the Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisors in relation to the tax consequences for them of any such appointment.

Spanish tax considerations

The following summary describes the main Spanish tax implications related to the holding or transfer of the Notes by certain individuals or entities that are the beneficial owners of the Notes.

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Spain, and it is not intended to be, nor should it be construed to be, legal or tax advice, and does not address all the tax consequences applicable to all categories of investors, some of which (such as “look through” entities or holders of the Notes by reason of employment) may be subject to special rules. Prospective purchasers of the Notes are advised to 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. This tax section is based on Spanish law as in effect on the date of this Base Prospectus as well as on administrative interpretations thereof, and is subject to any change in such law or interpretations that may take effect after such date, including changes with retroactive effect.

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

- (i) for individuals with tax residency in Spain who are individual income tax (**IIT**) tax payers, Law 35/2006, of 28 November 2006, on IIT and on the partial amendment of the Corporate Income Tax Law, Non Residents Income Tax Law and Wealth Tax Law, as well as Royal Decree 439/2007, of 30 March 2007, promulgating the IIT Regulations, along with Law 19/1991, of 6 June 1991, on the Net Wealth Tax and Law 29/1987, of 18 December 1987, on the Inheritance and Gift Tax (**IGT**);
- (ii) for legal entities resident for tax purposes in Spain which are subject to the Spanish Corporate Income Tax (**CIT**), Royal Legislative Decree 4/2004, of 5 March 2004, promulgating the Consolidated Text of the CIT Law, as amended, and Royal Decree 1777/2004, of 30 July 2004, promulgating the CIT Regulations;
- (iii) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Spanish Non-Resident Income Tax (**NRIT**), Royal Legislative Decree 5/2004, of 5 March 2004, promulgating the Consolidated Text of the NRIT Law, as amended, and Royal Decree 1776/2004, of 30 July 2004, promulgating the NRIT Regulations, along with Law 19/1991, of 6 June 1991, on the Net Wealth Tax and Law 29/1987, of 18 December 1987, on IGT.

Whatever the nature and residence of the beneficial owners of the Notes, the acquisition and transfer of Notes will be exempt from indirect taxes in Spain, i.e., exempt from transfer tax and stamp duty, in accordance with the Consolidated Text of such taxes promulgated by Royal Legislative Decree 1/1993, of 24 September 1993, and exempt from VAT, in accordance with Law 37/1992, of 28 December 1992, regulating such tax.

Individuals with Tax Residency in Spain

Individual Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)

Both interest periodically received and income derived from the transfer, redemption or repayment of the Notes by IIT taxpayers is deemed as income obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25.2 of the IIT Law, and must be included in the investor's IIT savings taxable base, which is taxed in 2014 at a flat rate of 21% on the first €6,000, 25% on the following €8,000 and 27% for any amount in excess of €24,000.

A (current) 21% withholding on account of IIT will be imposed by the Issuer on interest payments as well as on income derived from the redemption or repayment of the Notes, by individual investors subject to IIT.

Similarly, income derived from the transfer of the Notes may be subject to withholding on account of IIT. However, with certain exceptions, income derived from the transfer of the Notes which qualify as financial assets with an explicit yield for Spanish tax purposes should not be generally subject to withholding on account of IIT provided that the Notes are:

- (i) registered by way of book entries (*anotaciones en cuenta*); and
- (ii) negotiated in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

According to Section 26 of the IIT Law, administration and custody fees are deductible expenses in IIT. On the other hand, fees charged for discretionary and individualised management of investment portfolios will not be deductible.

In any event, the individual holder may credit the withholding tax applied on account of IIT against his or her final IIT liability for the relevant tax year.

Net Wealth Tax (*Impuesto sobre el Patrimonio*)

For tax year 2014, Spanish resident tax individuals are subject to Spanish Net Wealth Tax, which imposes a tax on property and rights in excess of €700,000 held on the last day of any year.

