



Acciona, S.A.

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

€62,700,000 5.55 per cent. Senior Unsecured Notes due 2024

Issue Price: 97.776 per cent.

The €62,700,000 5.55 per cent. Senior Unsecured Notes due 2024 (the “**Notes**”) of Acciona, S.A. (the “**Issuer**”) will be issued on or about 29 April 2014 (the “**Issue Date**”). The Notes will (unless previously redeemed or purchased and cancelled) mature on 29 April 2024. In the event of certain developments affecting taxation in Spain, the Issuer may redeem all, but not less than all, of the Notes, as described under “*Terms and Conditions of the Notes — Redemption and Purchase*”.

The Notes will bear interest from (and including) the Issue Date at a fixed rate of 5.55 per cent. per annum payable annually in arrear on 29 April in each year, commencing on 29 April 2015. Payments on the Notes will be made in euros without deduction for or on account of taxes imposed or levied by the Kingdom of Spain to the extent described under “*Terms and Conditions of the Notes — Taxation*”.

This Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under Directive 2003/71/EC, as amended (the “**Prospectus Directive**”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. The regulated market of the Irish Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments (the “**Markets in Financial Instruments Directive**”). Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of the Markets in Financial Instruments Directive and/or which are to be offered to the public in any Member State of the European Economic Area. This Prospectus constitutes a “prospectus” for the purpose of the Prospectus Directive.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the “**Securities Act**”) and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Lead Manager (as defined in “*Subscription and Sale*” below) in accordance with Regulation S under the Securities Act, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Potential investors should read the whole of this Prospectus, in particular the “Risk Factors” set out on pages 8 to 17.

The Notes will be in bearer form and in the denomination of €100,000 each. The Notes will initially be in the form of a temporary global note (the “**Temporary Global Note**”), without interest coupons, which will be deposited on the Issue Date or around the Issue Date with a common safekeeper for Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg. The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the “**Permanent Global Note**”), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of €100,000 each and with interest coupons attached. See “*Summary of provisions relating to the Notes whilst in Global Form*”.

Lead Manager

Morgan Stanley

IMPORTANT NOTICE

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect its import.

Save for the Issuer, no other party has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Lead Manager (as described under “*Subscription and Sale*” below) as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. The Lead Manager does not accept any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

No person is or has been authorised by the Issuer or the Lead Manager to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Lead Manager.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes should be considered as a recommendation by the Issuer or the Lead Manager that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Lead Manager to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Lead Manager expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

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

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

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

In connection with the issue of the Notes, Morgan Stanley & Co. International Plc. (the “Stabilising Manager(s)”) (or persons acting on behalf of the Stabilising Manager(s)) may over allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over allotment must be conducted by the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.

INTERPRETATION

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

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

As used in this Prospectus, the term “**EBITDA**” refers to the sum of the following line items from the consolidated income statements: “Revenue”, “Other income”, “Changes in inventories of finished goods and work in progress”, “Procurements”, “Staff costs” and “Other operating expenses”. EBITDA is a non-GAAP measure which is not required by, or presented in accordance with, IFRS, and the EBITDA of the Group may not be comparable to this measure as calculated by other companies.

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

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

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OVERVIEW OF THE PRINCIPAL FEATURES OF THE NOTES

The following overview refers to certain provisions of the terms and conditions of the Notes and is qualified by the more detailed information contained elsewhere in this Prospectus. Capitalised terms which are defined in “Terms and Conditions of the Notes” have the same meaning when used in this overview. References to numbered Conditions are to the terms and conditions of the Notes (the “Conditions”) as set out under “Terms and Conditions of the Notes”.

Issuer	Acciona, S.A.
Lead Manager	Morgan Stanley & Co. International plc.
Fiscal Agent	The Bank of New York Mellon, London Branch.
Issue	€62,700,000 5.55 per cent. Senior Unsecured Notes due 2024.
Issue Date	29 April 2014.
Issue Price	97.776%
Risk Factors	Investing in the Notes involves certain risks. See “ <i>Risk Factors</i> ”.
Status	<p>The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 2 (<i>Negative Pledge</i>)) unsecured obligations of the Issuer and will rank pari passu among themselves and equally with all other existing and future unsecured and unsubordinated indebtedness of the Issuer save for such obligations that may be preferred by provisions of law that are mandatory and of general application.</p> <p><i>Interest on the Notes accrued but unpaid as at the commencement of any insolvency proceedings (concurso) relating to the Issuer under Spanish law shall thereupon constitute subordinated obligations of the Issuer ranking below its unsecured and unsubordinated obligations. Under Spanish law no further interest on the Notes shall be deemed to accrue from the date of any declaration of insolvency.</i></p>
Interest	The Notes will bear interest from (and including) the Issue Date at a fixed rate of 5.55 per cent. per annum payable annually in arrear on 29 April in each year commencing on 29 April 2015.
Redemption at maturity	Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Notes on 29 April 2024.
Tax redemption	The Issuer may redeem the Notes at any time, in whole but not in part, at their principal amount plus accrued and unpaid interest, if any, to the date of redemption if the Issuer has or will become obliged to pay additional amounts as a result of any change in, or amendment to, certain tax laws and regulations and such obligation cannot be avoided by the issuer taking reasonable measures to it. See Condition 5(b) (<i>Redemption for Taxation Reasons</i>).
Change of Control	Upon the occurrence of a Change of Control (as defined in Condition 3 (<i>Definitions</i>)), each Noteholder shall have the option to require the Issuer to redeem the Notes, in whole or in part, at a price equal to their principal amount plus accrued and unpaid interest, if any, to the date of redemption. See Condition 5(c) (<i>Redemption at the option of the</i>

Noteholders following a Change of Control).

Negative Pledge

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Principal Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by a resolution of the Syndicate of Noteholders, unless the Security Interest is to secure any Relevant Indebtedness of a Principal Subsidiary being an entity that became a Subsidiary after the Closing Date so long as (i) such Security Interest was outstanding on the date on which such Principal Subsidiary became a Subsidiary and (b) the principal amount of the Relevant Indebtedness is not increased after the date that such Principal Subsidiary became a Subsidiary. See Condition 2 (*Negative Pledge*).

Withholding tax

The payment of interest and other amounts in respect of the Notes will be made free of withholding taxes in Spain, unless such taxes are required by law to be withheld. In such case the Issuer will pay additional amounts as may be necessary in order that the net amounts receivable by the Noteholder after such deduction or withholding shall equal the respective amounts which would have been receivable by such Noteholder in the absence of such deduction or withholding; except that no such additional amounts shall be payable in certain circumstances set out in the Conditions. See Condition 7 (*Taxation*).

The Issuer considers that, according to Royal Decree 1145/2011, it is not obliged to withhold any tax amount provided that the simplified information procedures (which do not require identification of the Noteholders) are complied with by the Fiscal Agent, as described in “*Taxation – Taxation in Spain – Disclosure obligations in connection with payments on the Notes*”.

In the event that the currently applicable procedures are, after the date of this Prospectus, modified, amended or supplemented by any Spanish law or regulation, or any ruling of the Spanish Tax Authorities (*Dirección General de Tributos*), the Issuer will inform the Noteholders of any such change in the information procedures and of any implications such changes may have for the Noteholders. In particular, there can be no assurance that the Issuer will not be required to apply withholding tax on interest payments under the Notes as a result of any such changes in the information procedures.

For further information, see “*Risk Factors – Risks in relation to Spanish taxation*”.

See Condition 7 (*Taxation*) and “*Taxation – Taxation in Spain – Disclosure obligations in connection with payments on the Notes*”.

