

EMISION DE BONOS CANJEABLES POR ACCIONES DE REPSOL YPF, S.A. POR UN IMPORTE APROXIMADO DE US\$1,400 MILLONES GARANTIZADOS POR PETROLEOS MEXICANOS

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DE CONFORMIDAD CON LO DISPUESTO POR EL ARTICULO 82 DE LA LEY DEL MERCADO DE VALORES DE ESPAÑA, PETROLEOS MEXICANOS ("PEMEX") COMUNICA QUE HA ACORDADO GARANTIZAR LA EMISIÓN DE BONOS QUE LLEVARA A CABO REPCON LUX S.A., LOS CUALES SERÁN CANJEABLES POR ACCIONES ORDINARIAS DE REPSOL YPF, S.A. ("REPSOL YPF"), POR UN IMPORTE APROXIMADO DE US\$1,400 MILLONES.

LOS BONOS TENDRÁN UNA PRIMA DE CANJE DE ENTRE EL 30% Y EL 35% SOBRE LA COTIZACION MEDIA PONDERADA DE REPSOL YPF DURANTE EL PERIODO DE BOOKBUILDING Y PODRÁN CANJEARSE UNA VEZ TRANSCURRIDOS 40 DIAS DE SU EMISION Y HASTA EL OCTAVO DÍA HABIL ANTERIOR A SU FECHA DE VENCIMIENTO (ENERO DE 2011), LOS BONOS DEVENGARÁN UN INTERES ANUAL DE ENTRE 4.0% Y 4.5%. SE HA ESTIMADO QUE EL VALOR DEL INSTRUMENTO SE DIVIDE EN UN 90% COMO VALOR DEL BONO Y UN 10% COMO VALOR DE LA OPCION (VOLATILIDAD IMPLICITA DE 16-22%).

LOS BONOS SERÁN CANJEABLES POR 58,679,800 ACCIONES DE REPSOL YPF PROPIEDAD DE REPCON LUX, PEMEX GOZARA DE LA OPCION, EN CASO DE CONVERSION DE LOS BONOS, DE PAGAR EN EFECTIVO A LOS TENEDORES DE ESTOS INSTRUMENTOS.

LOS BONOS NO HAN SIDO NI SERÁN REGISTRADOS CONFORME A LA LEY DE VALORES DE 1933 DE LOS ESTADOS UNIDOS DE AMÉRICA Y NO PUEDEN SER OFRECIDOS O VENDIDOS DENTRO DE LOS ESTADOS UNIDOS DE AMÉRICA O A PERSONAS NORTEAMERICANAS (U.S. PERSONS, COMO DICHO TÉRMINO SE DEFINE EN LA LEY DE VALORES CITADA) SIN DICHO REGISTRO O UNA EXENCIÓN DE LOS REQUISITOS DE REGISTRO CONFORME A LA LEY DE VALORES MENCIONADA.

SE SOLICITARA LA COTIZACION DE ESTOS BONOS EN LA BOLSA DE LUXEMBURGO. NO SE REALIZARA OFERTA PUBLICA DE LOS BONOS EN ESPAÑA.

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## RepCon Lux SA / Repsol YPF SA

Approx. US\$1.4 billion Exchangeable Bonds due 2011



9 December 2003

### Indicative terms and conditions

<b>Issuer</b>	RepCon Lux SA, an orphan company incorporated in Luxembourg and 99% owned by a Dutch charitable trust. Its sole purpose is the ownership of the underlying shares, payment of coupons and discharge of all other obligations of the Bonds
<b>Guarantor</b>	Petróleos Mexicanos ("Pemex") and three of its four operating subsidiary entities (Pemex-Exploration and Production, Pemex-Refining, Pemex-Gas and Basic Petrochemicals) on a joint and several basis
<b>Guarantor rating</b>	Baa1 (Moody's), BBB- (S&P)
<b>Instrument</b>	Senior exchangeable bonds (the "Bonds")
<b>Status of the bonds</b>	Direct, unsecured and unsubordinated public external indebtedness of the Issuer, <i>pari passu</i>
<b>Status of the guarantees</b>	Direct, unsecured and unsubordinated public external indebtedness of the Guarantors, <i>pari passu</i>
<b>Exchangeable into</b>	58.68 million ordinary, unrestricted shares of Repsol YPF, S.A ("Repsol")
<b>Issue size</b>	Approx. US\$1.4 billion
<b>Maturity</b>	[26] January 2011
<b>Coupon</b>	4.00 – 4.50%, paid semi-annually
<b>Issue price</b>	100%
<b>Redemption price</b>	100%
<b>Exchange premium</b>	30 – 35%
<b>Exchange period</b>	From 40 days after closing, ending on the 7th day prior to maturity
<b>Issuer call features</b>	Callable in whole at any time after 4 years and 2 weeks at par plus accrued interest if the US\$ market price of the pro-rata share of the Exchange Property attributable to one bond (calculated using the closing €-denominated price on the Madrid stock exchange translated into US\$ at the prevailing exchange rate) on 20 consecutive trading days ending not earlier than 5 days and not later than 20 days prior to the giving of the notice of redemption has been at least US\$1,300 as adjusted
<b>Clean-up call</b>	If 90% or more of the Bonds have been exchanged, redeemed or repurchased, the Issuer may call the remaining Bonds at any time at par plus accrued interest