Spanish tax resident individuals whose net worth is above €700,000 and who hold Notes on the last day of any year would therefore be subject to Spanish Net Wealth Tax for such year at marginal rates varying between 0.2% and 2.5% of the average market value of the Notes during the last quarter of such year, as published by the Spanish Ministry of Revenues on an annual basis. This taxation may be affected by the applicable Spanish regional rules.

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

Individuals who are 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 Spanish IGT in accordance with the applicable Spanish regional and state rules. The applicable tax rates range between 7.65% and 81.6% for 2014, depending on relevant factors.

Legal Entities with Tax Residency in Spain

Corporate Income Tax (*Impuesto sobre Sociedades*)

Both interest periodically received and income derived from the transfer, redemption or repayment of the Notes by CIT taxpayers are subject to CIT (at the current general flat tax rate of 30% for 2014) in accordance with the rules for such tax.

With regard to income derived from the Notes, in accordance with article 59.q of the CIT regulations, there is no obligation to withhold on income obtained by Spanish CIT taxpayers (which include Spanish tax resident investment funds and Spanish tax resident pension funds) provided that the Notes are:

- (i) registered by way of book entries (*anotaciones en cuenta*); and
- (ii) negotiated in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

If the Notes do not meet these conditions, income derived from the Notes may be subject to a (current) 21% withholding on account of CIT. Certain Spanish withholding tax exemptions may apply in specific cases.

In any event, the CIT holder may credit the withholding tax on account of CIT applied against its final CIT liability for the relevant tax year.

Net Wealth Tax (*Impuesto sobre el Patrimonio*)

Legal entities resident in Spain for tax purposes that acquire ownership or other rights over the Notes are not subject to Spanish Wealth Tax.

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

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

Individuals and Legal Entities that Are Not Tax Resident in Spain

- 1) *Investors that Are Not Resident in Spain for Tax Purposes, Acting in Respect of the Notes Through a Permanent Establishment in Spain*

Non-resident Income Tax (*Impuesto sobre la Renta de no Residentes*)

If the Notes form part of the assets affected to a permanent establishment in Spain of a person or legal entity that is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those set forth above for Spanish CIT taxpayers. See “—Legal Entities with Tax Residency in Spain—Corporate Income Tax (*Impuesto sobre Sociedades*).”

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

- 2) *Investors that Are Not Resident in Spain for Tax Purposes, Not Acting in Respect of the Notes Through a Permanent Establishment in Spain*

(A) *Non-resident Income Tax (*Impuesto sobre la Renta de no Residentes*).*

Both interest payments periodically received under the Notes and income derived 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 do not act, with respect to the Notes, through a permanent establishment in Spain, will be subject to Spanish NRIT, at a 21% rate, which will be generally withheld by the corresponding Spanish withholding tax agent.

However, payments of interest from the Notes made by the Issuer to these investors will be exempt from Spanish NRIT if such individuals or entities are:

- (i) resident for tax purposes in a Member State of the European Union, other than Spain, or a permanent establishment of such resident situated in another Member State of the European Union not resident in, or acting through, a territory considered as a tax haven pursuant to Spanish law (as currently set out in Royal Decree 1080/1991 of July 5), and that do not act through a permanent establishment in a country or jurisdiction outside the European Union in respect of the Notes; or

(ii) resident of a country or jurisdiction with which Spain has ratified a convention to avoid double taxation on income taxes which provides with a full exemption from tax imposed in Spain on such payment.

provided in both cases that such individual or entity submits to the Issuer prior to the corresponding payment of interest a valid certificate of tax residence for any of the aforementioned purposes, duly issued by the tax authorities of the country of tax residence, each certificate generally being valid for a period of one year beginning on the date of its issuance.

Investors are advised to consult their own tax advisers regarding their eligibility to claim a refund from the Spanish tax authorities and the procedures to be followed in such circumstances.