Form

The Notes will be issued in bearer form and will be represented upon issue by a Temporary Global Note which will be deposited with a

common safekeeper for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream Luxembourg**”) on or about 29 April 2014. The Temporary Global Note will be exchangeable for a Permanent Global Note, which is exchangeable in whole, but not in part, for Definitive Notes, in limited circumstances. The Temporary Global Note and the Permanent Global Note are to be issued in new global note form.

Denomination	The denomination of the Notes shall be €100,000.
Listing	Application has been made for the Notes to be admitted to listing on the Official List and to trading on the regulated market of the Irish Stock Exchange.
Ratings	Not rated.
Governing law	<p>The Fiscal Agency Agreement, the Deed of Covenant and the Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law. The status of the Notes as described in Condition 1(c) (<i>Status of the Notes</i>) and the provisions of Condition 11 (<i>Syndicate of Noteholders, Modification and Waiver</i>) relating to the appointment of the Commissioner and the Syndicate of Noteholders are governed by, and shall be construed in accordance with, Spanish law.</p> <p>The Courts of England will have jurisdiction to settle any disputes which may arise out of or in connection with the Notes.</p>
Selling Restrictions	United States, the United Kingdom and Spain.
Use of Proceeds	It is intended that the net proceeds of the issuance of the Notes will be used for general corporate purposes of the Issuer.
Clearing Systems	Euroclear and Clearstream Luxembourg.
ISIN	XS1059385861
Common Code	105938586

RISK FACTORS

Investing in the Notes involves certain risks. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All 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. Any of these risk factors, individually or in the aggregate, could have an adverse effect on the Issuer and the impact each risk could have on the Issuer is set out below. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Risks in relation to the business of Acciona Group

Regulatory risk

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

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

Risks in relation to the global and Spanish economy

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

Global economic conditions strengthened moderately during the second half of 2013 and activity is expected to improve further, largely on account of recovery in advanced economies. In emerging market economies increased financial market and capital flow volatility remain a concern, particularly when combined with domestic economic weaknesses (source: World Economic Outlook – January 2014). The euro area returned to growth in the second half of 2013 and economic activity is expected to strengthen but the recovery will be uneven and more modest in the European peripheral economies, including Spain, where the Group obtains a significant portion of its revenues. The Spanish government has made relevant efforts to control the public deficit, restructure the banking sector and correct the country's economic imbalances and the economic conditions have improved, but, the adjustment process is proving slow and difficult and the prospects for the future are uncertain.

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

Risks in relation to the Group's international operations

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

Risks in relation to the Group's international expansion

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

Business Strategy

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

Environmental risk

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

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

Risks in relation to changes in technology

The markets for the Group's businesses may change rapidly because of changes in customer requirements, technological innovations, new product instructions, prices, industry standards and domestic and international

economic factors. New products and technology may render existing services or technology obsolete, excessively costly or otherwise unmarketable. If the Group is unable to introduce and integrate new technologies into its services in a timely and cost-effective manner, its competitive position will suffer and its prospects for growth will be impaired, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks related to the financial information of the Group

The consolidated financial statements of the Issuer for the year ended 31 December 2013 and 2012 are presented in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS-EU"). New International Financial Reporting Standards together with their interpretations had been issued at the date of preparation of the 31 December 2013 and 2012 audited consolidated financial statements, which became effective after 31 December 2013. Although in some cases the European Union permits early adoption before these regulations come into force, the Issuer did not early adopt the mentioned standards as of 31 December 2013 and 2012. Under IFRS-EU, some of these new standards shall apply beginning on 1 January 2014.

The Issuer believes that one of the amendments to the IFRS-EU in particular will have a material impact on its consolidated financial statements. This is IFRS 11 *Joint Arrangements* which outlines the accounting by entities that jointly control an arrangement. Joint control involves the contractually agreed sharing of control and arrangements subject to joint control are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounted for accordingly). The core principle of IFRS 11 is that a party to a joint arrangement shall determine the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

The main change of IFRS 11 with respect to the previous accounting standard is in relation to joint ventures, as this arrangement will now be accounted by the equity method, while before the accounting standard allowed to opt between the equity method and the proportionate consolidation method. The Issuer used to account joint ventures using the proportionate consolidation method but if IFRS 11 were to be applied to the consolidated financial statements for the year ended 2013, the directors of the Issuer believe, on the basis of a preliminary analysis, that the following lined items would have been reduced by: revenues € 383 million, operating income € 58 million, assets € 1,563 million and net debt € 675 million.

Liquidity and availability of funding risks

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

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

In addition to obtaining new funding, the Group may seek to refinance its existing debt. The Group can give no assurance of the availability of financing on acceptable terms to refinance its existing indebtedness. If new

financing is not available or proves more expensive than in the past, its business, financial condition and results of operations may be materially adversely affected.

Interest rate risk

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

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

Procurement price risk

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

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

Risks in relation to the energy division of Acciona Group

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

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

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

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

In the medium to long term, a gradual but significant reduction of the tariffs, premiums and incentives for renewable energies is foreseeable in certain markets. If these reductions occur, market participants, including the Group, may need to reduce prices to remain competitive with conventional and other

renewable energy sources. If cost reductions and product innovations do not occur, or occur at a slower pace than required to achieve the necessary price reductions, this could have a material adverse effect on the Group's business, financial condition and results of operations.

- Political developments. Changes in government, changes in energy policy, the need to reduce public deficit and public debt in Spain or other European countries where both are high, or other political developments, could lead to deterioration in the conditions for support for renewable energies. For example, policy changes could result in government support being switched, in whole or in part, to more favoured or less developed renewable energy sources or away from renewable energy generation to energy saving initiatives. Any such developments or changes could have an adverse effect on the Group's renewable energy business.
- Legal challenges. Subsidy regimes for renewable energy generation have been challenged on constitutional and other grounds (such as claiming that they constitute impermissible EU state aid) in certain jurisdictions in the past. If all or part of the subsidy and incentive regimes for renewable energy generation in Spain or in any other jurisdiction in which the Group operates its business were found to be unlawful and, therefore, were reduced or discontinued, the Group may be unable to compete effectively with conventional and other renewable forms of energy.

Recent changes in the regulatory framework applicable to the business of the energy division in Spain

The Group obtains a significant portion of its revenues in the renewable energy business, from the construction, development and operation of wind power plants and the marketing of the generated electricity. As of 31 December 2013, approximately 67% of the attributable energy produced by the Group during 2013 has been generated by its energy division in Spain.

In recent times, Spain has approved a series of legal measures aimed to ensure the sustainability and financial stability of the electricity sector. On 12 July 2013, the Spanish Government approved a new regulation on the remuneration framework for the support of renewable energies in Spain (“**Royal Decree-Law 9/2013**”). The new regulation provides that renewable energy facilities (including new facilities and those in operation at the time the new regulation came into force) shall receive, in addition to the remuneration that they obtain from the sale in the market of the energy that they produce, a specific remuneration, calculated by power unit installed, to cover, where applicable, the investment costs of a standard facility that cannot be recovered through the sale of the energy that it generates in the market and the difference between the operating costs of a standard facility and the revenues that said standard facility can obtain selling its energy in the market. This new specific remuneration seeks not to exceed the amounts necessary to cover the specific costs of these facilities and to enable them to compete on an equal footing with the other technologies operating in the energy market obtaining a reasonable return during the estimated lifetime of the facilities. Royal Decree-Law 9/2013 provides that this reasonable return shall be calculated by reference to the average yield in the secondary market of the ten-year Spanish bond before taxes and a spread of 300 basis points.