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<b>Issuer cash option</b>	<p>Following submission of an exchange notice, the Issuer can elect within 5 business days to notify the exchanging Bondholder that it will pay the cash equivalent value in lieu of delivering Repsol Shares. The cash equivalent value will be calculated as the average of the VWAPs on the Madrid Stock Exchange over 5 business days, starting 2 days following the Issuer's notice to the exchanging Bondholder, translated into US\$ at the prevailing exchange rate on each calculation date.</p> <p>If at the time of receipt of an exchange notice the Issuer determines that it cannot deliver unrestricted Repsol Shares to the exchanging Bondholder the Issuer will pay the cash equivalent value to such exchanging Bondholder if such exchanging Bondholder is a "U.S. person" as such term is used in Regulation S under the Securities Act.</p>
<b>Taxation</b>	<p>Payments in respect of Bonds will be made without any withholding or deduction for or on account of taxes, unless required by law. If withholding or deduction is required for or on account of any Luxembourg or Mexican taxes, 1) the Issuer will be obliged to pay additional amounts subject to customary exemptions and 2) the Issuer will have the right to redeem the Bonds at par plus accrued interest; if the Issuer elects such a redemption, Bondholders will be entitled to retain the Bonds but without entitlement to such additional amounts</p>
<b>Form</b>	Global Registered Bonds
<b>Stock symbols</b>	REP SM <Equity> (Bloomberg), REP.MC (Reuters)
<b>Denomination</b>	US\$1,000 per Bond
<b>Sales restrictions</b>	US: Rule 144A to QIBs that are also Qualified Purchasers (as defined in the Investment Company Act of 1940, as amended) only; non-US: Reg.S; Mexico, Spain, Luxembourg, UK: standard, Singapore, Italy
<b>Settlement</b>	Clearstream, Euroclear, DTC
<b>Governing Law</b>	English
<b>Listing</b>	Application will be made for the bonds to be listed on the Luxembourg Stock Exchange
<b>Security codes</b>	TBD
<b>Trade date</b>	9 December 2003
<b>Payment/settlement</b>	[26] January 2004
<b>Voting rights</b>	Pemex, or an affiliate of Pemex, will continue to retain voting rights for the Repsol Shares underlying the bonds while the bonds are outstanding

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<b>Events of default</b>	Events of default and negative pledge to follow the Guarantors' other unsecured international bonds
<b>Anti-dilution provisions</b>	Standard anti-dilution provisions protecting against, inter alia, share consolidations, share splits, the issue of shares and/or equity-related securities at a discount
<b>Takeover protection</b>	<ol style="list-style-type: none"> <li>1) In the event of a takeover bid for Repsol, the Guarantor shall have absolute discretion to accept or reject such takeover bid</li> <li>2) In the event of an accepted takeover bid for which the consideration is payable entirely in stock, the Exchange Property shall become the stock of the acquiring company</li> <li>3) In the event of an accepted takeover bid for which the consideration is payable partly in cash, the Issuer will reinvest the cash element of the takeover consideration in stock of the acquiring company</li> <li>4) In the event of an accepted takeover bid for which the consideration is payable at least 95% by value in cash, investors shall have the right to put the bonds at par</li> </ol>
<b>Dividend adjustment</b>	If in any financial year Repsol declares a dividend or declares a distribution in excess of US\$[•] per bond as adjusted (equivalent to US\$[•]/€0.40 gross per Repsol Share), calculated as the € dividend received, net of non-recoverable withholding tax, translated into US\$ at the prevailing €/US\$ exchange rate when the dividend is received, the amount of additional Repsol Shares that the Issuer could purchase in the market with such surplus received dividends (if able to purchase such shares) shall become part of the Exchange Property
<b>Daycount basis</b>	30/360

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