(B) Net Wealth Tax (*Impuesto sobre el Patrimonio*)

For tax year 2014, Spanish non-resident tax individuals are subject to Spanish Net Wealth Tax, which imposes a tax on property and rights in excess of €700,000 that are located in Spain, or can be exercised within the Spanish territory, as the case may be, on the last day of any year.

However, to the extent that income derived from the Notes is exempt from NRIT, individual beneficial owners not resident in Spain for tax purposes that hold Notes on the last day of any year will be exempt from Spanish Net Wealth Tax. Furthermore, beneficial owners who benefit from a treaty for the avoidance of double taxation with respect to wealth tax that provides for taxation only in the beneficial owner's country of residence will not be subject to Spanish Net Wealth Tax.

If the provisions of the foregoing paragraph do not apply, non-Spanish tax resident individuals whose net worth related to property located, or rights that can be exercised, in Spain is above €700,000 and who hold Notes on the last day of any year would therefore be subject to Spanish Net Wealth Tax for such year at marginal rates varying between 0.2% and 2.5% of the average market value of the Notes during the last quarter of such year, as published by the Spanish Ministry of Revenues on an annual basis.

Non-Spanish tax resident legal entities are not subject to Spanish Net Wealth Tax.

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

Individuals not resident in Spain for tax purposes who acquire ownership or other rights over the Notes by inheritance, gift or legacy, will be subject to IGT in accordance with the applicable Spanish state rules, unless they reside in a country for tax purposes with which Spain has entered into a treaty for the avoidance of double taxation in relation to IGT. In such case, the provisions of the relevant treaty for the avoidance of double taxation will apply.

If no treaty for the avoidance of double taxation in relation to IGT applies, applicable IGT rates would range between 7.65% and 81.6% for 2014, depending on relevant factors.

Non-Spanish tax resident legal entities that acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to IGT. Such acquisitions may be subject to NRIT, unless otherwise applicable under the provisions of any applicable treaty for the avoidance of double taxation entered into by Spain. In general, treaties for the avoidance of double taxation provide for the taxation of this type of income in the country of tax residence of the beneficiary owner.

The proposed Financial Transactions Tax (FTT)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. 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 and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. 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.

European Union Directive on the Taxation of Savings Income

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments, each Member State of the European Union is required to provide to the tax or other relevant authorities of another Member State details of payments of interest or other similar income made by a person within its jurisdiction to, or collected by such a person for, an individual or certain other types of person resident in that other Member State; however, for a transitional period, Austria and Luxembourg have instead opted to apply a withholding system in relation to such payments, deducting tax at the rate of 35%, unless during that period they elect otherwise. The transitional period is to terminate following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provisions of information arrangements or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

The Council Directive 2003/48/EC has been amended by the Council Directive 2014/48/EU which was published on 15 April 2014 (the **Amending Directive**). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of “interest payment” to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

U.S. Foreign Account Tax Compliance Withholding

The U.S. “Foreign Account Tax Compliance Act” (or **FATCA**) imposes a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) “foreign passthrough payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

FATCA is particularly complex and its application is uncertain at this time. Prospective investors should consult their tax advisers on how these rules may apply to payments they may receive in connection with the Notes.

7. SUBSCRIPTION AND SALE

7.1 Description of the Offer

7.1.1 Conditions to which the offer is subject

Under the Base Prospectus various issues of securities may be placed in circulation, the issue of which will take place in the twelve month period following the date on which this Base Prospectus is registered.

Each issue will be formally executed by means of filing with the CNMV the Final Terms of each issue that will include the specific conditions and features of each issue.

7.1.2 Maximum amount

Up to €1,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time in accordance with the threshold authorised by CORES' Board of Directors' resolution passed on 22 May 2014 on the basis of the authorisation granted by a resolution of its General Assembly passed on 24 of June 2010.