Royal Decree-Law 9/2013 came into effect on 14 July 2013 but it still has to be developed to define and quantify basic parameters of the new regulatory framework such as the operating costs of a standard facility, the standard value of the initial investments, the standard income from the sale of energy or the estimated lifetime of each facility. In February 2014, the Ministry of Industry, Energy and Tourism prepared a proposal of Ministry Order developing the parameters of Royal Decree-Law 9/2013 but this draft Ministry Order is still under consultation and subject to definitive approval.

In this regard, the Group prepared its audited consolidated financial statements for the financial years ended 31 December 2013 based on the parameters of Royal Decree-Law 9/2013 and the draft Ministry Order, and the

application of these parameters has had a significant negative impact on the business, financial condition and results of operations of the Group as of 31 December 2013, as described in “*Description of the Issuer – Business overview and Main activities of Acciona Group – Energy*”).

Although the Issuer believes that the draft Ministry Order should not vary significantly at the time it is approved and its effect has already been accounted for in the audited consolidated financial statements for the year ended 31 December 2013, any amendments may have a further negative impact.

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

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

- delays in obtaining regulatory approvals, including environmental permits;
- shortages or changes in the price of equipment, materials or labour;
- adverse changes in the political and/or regulatory environment in the countries where the Group operates;
- adverse weather conditions, which may delay the completion of power plants or substations, or natural disasters, accidents or other unforeseen events; and
- the inability to obtain financing at satisfactory rates.

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

Exposure to fluctuations in market electricity prices

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

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

Risks in relation to the infrastructure and water divisions of Acciona Group

Decreases in the funds allocated to civil engineering projects

Current economic conditions have led to a sharp reduction in tenders for civil engineering works, including projects for the public sector. The civil engineering investments included in the annual budget for each of the countries where the Group is present or targeting depend principally on two factors: the government budgetary policy and the economic conditions existing at the time in each country. In Spain, for example, the current

situation is characterised by a reduction in the market levels of tendered civil engineering works. A further decrease in the spending on development and execution of civil engineering projects by governments and local authorities could adversely affect the Group's business, financial condition and results of operations. The delay, suspension or cancellation of private sector projects may also adversely affect the Group's business, financial condition and results of operations.

Reductions in project procurement

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

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

Construction projects may be delayed or exceed their budget

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

Additional risks in relation to Acciona Group's water division

Liability for environmental damages

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

Adverse public reaction to water and industrial waste management facilities

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

Risks in relation to the Notes

There is no active trading market for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes to be admitted to listing on the official list and to trading on the regulated market of the Irish Stock Exchange, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

The Issuer may redeem the Notes for tax reasons

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

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

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant (as defined below).

Risks in relation to Spanish taxation

Under Spanish Law 13/1985, of 25 May 1985 and Royal Decree 1065/2007, of 27 July 2007, as amended, income payments in respect of the Notes will be made by the Issuer free of withholding tax in Spain if certain information is received by it in a timely manner. On 29 April 2014 the Issuer and The Bank of New York Mellon, London Branch (the “**Fiscal Agent**”) will enter into a fiscal agency agreement (the “**Fiscal Agency Agreement**”) where they have arranged certain procedures to facilitate the collection of information concerning the Notes. The Issuer will withhold Spanish withholding tax from any payment in respect of any

outstanding principal amount of the Notes (as applicable) as to which the required information has not been provided and will not gross up payments in respect of any such withholding tax. The Fiscal Agency Agreement provides that the Fiscal Agent will, to the extent applicable, comply with the relevant procedures to facilitate the collection of information concerning the Notes. The procedures may be modified, amended or supplemented, to, among other reasons, reflect a change in applicable Spanish law, regulation, ruling or interpretation thereof or to reflect a change in applicable clearing system rules or procedures or to add procedures for one or more new clearing systems. See “*Taxation – Taxation in Spain*”. Neither the Issuer nor the Lead Manager assume any responsibility therefore.

Royal Decree 1145/2011, of 29 July amended Royal Decree 1065/2007, of 27 July, and provides that any payment of interest made in respect of securities originally registered with a non-Spanish clearing house recognised by Spanish legislation or by the legislation of another OECD country will be made free of any withholding on account of Spanish taxes provided that certain information about the Notes is received by the Issuer. Under Royal Decree 1145/2011, it is no longer necessary to provide an issuer with information regarding the identity and the tax residence of an investor or the amount of interest paid to it, provided the securities (i) can be regarded as listed debt securities issued under Law 13/1985, and (ii) are initially registered at a non-Spanish clearing house that is recognised under Spanish regulations or under those of another OECD jurisdiction. The Issuer considers that any payments in respect of the Notes will be made free of withholding on account of Spanish taxes provided that the relevant information about the Notes is submitted by the Fiscal Agent to it in a timely manner.

If at any stage the Spanish tax authorities adopt a different position as to the application by the Issuer of withholding to payments made to Spanish residents (individuals and entities subject to Spanish Corporate Income Tax), or the procedures currently applicable are, after the date of this Prospectus, modified, amended or supplemented by any Spanish law or regulation, the Issuer would be bound by that administrative criterion, change of laws or regulation, and would need to make the appropriate withholding immediately thereafter. Should the Spanish tax authorities adopt such a position, identification of holders may be required and the procedures, if any, for the collection of relevant information would be applied by the Issuer to the extent required so that it can comply with its obligations under the applicable legislation as interpreted by the Spanish tax authorities. If procedures for the collection of information relating to holders were to apply, all holders would be informed of such new procedures and their implications.

In the case of Notes held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian, payments in respect of the Notes may be subject to withholding by such depositary or custodian, currently at a 21% rate.

EU Savings Directive

If a payment were to be made or collected through a Member State which has opted for a transitional withholding system as referred to below on page 44 under the heading “*Taxation – EU Savings Directive*” and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to the Notes as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a paying agent, the Issuer will be required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Risks in Relation to the Spanish Insolvency Law

Law 22/2003, of 9 July 2003, as amended (the “**Spanish Insolvency Law**”) provides, among other things, that: (i) any claim may become subordinated if it is not included in the company's accounts or otherwise reported to the insolvency administrators within one month from the last official publication of the court order

declaring the insolvency, (ii) provisions in a contract granting one party the right to terminate on the other's insolvency may not be enforceable, and (iii) interest shall cease to accrue as from the date of the declaration of insolvency and any amount of interest accrued up to such date and unpaid shall become subordinated. Should the Issuer be declared insolvent, the application of these and other provisions of the Spanish Insolvency Law would affect the ability of investors to receive payments under the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

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

- (i) the English translation of the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2013, together with the auditor's reports thereon; and
- (ii) the English translation of the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2012, together with the auditor's reports thereon;

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

- the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2013:

http://www.acciona.com/media/1256286/ccaa_consolidated_2013.pdf

- the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2012:

<http://www.acciona.com/media/1254365/consolidated2012.pdf>

Cross-reference list

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

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TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be incorporated by reference into the Global Notes and endorsed on the Notes in definitive form:

The issue of the €62,700,000 5.55 per cent. senior unsecured notes due 2024 (the “**Notes**”, which expression shall, unless otherwise indicated, include any further notes issued pursuant to Condition 13 and consolidated and forming a single series with the Notes) was (save in respect of any such further notes to be issued pursuant to Condition 13) authorised by resolutions of the Board of Directors of Acciona, S.A. (the “**Issuer**”) passed on 10 April 2014 on the basis of the authorisation granted by a resolution of the Ordinary General Meeting of Shareholders passed on 4 June 2009, as supplemented by the decisions of the Chairman of the Board of Directors (*Presidente del Consejo de Administración*) dated 11 April 2014, on the basis of the authorisation granted by the Board of Directors of the Issuer passed on 10 April 2014. A fiscal agency agreement dated 29 April 2014 (the “**Fiscal Agency Agreement**”) will be entered into in relation to the Notes between the Issuer, The Bank of New York Mellon, London Branch as fiscal agent (the “**Fiscal Agent**”, which expression shall include any successor as fiscal agent under the Fiscal Agency Agreement), the paying agents for the time being (such persons, together with the Fiscal Agent, being referred to below as the “**Paying Agents**”, which expression shall include their successors as Paying Agents under the Fiscal Agency Agreement) and Structured Finance Management (Spain) S.L. as the provisional commissioner in respect of the Notes.

Copies of the Fiscal Agency Agreement and these terms and conditions (the “**Conditions**”) are available during normal business hours at the specified office of the Issuer. The holders of the Notes (the “**Noteholders**”) and the holders of the related interest Coupons (the “**Couponholders**” and the “**Coupons**” respectively) are deemed to have notice of all the provisions of the Fiscal Agency Agreement which are applicable to them. The Fiscal Agency Agreement includes the form of the Notes. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Fiscal Agency Agreement.

The Issuer, as required by Spanish law, has executed an “*escritura pública*” (the “**Public Deed**”) before a Spanish notary public in relation to the issue of the Notes and has registered the Public Deed with the Madrid Mercantile Registry. The Public Deed contains, among other information, the present Conditions.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Fiscal Agency Agreement unless the context otherwise requires or unless otherwise stated.

1 Form, Denomination and Title

(a) *Form and Denomination*

The Notes are in bearer form, in denominations of €100,000, with Coupons attached on issue.

(b) *Title*

Title to the Notes and the Coupons will pass by delivery. The holder (as defined below) of any Note will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as appropriate) and no person will be liable for so treating the holder.

(c) *Status of the Notes*

The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 2 (*Negative Pledge*)) unsecured obligations of the Issuer and will rank pari passu among themselves and equally with all other existing and future unsecured and unsubordinated indebtedness of the Issuer save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

Interest on the Notes accrued but unpaid as at the commencement of any insolvency proceeding (concurso) relating to the Issuer under Spanish law shall thereupon constitute subordinated obligations of the Issuer ranking junior to its unsecured and unsubordinated obligations. Under Spanish law, interest on the Notes shall cease to accrue from the date of the declaration of any insolvency proceeding (concurso) relating to the Issuer. In certain events provided under Spanish law, including in the event of a Noteholder being considered a specially related party to the Issuer, the obligation to repay the Notes would also qualify as subordinated obligations of the Issuer.

2 **Negative Pledge**

So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not create or permit to subsist, and will ensure that none of its Principal Subsidiaries will create or permit to subsist, any mortgage, charge, lien, pledge or other security interest other than any arising by operation of law (each a “**Security Interest**”) upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, unless in any such case:

- (A) before or at the same time as the creation of the Security Interest, any and all action necessary shall have been taken to ensure that:
 - (i) all amounts payable by the Issuer under the Notes are secured equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be; or
 - (ii) such other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Issuer under the Notes as shall be approved by a resolution of the Syndicate of Noteholders; or
- (B) the Security Interest is to secure any Relevant Indebtedness (or any guarantee or indemnity in respect of such Relevant Indebtedness) of a Principal Subsidiary, being an entity that became a Subsidiary after the Issue Date, so long as:
 - (i) such Security Interest was outstanding on the date on which such Principal Subsidiary became a Subsidiary and was not created in contemplation of such Principal Subsidiary becoming a Subsidiary or such Security Interest was created in substitution for or to replace either such outstanding Security Interest or any such substituted or replacement Security Interest; and
 - (ii) the principal amount of the Relevant Indebtedness (or any guarantee or indemnity in respect of such Relevant Indebtedness) is not increased after the date that such Principal Subsidiary became a Subsidiary.

3 Definitions

In these Conditions, unless otherwise provided:

“**business day**” means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place.

“**Calculation Amount**” has the meaning provided in Condition 4.

A “**Change of Control**” shall occur if any person or persons acting together, excluding the Excepted Persons, acquire Control of the Issuer.

“**Issue Date**” means 29 April 2014.

“**Commissioner**” has the meaning provided in Condition 11.

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

“**Control**” means:

- (a) the acquisition or control of more than 50 per cent. of the Voting Rights in respect of the Issuer, or
- (b) the right to appoint and/or remove all or the majority of the members of the Issuer’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights in respect of the Issuer, contract or otherwise.

“**Day Count Fraction**” has the meaning provided in Condition 4.

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

“**Excepted Person**” means each of Entrezca BV and Tussen de Grachten BV and their respective Subsidiaries from time to time.

“**Final Maturity Date**” means 29 April 2024.

“**Interest Payment Date**” has the meaning provided in Condition 4.

“**Interest Period**” has the meaning provided in Condition 4.

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

“**Non-Recourse Subsidiary**” means, at any relevant time, a Subsidiary of the Issuer, substantially all the business of which involves the ownership, acquisition, construction, creation, development, maintenance and/or operation of one or more assets (whether or not an asset of the Issuer or any of its

Subsidiaries), or any associated rehabilitation works, and substantially all of the indebtedness of which is Project Finance Indebtedness.

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

“**Principal Subsidiary**” means:

- (A) Acciona Agua, S.A., Acciona Energía, S.A., Acciona Infraestructuras, S.A. and Corporación Acciona Energías Renovables, S.L.; and
- (B) at any relevant time, any other Subsidiary of the Issuer (other than a Non-Recourse Subsidiary or a company which, as at the Issue Date, is a Subsidiary of the Issuer the ordinary shares in which are listed on any stock exchange):
 - (i) whose total assets or EBITDA at any relevant time represent no less than 5 per cent. of the total consolidated assets or consolidated EBITDA, respectively, of the Issuer and its Subsidiaries, as calculated by reference to the then latest consolidated audited accounts or consolidated six-monthly report of the Issuer and the latest non-consolidated accounts or non-consolidated six-monthly reports of each relevant Subsidiary prepared in accordance with International Financial Reporting Standards, provided that in the case of a Subsidiary acquired after the end of the financial period to which the then latest consolidated audited accounts or consolidated six-monthly reports of the Issuer relate, then for the purpose of applying each of the foregoing tests, the reference to the Issuer’s latest consolidated audited accounts or consolidated six-monthly reports shall be deemed to be a reference to such accounts or reports as if such Subsidiary had been shown therein by reference to its then latest relevant financial statements, adjusted as deemed appropriate by the auditors of the Issuer for the time being after consultation with the Issuer; or
 - (ii) to which is transferred all or substantially all of the assets and undertaking of a Subsidiary which, immediately prior to such transfer, is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary pursuant to this sub-paragraph (ii), and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this sub-paragraph (ii)(B) on the date on which the audited accounts or six monthly report of the Issuer for the financial period current at the date of such transfer have been prepared as aforesaid, but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such audited accounts or six monthly report of the Issuer have been prepared as aforesaid by virtue of the provisions of sub-paragraph (ii)(A) above.

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

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

- (B) recourse to any shareholder or the like in the borrower over (i) its shares or the like (in each case, to the extent paid up) in the capital of, or (ii) shareholder loans or the like (in each case, to the extent drawn) to, the borrower to secure such indebtedness for borrowed money; and/or
- (C) recourse under any guarantee and/or indemnity of such indebtedness or completion of construction or development of an asset, provided that in any such case the guarantee and/or indemnity is (to the extent not permitted by any of the foregoing paragraphs) released or discharged if completion of the relevant construction or development occurs on or prior to the agreed date for completion referred to in or in connection with the guarantee and/or indemnity and no default under or in connection with such indebtedness, guarantee or indemnity or any agreement relating thereto is then subsisting; and/or
- (D) recourse to the Issuer or any of its Subsidiaries, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a special way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or an obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by the person against whom such recourse is available.