At the date of this Base Prospectus, CORES has an outstanding 3-year bond issue in the amount of €350 million issued under the abovementioned authorisations. Consequently, CORES will not be able to issue Notes under the Programme up to the maximum aggregate principal amount of €1,500,000,000 until the aforementioned issue is cancelled. Therefore until such cancellation takes place, the principal amount of Notes outstanding at any one time under the Programme shall not be able to exceed €1,150,000,000.

In any case, and for each specific issue, the maximum legal limit must always be respected for each specific issue, considering the value of the assets held by CORES, compounding for these purposes all the outstanding debt issues of CORES. Consequently, in accordance with the provisions of Act 211/1964, of 24 December, the total amount of the debt issued up to that date (including the amount of the new issue to be made), may not exceed the amount in which the assets of the Corporation have been valued. As of the date of this Prospectus, CORES has two note issues in circulation, one for 500 million euro (due April 2018) and another for 350 million euro (due April 2016).

The nominal value and the number of securities to be issued is not fixed beforehand and will depend on the nominal amount of the individual securities of each issue made under this Base Prospectus, and on the total nominal amount of each single issue.

However, unit nominal amounts of securities to be issued under this Base Prospectus will not be lower than Euro 100,000.

Issues made under the Base Prospectus may or may not be underwritten. In the first case, the amount not placed at the end of the subscription period will be subscribed on the last day of that period by the underwriters. If the issue is not underwritten, the total amount of the issue will be reduced to the total volume of funds actually subscribed for by investors.

In accordance with the provisions of paragraph four of article 1 of Act 211/1964, of 24 December, and on the occasion of each issue under the Programme, CORES will obtain from two representatives of the Corporation's auditing company a certificate related to the items and amounts of the assets owned by it and their valuation as they appear in the accounting records of the company at a date comprised within the 6 months immediately preceding the date of filing of the relevant Final Terms

7.1.3 Paying Agent and Depository Entities

Payment of coupons and of principal of the issues under the Base Prospectus will be handled by the Paying Agent to be determined in the Final Terms of the issue, which entity must necessarily have the capacity to perform those functions in relation to the market where the securities are to be admitted to trading.

Furthermore, the Final Terms will also state the name and address of the entity in charge of the accounting records of the Issue, or the institution which acts as depository for the security or securities representing the Issue.

7.1.4 Time periods during which the offer may take place

Any issue of Notes under this Base Prospectus shall be made within the validity period of a year (See *Validity Period and supplements to the Base Prospectus* on Section 9 of this Base Prospectus).

8. SUMMARY OF CLEARANCE AND SETTLEMENT PROCEDURES APPLICABLE TO BOOK-ENTRY NOTES

Below is a brief summary of the Spanish clearance and settlement procedures applicable to book-entry notes such as the Notes.

Notwithstanding that, it should be noted that Act 32/2011, of 4 October which amends Act 24/1988, of 28 July on the Securities Market (*Ley 32/2011, de 4 de octubre, por la que se modifica la Ley 24/1988, de 28 julio, del Mercado de Valores*), provides for certain changes that are yet to be implemented in the Spanish clearing, settlement and registry procedures of securities transactions. These will modify the system and allow for the integration of the post trading Spanish systems into the TARGET System (TARGET2), which is scheduled to be fully implemented in February 2017.

The project to reform Spain's clearing, settlement and registry system and its connection to the TARGET System (the **Reform**) introduces significant new features that affect all classes of securities and all post-trade activities.

The Reform will be implemented in two phases:

- (i) The first phase will take place at the beginning of 2015 and will involve setting up a new system for equities to include all the changes envisaged in the Reform, including the creation of a central clearing counterparty (**CCP**) in post-trade whose design must be compatible with the TARGET System (messages, account structure, definition of operations, etc.). Accordingly, the SCLV (*Servicio de Compensación y Liquidación de Valores*) platform will be discontinued.

That system will continue to settle by the current deadline of T+3, although that should be reduced to T+2 within a period of 2-3 months since that is the settlement period in the proposed regulation on improving securities settlement in the European Union and on central securities depositories (**CSDs**).