“**Put Date**” has the meaning provided in Condition 5(c).

“**Put Event Notice**” has the meaning provided in Condition 5(c).

“**Put Exercise Notice**” has the meaning provided in Condition 5(c).

“**Put Period**” has the meaning provided in Condition 5(c).

“**Relevant Date**” means, in respect of any Note, whichever is the later of (i) the date on which payment in respect of it first becomes due and (ii) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer to the Noteholders in accordance with Condition 12 that, upon further presentation of the Note, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

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

“**Security Interest**” has the meaning provided in Condition 2.

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

“**Syndicate of Noteholders**” has the meaning provided in Condition 11.

“**TARGET Business Day**” means a day on which the TARGET System is operating.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

“**Tax Redemption Amount**” has the meaning provided in Condition 5(b).

“**Tax Redemption Date**” has the meaning provided in Condition 5(b).

“**Tax Redemption Notice**” has the meaning provided in Condition 5(b).

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

“**€**”, “**euro**” and “**EUR**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

References to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

4 **Interest**

The Notes bear interest from the Issue Date at the rate of 5.55 per cent. per annum, (the “**Rate of Interest**”) payable in arrear on 29 April in each year (each, an “**Interest Payment Date**”), subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be €5,550 in respect of each Note. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

“**Calculation Amount**” means €100,000;

“**Day Count Fraction**” means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Interest Period in which the relevant period falls; and

“**Interest Period**” means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

5 Redemption and Purchase

(a) *Final redemption*

Unless previously purchased and cancelled or redeemed as herein provided, the Notes will be redeemed at their principal amount on the Final Maturity Date. The Notes may not be redeemed at the option of the Issuer other than in accordance with Condition 5(b) (*Redemption for Taxation Reasons*) or 5(c) (*Redemption at the option of the Noteholder following a change of control*).

(b) *Redemption for Taxation Reasons*

On giving not less than 30 nor more than 90 calendar days' notice (a "**Tax Redemption Notice**") to the Noteholders in accordance with Condition 12 (*Notices*), the Issuer may redeem all but not some only of the Notes for the time being outstanding on the date (the "**Tax Redemption Date**") specified in the Tax Redemption Notice at the principal amount, together with accrued and unpaid interest to such date (the "**Tax Redemption Amount**"), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 14 April 2014; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (1) a certificate signed by two Directors of the Issuer stating that the circumstances referred to in (i) and (ii) above prevail and setting out details of such circumstances and (2) an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay additional amounts as a result of the change or amendment referred to above (irrespective of whether such change or amendment is then effective).

(c) *Redemption at the option of Noteholders following a Change of Control*

If a Change of Control shall occur, the holder of each Note will have the right to require the Issuer to redeem that Note on the Put Date at its principal amount, together with accrued interest to (but excluding) the Put Date.

If a Change of Control occurs, then the Issuer shall, without undue delay, after becoming aware thereof, give notice of the Change of Control (a "**Put Event Notice**") to the Fiscal Agent and the Noteholders in accordance with Condition 12 (*Notices*) specifying the nature of the Change of Control and the procedure for exercising the rights set out in this Condition 5(c).

To exercise the right set out in this Condition 5(c), the holder of the relevant Note must deposit such Note, at the specified office of any Paying Agent together with a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**") at any time in the period of 60 calendar days ending 60 calendar days after the publication of a Put Event Notice (the "**Put Period**"). The "**Put Date**" shall be the fourteenth calendar day after the expiry of the Put Period. The Note shall be deposited together with all Coupons relating thereto maturing after the Put Date, failing which an amount corresponding to the aggregate amount payable in respect of such missing

Coupons will be deducted from the redemption amount otherwise payable under this Condition 5(c).

Payment in respect of any such Note shall be made by transfer to a bank in a city in which banks have access to the TARGET System specified by the relevant Noteholder in the applicable Put Exercise Notice.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Notes the subject of Put Exercise Notices delivered as aforesaid on the relevant Put Date.

(d) Purchase

Subject to the requirements (if any) of any stock exchange on which the Notes may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer may at any time purchase Notes in the open market or otherwise at any price provided that all unmatured Coupons are purchased therewith.

(e) Cancellation

All Notes which are redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them will be cancelled and may not be reissued or resold.

6 Payments

(a) Principal

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the specified office of any Paying Agent outside the United States by euro cheque drawn on, or by transfer to a euro account (or other account to which euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET system.

(b) Interest

Payments of interest shall, subject to paragraph (f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the specified office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

(c) Payment 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 applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) Unmatured Coupons void

On the due date for redemption of any Note pursuant to Condition 5(a) (*Final Redemption*), Condition 5(b) (*Redemption for Taxation Reasons*) or Condition 8 (*Events of Default*), all unmatured Coupons (if any) relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(e) *Payment on business day*

If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such 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 any such delay. In this paragraph, “**business day**” means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a euro account as referred to above, on which the TARGET System is open.

(f) *Payments other than in respect of matured Coupons*

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the specified office of any Paying Agent outside the United States.

(g) *Partial payments*

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(h) *Fractions*

When making payments to Noteholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

7 **Taxation**

All payments in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain, or any political subdivision or authority thereof or therein having power to tax, unless such withholding or deduction is required by law. If any such withholding or deduction is required by law, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable:

- (A) to, or to a third party on behalf of, a Noteholder who is liable for such taxes, duties, assessments or governmental charges in respect of such Note by reason of the Noteholder or beneficial owner of such Note (or a fiduciary, settlor, beneficiary, member or shareholder thereof, or a possessor of power over the relevant Noteholder or beneficial owner, if the relevant Noteholder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) having some connection with Spain other than (i) the mere holding of such Note, or (ii) the receipt of principal, interest, or other amounts in respect of such Note; or
- (B) in relation to any taxes that would not have been so imposed if the Noteholder or the beneficial owner of the Note had made a declaration of non-tax residence or any other claim or filing for exemption to which it is entitled or had provided any information or documentation (including, but not limited to, a certificate of tax residence issued by the tax

authorities of its country of tax residence) which would have allowed those taxes not to be so imposed; or

- (C) in respect of any Note presented for payment more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (D) in relation to any estate, inheritance, gift, sales, transfer or similar taxes; or
- (E) in respect of any Note presented for payment in the Kingdom of Spain; or
- (F) where such withholding or deduction is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive; or
- (G) in respect of any Note presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another paying agent in a member state of the European Union; or
- (H) in respect of any taxes imposed on, or with respect to, any payment to a Noteholder in respect of which the Issuer (or an agent acting on behalf of the Issuer) has not received such information as may be necessary to allow payments on such Note to be made free and clear of Spanish withholding tax or deduction on account of any taxes, including a duly executed and completed payment statement from the Fiscal Agent, as may be required in order to comply with the procedures that may be implemented to comply with Spain's Law 13/1985 of 25 May, Royal Decree 1065/2007 of 27 July, as amended by Royal Decree 1145/2011, of 29 July and any implementing legislation or regulation thereof; or
- (I) in respect of any taxes imposed on, or on a third party on behalf of, a Noteholder which is a Spanish-resident legal entity subject to Spanish Corporate Income Tax if the tax authorities of the Kingdom of Spain determine that the Notes do not comply with the exemption requirements specified in any applicable tax law, including the ruling of the General Directorate of Taxation (Dirección General de Tributos) dated 27 July 2004, or any legislation or regulation implementing or complying with, or introduced in order to conform to, such applicable law or such ruling, which law, ruling, legislation or regulation requires a withholding to be made; or
- (J) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Section 1471 through 1474 of the Code (including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-U.S. laws enacted with respect thereto).