The CADE (*Central de Anotaciones de Deuda Pública*) platform will continue to operate unchanged and cash settlements in the new system will be made in the TARGET2-Bank of Spain cash accounts, as at present.

- (ii) The second phase will be implemented to coincide with Iberclear's connection to the TARGET System, scheduled for February 2017. At that time, fixed-income securities will be transferred to the new system, and CADE will be discontinued.

Equities will also be settled in accordance with the procedures and time periods of the TARGET System, so that the interim settlement procedure used in the first phase will be discontinued.

The second phase will entail unifying the registry and settlement approach for both equities and fixed-income.

Iberclear

Iberclear is the Spanish central securities depository in charge of both the register of securities held in book-entry form, and the clearing and settlement of all trades from the Spanish Stock Exchanges, Latibex (the Latin American stock exchange denominated in Euro), The Book-Entry Public Debt Market and AIAF. To achieve this, Iberclear uses two technical platforms, SCLV (for the Spanish Stock Exchanges and Latibex) and CADE (for The Book-Entry Public Debt Market and AIAF).

Iberclear is owned by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., a holding company, which holds a 100% interest in each of the Spanish official secondary markets and settlement systems.

Iberclear Securities Registration System

Iberclear and the Iberclear Members have the function of keeping the book-entry register of securities traded on the AIAF.

The book-entry register structure is divided into: (i) the Spanish Central Registry managed by Iberclear, that reflects the aggregate balance of the securities held by each of the Iberclear Members (segregated into the Iberclear Members' own account and accounts held on behalf of third parties), and (ii) an itemised individual register managed by each of the Iberclear Members, in which securities are listed under the security owner's name.

Spanish law considers the legal owner of the securities to be:

- (i) the Iberclear Member appearing in the records of Iberclear as holding the relevant securities in its own name; or
- (ii) the investor appearing in the records of the Iberclear Member as holding the securities.

Iberclear Settlement of securities traded in AIAF

Securities traded in AIAF are private fixed income securities, including corporate bonds (for example, medium term notes and mortgage bonds), represented either in a dematerialised form or by certificates.

In the AIAF settlement system, transactions may be settled spot, forward (settlement date more than five days after the relevant trade date), with a repurchase agreement on a fixed date and double or simultaneous transactions (two trades in opposite directions with different settlement dates).

The settlement system used for securities admitted for trading in AIAF is the Model 1 delivery versus payment system, as per the classification of the Bank for International Settlements: that is, it is a "transaction-to-transaction" cash and securities settlement system with simultaneity in its finality.

Transactions are settled on the business day agreed by participants at the moment of the trade.

Settlement Cycles: The CADE Platform

The process of settling all reported trades with a value date on a specific day, is to be carried out in three phases:

- (i) First settlement cycle,
- (ii) Real-time settlement, and
- (iii) Session close

The first cycle includes all transactions reported to CADE up to 6 PM of D-1, and these are settled if sufficient funds and an adequate securities balance are available in the pertinent accounts.

The real-time settlement process is carried out between 7 AM and 4 PM of the settlement day, and the system first checks if a sufficient securities balance is available. If it is available, but the buyer of the securities does not have available funds, the order is rejected and returned to CADE, and placed in a queue. The process is periodically activated until enough balance is available in the relevant accounts to settle outstanding orders with finality. If the balance in the seller's securities account is insufficient, the transaction is placed in a queue. When a credit is lodged in a securities account, the system checks whether queued orders can be processed.

At the end of the day, the system tries one last time to settle all transactions not settled in the first cycle or during the process in real time. The settlement cycle at the end of the day takes place at 5 PM.

If the seller's securities account has sufficient balance, the system checks - by means of a comparison with the payment side - if there is also sufficient balance in the buyer's cash account. That is, securities and cash are not immediately blocked. Once the transfers of securities and cash have been executed, each of the transactions is considered final.

9. ADDITIONAL INFORMATION

Below are the disclosure requirements of Annex IX and XIII of Regulation EC 809/2004 which have not been covered in the preceding sections of this Base Prospectus:

Authorisation

The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 22 May 2014 on the basis of the authorisation granted by a resolution of the General Assembly of the Issuer passed on 24 of June 2010.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes, at each time.

Principal amount of securities available for issue under the Programme.

Up to €1,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time in accordance with the threshold authorised by CORES' Board of Directors' resolution passed on 22 May 2014 on the basis of the authorisation granted by a resolution of its General Assembly passed on 24 of June 2010.

At the date of this Base Prospectus, CORES has an outstanding 3-year bond issue in the amount of €350 million issued under the abovementioned authorisations. Consequently, CORES will not be able to issue Notes under the Programme up to the maximum aggregate principal amount of €1,500,000,000 until the aforementioned issue is cancelled. Therefore until such cancellation takes place, the principal amount of Notes outstanding at any one time under the Programme shall not be able to exceed €1,150,000,000.

The nominal value and the number of securities to be issued is not fixed beforehand and will depend on the nominal amount of the individual securities of each issue made under this Base Prospectus, and on the total nominal amount of each single issue.

However, unit nominal amounts of securities to be issued under this Base Prospectus will not be lower than Euro 100,000.

In accordance with the provisions of article 1 of Act 211/1964, of 24 December, the aggregate outstanding amount of CORES' debt issues, including those that may be issued under the Programme, may not exceed the amount in which the assets of the Corporation have been valued, to comply with legal requisite CORES will obtain from two representatives of the Corporation's auditing company a certificate related to the items and amounts of the assets owned by it and their valuation as they appear in the accounting records of the company at a date comprised within the 6 months immediately preceding the date of filing of the relevant Final Terms. As of the date of this Prospectus, CORES has two bond issues in circulation, one for 500 million euro (due April 2018) and another for 350 million euro (due April 2016).

Issues made under the Base Prospectus may or may not be underwritten. In the first case, the amount not placed at the end of the subscription period will be subscribed on the last day of that period by the underwriters. If the issue is not underwritten, the total amount of the issue will be reduced to the total volume of funds actually subscribed for by investors.

Key information. Interest of natural and legal persons involved in the issue

There are no private interests since this Base Prospectus does not include any specific issue of securities. Any interest of natural or legal persons in any issue under this Base Prospectus shall be included in its relevant Final Terms.

Validity Period and supplements to the Base Prospectus

The Base Prospectus will be valid for one year after its registration in the official registers of the CNMV provided, when applicable, it is duly supplemented in accordance with Article 16 of the Prospectus Directive. In particular, this Base Prospectus shall be duly supplemented with the most recent audited consolidated annual accounts of CORES when available.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus.

Reasons for the issue and use of the proceeds

The object of the eventual issues to be made under this Base Prospectus is to comply with CORES' statutory obligations, specifically, the obligation to acquire strategic stocks and, for such purposes, to serve as instrument to refinance prior issues performed for such purposes.

The estimated expenses in connection with the registration of the Base Prospectus are the following:

Item	Euro
CNMV registration fees	43.535,07
Advisors and other fees	50.000
Total.....	43.535,07

Additionally to these fixed expenses, each issue made under this Base Prospectus will be subject to additional expenses (e.g., CNMV, AIAF and IBERCLEAR registration and admission fees; underwriting and placement fees; legal counsel fees or rating fees), details of which shall be provided in the relevant Final Terms.

Statement of the capacity in which the advisors have acted

Uría Menéndez Abogados, S.L.P. has acted as Spanish counsel to CORES.

Information on trends

Since the date of the last audited financial statements published, no significant changes have occurred in the forecasts of CORES.

No trend, uncertainty, demand, commitment or any other fact are known that could reasonably and significantly affect the forecasts of CORES during the following years.