References in these Conditions to principal and/or interest and/or any other amounts payable in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

If the Issuer becomes, in respect of its net income, profits or gains, subject at any time to any taxing jurisdiction(s) other than or in addition to the Kingdom of Spain, then references in this Condition and in Condition 5(b) (*Redemption for Taxation Reasons*) shall be read and construed as including

references to such other taxing jurisdiction(s) instead of (or, as the case may be, in addition to) the references therein to the Kingdom of Spain.

8 Events of Default

If any of the following events (each an “**Event of Default**”) shall have occurred:

- (A) default is made in the payment on the due date of principal or interest or any other amount in respect of any of the Notes and such failure continues for a period of 14 calendar days in the case of any payment of interest and for 7 calendar days in any other case (including, but not limited to, payments of principal);
- (B) the Issuer does not perform or comply with any one or more of its other obligations in respect of the Notes, which default is incapable of remedy or is not remedied within 45 calendar days after written notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder;
- (C)
 - (i) any other present or future indebtedness for or in respect of moneys borrowed or raised of the Issuer or any Principal Subsidiary becomes, or is declared, due and payable prior to its stated maturity by reason of an event of default (howsoever defined); or
 - (ii) any such indebtedness for or in respect of moneys borrowed or raised is not paid when due or, as the case may be, within any originally applicable grace period; or
 - (iii) the Issuer or any Principal Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for or in respect of moneys borrowed or raised,

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

- (D) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any substantial part of the property, assets or revenues of the Issuer or any Principal Subsidiary and is not discharged or stayed within 30 calendar days;
- (E) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Principal Subsidiary in respect of any obligation(s) the aggregate principal amount of which equals or exceeds €30,000,000 (or its equivalent on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates) is enforced (including by the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person) upon any part of the undertaking, assets and revenues of the Issuer or any of the Issuer’s Principal Subsidiaries;
- (F)
 - (i) the Issuer or any Principal Subsidiary is insolvent or bankrupt (*concurso de acreedores*) or unable to pay its debts as they fall due, or is declared insolvent or

bankrupt or a voluntary request has been submitted to a relevant court for the declaration of insolvency or bankruptcy; or

- (ii) the Issuer or any Principal Subsidiary stops, suspends or threatens publicly to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any Principal Subsidiary;
- (G) an order is made or an effective resolution passed for the winding-up (liquidación) or dissolution (disolución) of the Issuer or any Principal Subsidiary, or the Issuer or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except for (i) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by a resolution of the Syndicate of Noteholders; or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary or are disposed of to third parties on arm's length terms, whether pursuant to a reconstruction, amalgamation, reorganisation, merger or consolidation or otherwise;
- (H) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Notes admissible in evidence is not taken, fulfilled or done;
- (I) any event occurs which under the laws of any relevant jurisdiction has a similar effect to any of the events referred to in any of paragraphs (D), (E), (F) or (G);
- (J) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes,

then, any Note may, by notice in writing given to the Fiscal Agent at its specified office by (i) the Commissioner acting upon a resolution of the Syndicate of Noteholders, in respect of all Notes, or (ii) unless there has been a resolution to the contrary by the Syndicate of Noteholders, any Noteholder in respect of such Note, be declared immediately due and payable whereupon it shall become immediately due and payable to the extent permitted by applicable law at its principal amount, together with accrued interest, without further formality.

9 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless, in the case of principal, the relevant Notes are presented for payment within ten years or, in the case of interest, the relevant Coupons are presented for payment within five years, in each case from the appropriate Relevant Date in respect of such payment. Thereafter any principal or interest payable in respect of such Notes shall be forfeited and shall revert to the Issuer. Claims in respect of any other amounts payable in respect of the Notes shall be prescribed and become void unless made within ten years following the due date for payment thereof and thereafter any such other amounts shall be forfeited and shall revert to the Issuer.

10 Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer or the Fiscal Agent may require. Mutilated or defaced certificates must be surrendered before replacements will be issued.

11 Syndicate of Noteholders, Modification and Waiver

(a) *Syndicate of Noteholders*

Noteholders shall meet in accordance with certain regulations governing the Syndicate of Noteholders (the “**Syndicate Regulations**”). The Syndicate Regulations contain the rules governing the Syndicate of Noteholders and the rules governing its relationship with the Issuer and are attached to the Public Deed (as defined in the introduction to these Conditions) and are included in the Fiscal Agency Agreement.

Structured Finance Management (Spain) S.L. has been appointed as temporary Commissioner for the Noteholders. Noteholders shall, by virtue of purchasing and/or holding Notes, be deemed to have agreed to: (i) the appointment of the temporary Commissioner; and (ii) become a member of the Syndicate of Noteholders. Upon the subscription of the Notes, the temporary Commissioner will call a general meeting of the Syndicate of Noteholders to ratify or reject the acts of the temporary Commissioner, confirm its appointment or appoint a substitute Commissioner for it and to ratify the Syndicate Regulations. Noteholders shall, by virtue of purchasing and/or holding Notes, be deemed to have granted to the Fiscal Agent full power and authority to take any action and/or to execute and deliver any document or notices for the purposes of attending on behalf of the Noteholders the first meeting of the Syndicate of Noteholders called to confirm the appointment of the temporary Commissioner, approve its actions and ratify the Syndicate Regulations contained in the Fiscal Agency Agreement and the Public Deed, and vote in favour of each of those resolutions.

Provisions for meetings of the Syndicate of Noteholders are contained in the Syndicate Regulations and in the Fiscal Agency Agreement. Such provisions shall have effect as if incorporated herein.

The Issuer may, with the consent of the Commissioner, but without the consent of the holders of the Notes 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.

In addition to the above, the Issuer and the Commissioner, the latter with the sanction of a resolution of the Syndicate of Noteholders, may agree any modification, whether material or not, to these Conditions and any waiver of any breach or proposed breach of these Conditions, provided that any modification to these Conditions that may affect the Fiscal Agent shall also be approved by it.

For the purposes of these Conditions:

- (i) “**Commissioner**” means the *comisario* as this term is defined under the Spanish Law on Capital Companies (*Ley de Sociedades de Capital*) of the Syndicate of Noteholders; and

- (ii) “**Syndicate of Noteholders**” means the *sindicato* as this term is described under the Spanish Law on Capital Companies (*Ley de Sociedades de Capital*).

In accordance with Spanish law, a general meeting of the Syndicate of Noteholders shall be quorate upon first being convened provided that Noteholders holding or representing two-thirds of the Notes outstanding attend. If the necessary quorum is not achieved at the first meeting, a second general meeting may be convened to meet one month after the first general meeting and shall be quorate regardless of the number of Noteholders who attend. A resolution shall be passed by holders holding an absolute majority in principal amount of the Notes held by Noteholders present or duly represented at any properly constituted meeting.

(b) *Modification of Fiscal Agency Agreement*

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

(c) *Notification to the Noteholders*

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

12 Notices

All notices regarding the Notes will be valid if published in a leading English language newspaper having general circulation in Dublin (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange, multi-lateral trading facility or other relevant authority on which the Notes are for the time being listed and/or admitted to trading and, for so long as the Notes are admitted to trading in the regulated market of the Irish Stock Exchange, in accordance with its rules and regulations.

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

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

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

13 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further bonds, notes or debentures either having the same terms and conditions in all respects as the outstanding bonds, notes or debentures of any series (including the Notes) or in all respects except for

the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding bonds, notes or debentures of any series (including the Notes) or upon such terms as to interest, redemption and otherwise as the Issuer may determine at the time of their issue.