The subsection *Budget and fees* in Section 3 (*Description of the Issuer*) of the Base Prospectus shows a breakdown of the fees to be paid to the Corporation by the obliged parties during year 2014, broken down by type of product.

Profit forecasts or estimates.

CORES has opted for not including any profits forecast or estimate.

Legal and arbitration proceedings

The Issuer, is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past a significant effect on the financial position or profitability of the Issuer.

Significant change in the Issuer's financial position

Since December 2013, no significant changes have occurred in the financial or trading position of CORES.

Material contracts

There are no material contracts apart from those related to the ordinary course of business of CORES that might give rise to any obligation or entitlement that significantly affects the capacity of the Issuer to meet its commitments with the holders of securities issued by the Issuer.

Third party information and statement by experts

This Base Prospectus does not include any statements or reports attributed to a person as an expert.

Auditors

The Annual Accounts of CORES corresponding to years 2013 and 2012 have been audited, with a favourable result, by the external auditors PricewaterhouseCoopers Auditores, S.L., with official address in Madrid, Paseo de la Castellana 259 B, and registered with the *Registro Oficial de Auditores de Cuentas* under number S-0242.

The financial information selected as at 31 December 2013 and 2012, unless expressly stated otherwise, has been extracted from the financial statements referred to such dates and forms part of the Management Reports and the Annual Accounts for years 2013 and 2012, both duly audited, no other information in the Base Prospectus has been audited or reviewed by auditors.

The most recent audited financial information included in this Base Prospectus corresponds to the fiscal year ended on 31 December 2013. Consequently, such information does not exceed 18 months from the date of registration of this Base Prospectus.

The annual accounts, the management reports of the Corporation corresponding to the years 2013 and 2012 and its corresponding auditor reports can be consulted during the term of validity of the Base Prospectus in the website of CORES at the address mentioned before. Similarly, these annual accounts and the corresponding audit reports are deposited and can be consulted at the CNMV.

In accordance with the provisions of article 35.5 of Act 24/1988, of 28 July, on the Securities Market (*Ley 24/1988, de 28 de julio, del Mercado de Valores –LMV–*), CORES is not required to comply with the liability of forwarding to the CNMV the Annual Financial Report, the Half Yearly Financial Report and the Quarterly Financial Statements, since CORES is an issuer who has only debt securities issues admitted to trading in an official secondary market, with a nominal unit value of at least Euro 100,000.

Credit ratings assigned to CORES

Ratings assigned to the Issuer are detailed below:

Rating Agency	CORES	
	Rating	Outlook
Fitch	BBB+	Stable
Standard & Poor's	BBB	Stable

Documents on display

For the period of 12 months following the date of this Base Prospectus, the following documents (with English translations, where appropriate) will be available, during usual business hours on any weekday (public holidays excepted), at the registered office of the Issuer and the office of the Paying Agent:

- (i) the Articles of Association of CORES and the legislation related to its incorporation
- (ii) CORES' auditors' reports and audited Financial Statements of and for each of the years ended 31 December 2013 and 2012;
- (iii) this Base Prospectus; and
- (iv) any future prospectus supplements, the corresponding auditors valuation certificate in accordance with article 1 of Act 211/1964 and Final Terms to this Base Prospectus.

All the pages of this Base Prospectus have been duly initialled and signed in Madrid, this 5th day of September 2014.

10. SIGNATURES

In witness to their knowledge and approval of the contents of this Prospectus drawn up according to Annexes IX and XIII of Commission Regulation (EC) No. 809/2004 of 29 April 2004, pursuant to the authorisation granted by CORES' Board of Directors' resolution passed on 22 May 2014 on the basis of the resolution of its General Assembly passed on 24 of June 2010, it is hereby signed by Mr. Pedro Miras Salamanca, Chairman (*Presidente*) of CORES, in Madrid this 5th day of September 2014.

**Signed on behalf of Corporación de Reservas
Estratégicas de Producto Petrolíferos**

By

Mr. Pedro Miras Salamanca