14 Rights of Third Parties

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

15 Governing Law

(a) Governing Law

The Fiscal Agency Agreement and 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, English law. The status of the Notes as described in Condition 1(c) (*Status of the Notes*) and the provisions of Condition 11 (*Syndicate of Noteholders, Modification and Waiver*) relating to the appointment of the Commissioner and the Syndicate of Noteholders are governed by, and shall be construed in accordance with, Spanish law.

(b) Jurisdiction

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

(c) Agent for Service of Process

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office for the time being, currently at Fifth Floor, 100 Wood Street, London EC2V 7EX, as its agent in England to receive service of process in any Proceedings in England. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILST IN GLOBAL FORM

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

Initial form of the Notes

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

Eurosystem eligibility

The Notes will be issued in new global note form and, as such, are intended to be held in a manner which will allow for them to be eligible as collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. This means that the Notes are upon issue deposited with one of the international central securities depositories (“**ICSDs**”) as common safekeeper but does not necessarily mean that the Notes will actually be recognised as eligible, either upon issue or at any time during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations, as specified by the European Central Bank from time to time. As at the date of this Prospectus, one of the Eurosystem eligibility criteria for debt securities is an investment grade rating and, accordingly, as the Notes are unrated, they are not expected to satisfy the requirements for Eurosystem eligibility.

Exchange for Permanent Global Notes

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Exchange for Definitive Notes

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”) in the denomination of €100,000, at the request of the bearer of the Permanent Global Note if:

- (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached (in respect of interest which has not already been paid in full on the Permanent Global Note), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or

- (b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder, but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant to be executed by the Issuer and dated 29 April 2014 (the “**Deed of Covenant**”). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

Modifications to the Conditions

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

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

Payments on business days: In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note, "Business Day" means any day which is a TARGET Settlement Day.

Exercise of put option: In order to exercise the option contained in Condition 5(c) (*Redemption at the option of Noteholders following a Change of Control*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 12 (*Notices*), while all the Notes are represented by the Permanent Global Note and/or the Temporary Global Note, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 12 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as such Notes are admitted to trading in the regulated market of the Irish Stock Exchange all notices shall be published in a manner which complies with its rules and regulations.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for the general corporate purposes of the Issuer.

DESCRIPTION OF THE ISSUER

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

Acciona Group

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

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

Business overview

Acciona Group operates in several industries with a particular focus in the areas of renewable energies, water and infrastructure, which, as of 31 December 2013, generated approximately 90.8% of the EBITDA of the Group. The production of energy, particularly wind power, and other energy related industrial and development activities, represented, alone, 79.7% of the EBITDA of the Group as of 31 December 2013.

The results of the Group for the year ended 31 December 2013 and the net assets as of the end of the year were significantly affected by a series of regulatory changes in Spain aimed to ensure the sustainability and financial stability of the Spanish electricity system (see “*Main activities of Acciona Group – Energy*”). These regulatory changes together, to a lesser extent, with other circumstances affecting the infrastructure and other businesses of the Group, reduced the EBITDA of the Group in 14%, to €1,228 million as of 31 December 2013 from €1,431 million as of 31 December 2012, and resulted in attributable losses of €1,972 million as of 31 December 2013 compared to an attributable profit of €189 million as of 31 December 2012.

The following chart shows relevant balance sheet financial data of the Group as of 31 December 2013 and 31 December 2012:

	31 Dec 2013	31 Dec 2012
	(€m)	
Equity.....	3,399	5,508
Net debt.....	6,715	7,481
Leverage ratio	198%	136%
Net investments.....	381	854

The following chart shows relevant income statements financial data of the Group as of 31 December 2013 and 31 December 2012:

	31 Dec 2013	31 Dec 2012
	(€m)	
Total revenues	6,607	7,016
Gross operating profit/loss (EBITDA).....	1,228	1,431
Profit from operations (EBIT).....	- 1,771	646
Profit/loss before tax (EBT).....	- 2,174	246
Profit/loss attributable to the parent	- 1,972	189

Because of the regulatory changes affecting the energy business in Spain, the Group has had to re-evaluate and modify significantly its strategic business plan and, in particular, the international growth foresaw for the following years. The current investment plan of the energy business of the Group only considers those investments that are already committed (ongoing projects in South Africa, Costa Rica and Chile for an aggregate of 311.71 MWs), and does not contemplate for the time being additional investments.

Organisational structure

The Group is currently organised into three divisions: (i) Energy, (ii) Infrastructures, water and services and (iii) Other businesses. This structure is the result of a business reorganisation that the Group underwent in January of this year to group the activities of infrastructure, water and services into one common and integrated international structure.

Before this business reorganisation, the Group was structured into five different divisions: Energy, Infrastructures, Water, Services and Other businesses, and reported its financial information in accordance with this structure. The consolidated financial statements of the Issuer for the year ended 31 December 2013 were prepared on this basis.

Main activities of Acciona Group

The following is a description of the main activities of Acciona Group as reflected in the consolidated financial statements of the Issuer for the year ended 31 December 2013, before the integration of the infrastructure, water and services activities into the same division.

Energy

The energy division of Acciona Group (“**Acciona Energy**”) is an international leader in the field of renewable energy sources. With more than 20 years of experience and a mix of several renewable technologies, it is present in more than 20 countries, with operational facilities in 14 of them.

The activities of Acciona Energy focus on wind power, being a leading player in the development, construction, operation and maintenance of wind power facilities for itself and its clients. It has presence in all the steps of the value chain, from the production of wind turbines with its own technology through its subsidiary, Acciona Windpower, S.A., to the development, construction and management of wind farms and the marketing of the generated electricity.

As of 31 December 2013, Acciona Energy had installed a total 8,672 MW of wind power in 296 parks located in 17 countries, with a total of 7,846 wind turbines. Of this figure, 7,139 MW are owned by the company (6,272 MW attributable) and 1,533 MW have been installed for clients.

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

In 2013, Acciona Energy produced 18,399 GWh from wind power, an increase of 5.9% from the previous year (attributable production in the same period was 15,998 GWh). Wind power represented 82% of the Group's power production for 2013 (80% of attributable production). 62% was produced in Spain and the remaining 38% in other countries.

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

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

During 2013, the Group was significantly affected by a series of legal measures adopted in Spain to ensure the sustainability and financial stability of the electricity system. Law 15/2012, of 27 December 2012 ("**Law 15/2012**"), which entered into force on 1 January 2013, imposed a 7% sales tax on the income received from the sale of electricity produced in Spain, affecting all the plants of the Group in Spain. Additionally, Law 15/2012 imposed taxes on the use of continental waters to produce electricity or on solar thermo-electrical plants. More significantly for the Group, on 12 July 2013, the Spanish Government approved a new regulation on the remuneration framework for the support of renewable energies in Spain ("**Royal Decree-Law 9/2013**"). Royal Decree-Law 9/2013 came into effect on 14 July 2013 but it still has to be fully developed to define and quantify basic parameters of the new regulatory framework and the remuneration for the second half of 2013 and the subsequent years. To determine the remuneration for 2013, the Group has applied the parameters set out in Royal Decree Law 9/2013 and in a draft Ministry Order prepared by the Ministry of Industry, Energy and Tourism developing the parameters of Royal Decree-Law 9/2013, which is still under consultation and subject to definitive approval (for more information about this issue, see "*Risk Factors – Risk in relation to the energy division of Acciona Group – Recent changes in the regulatory framework applicable to the business of the energy division in Spain*").

The successive regulatory changes in Spain have had a significant impact in the results of the Energy division causing a goodwill deterioration of €870 million and requiring value impairments on the Spanish renewable assets of €563 million. As of 31 December 2013, the EBITDA of the Energy division amounted to €979 million, a decrease of 13% with respect to the figures as of 31 December 2012 (€1,125 million). The earnings before taxes (EBIT) amounted to €7 million, a 96% decrease when compared with the €166 million obtained as of 31 December 2012.

Infrastructure

Acciona Infraestructuras, S.A. is the main entity of the infrastructure division of Acciona Group ("**Acciona Infrastructure**") and the longest standing company in the Group. Firmly established in Spain, on an international level it is well established in strategic markets such as Poland, Brazil, Mexico, Chile, Canada and Australia. Acciona Infrastructure generated approximately 6.7% of the EBITDA of the Group as of 31 December 2013.

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

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

As of 31 December 2013, the EBITDA of the Infrastructure division totalled €82 million, a decrease of 50% in comparison to the figure as of 31 December 2012 (€163 million). The decrease was caused by losses registered in certain international works, particularly in Poland and Brazil.

Water

Acciona Agua, S.A. is the head of the water division of the Group (“**Acciona Agua**”), which focus on the treatment of water and desalination by reverse osmosis. It offers a full range of services in the integral water cycle, including the design, construction, development and management of desalination plants and waste water treatment plants, the supply of drinking water and sanitation of cities. Acciona Agua also operates water concessions. The water division generated approximately 4.4% of the EBITDA of the Group as of 31 December 2013.

As of 31 December 2013, the EBITDA of the Water division totalled €54 million, an increase of 31% in comparison to the figure as of 31 December 2012 (€41 million).

Services

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

Other businesses

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

Recent Developments

In February 2014, the Issuer signed a €120 million long-term financing arrangement with the European Investment Bank to finance the multi-year programme for the period 2013-2015 of the Group in relation to its research, development and innovation activities.

On 30 January 2014, the Issuer issued €342 million 3% convertible bonds due 2019. The number of ordinary shares to be delivered upon conversion of all the convertible bonds, taking into account the initial conversion price (€ 63.02) and the size of the issue would amount to approximately 5.427 million shares, representing approximately 9 % of the currently issued and outstanding share capital of the Issuer.

On 23, January 2014, the Group closed the sale of all the share capital of Acciona Energie Windparks Deutschland GmbH, Acciona Energie Deutschland GmbH and Volksmarsdorfer Windparkbetriebs GmbH, owners of 18 operating wind farms located in Lower Saxony and Brandenburg (Germany). The capital gain obtained by the Group from the transaction was approximately €27 million.

Management

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

Name of director	Position	First appointment
Entrecanales Domecq, Jose Manuel	Chairman	14 April 1997
Entrecanales Franco, Juan Ignacio	Vice-Chairman	14 April 1997
Castellanos Borrego, Jaime	Lead Independent Director	4 June 2009
Crespo Bofill, Consuelo	Director	19 June 2008
Daurella Comadrán, Soledad	Director	9 June 2011
Entrecanales Domecq, Daniel	Director	4 June 2009
Entrecanales Franco, Javier	Director	22 September 2011
Espinosa de los Monteros y Bernaldo de Quirós, Carlos	Director	29 June 1994
Garay Ibargaray, Juan Carlos	Director	6 June 2013
Gonzalez Durantez, Miriam	Director	10 June 2010
Montoya Moya, Valentín	Director	19 May 2001
Rodés Vilà, Fernando	Director	4 June 2009
Villalonga Morenés, Belén	Director	10 May 2006

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

Several members of the Board of Directors perform activities outside the Issuer. As of the date of this Prospectus, the principal activities of the members of the Board of Directors performed by them outside the Issuer are not significant with respect to the Issuer.

As of the date of this Prospectus, there were no conflicts of interest in relation to members of the Board of Directors of the Issuer between any duties owed to the Issuer and their private interests and duties.

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

Name of director	Company	Position
Castellanos Borrego, Jaime	Vocento, S.A.	Director
Crespo Bofill, Consuelo	Tubacex, S.A.	Director
Daurella Comadrán, Soledad	Ebro Foods, S.A.	Director
	Banco Sabadell, S.A.	Director
Espinosa de los Monteros y Bernaldo de Quirós, Carlos	Industria de Diseño Textil, S.A.	Director

Share capital and major shareholders

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

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

The largest shareholders of the Issuer as of the date of this Prospectus are:

Company	% shareholding
Tussen de Grachten, B.V.	27.803
Entrezca, B.V.	26.100
Fidelity International Limited	1.991

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

Tussen de Grachten, BV and Entrezca, BV and their respective shareholders, descendants of Mr José Entrecanales Ibarra, have mutually granted each other a preemptive right for the acquisition of their shares in the Issuer that resulted from the merger of Grupo Entrecanales, S.A. and its subsidiaries with Acciona, S.A. and for the acquisition of their participations in Tussen de Grachten, BV and Entrezca, BV.

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

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

TAXATION

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

EU Savings Directive

Under EU Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted 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 or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information 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 or certain limited types of entity established in one of those territories.

On 24 March 2014, the Council of the European Union adopted a Directive (the “**Amending Directive**”) amending the Savings Directive, which, when implemented, will amend and broaden the scope of the requirements described above. In particular, the Amending Directive will materially broaden the circumstances in which information must be provided and/or tax withheld pursuant to the Savings Directive, and will require additional steps to be taken in certain circumstances to identify the beneficial owner of interest (and other income) payments, through a “look through” approach. The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with this Amending Directive. Investors should inform themselves of, and where appropriate take advice on, the impact of the Savings Directive and the Amending Directive on their investment.

If a payment were to be made or collected through an EU member state which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

Taxation in Spain

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

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

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

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

1 Introduction

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

- (a) of general application, Additional Provision Two of Law 13/1985, of 25 May, on investment ratios, own funds and information obligations of financial intermediaries (“**Law 13/1985**”), as amended by Law 19/2003 of 4 July on legal rules governing foreign financial transactions and capital movements and various money laundering prevention measures, Law 23/2005, of 18 November, on certain measures to promote productivity and Law 4/2008, of 23 December abolishing the Wealth Tax levy, generalising the Value Added Tax monthly refund system and introducing other amendments to the tax legal system, as well as Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended by Royal Decree 1145/2011 of 29 July;
- (b) for individuals resident for tax purposes in Spain who are Personal Income Tax (“**PIT**”) tax payers, Law 35/2006, of 28 November, on the PIT and on the partial amendment of the Corporate Income Tax Law, Non-Resident Income Tax Law and Wealth Tax Law, as amended (the “**PIT Law**”), and Royal Decree 439/2007, of 30 March approving the PIT Regulations which develop the PIT Law, as amended, along with Law 19/1991, of 6 June on Wealth Tax, as amended most recently by Law 22/2013, of 23 December 2013 (“**Law 22/2013**”), and Law 29/1987, of 18 December on Inheritance and Gift Tax, as amended;
- (c) for legal entities resident for tax purposes in Spain which are Corporate Income Tax (“**CIT**”) taxpayers, Royal Legislative Decree 4/2004, of 5 March, promulgating the Consolidated Text of the CIT Law, as amended, and Royal Decree 1777/2004, of 30 July, promulgating the CIT Regulations, as amended (the “**CIT Regulations**”); and
- (d) for individuals and entities who are not resident for tax purposes in Spain which are Non-Resident Income Tax (“**NRIT**”) taxpayers, Royal Legislative Decree 5/2004, of 5 March, promulgating the Consolidated Text of the NRIT Law, as amended and Royal Decree 1776/2004, of 30 July, promulgating the NRIT Regulations, as amended along with Law 19/1991, of 6 June, on Wealth Tax as amended and Law 29/1987, of 18 December, on Inheritance and Gift Tax, as amended.

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

2 Spanish tax resident individuals

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

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the PIT Law, and must be included in the PIT savings taxable base of each investor and taxed currently at 21 per cent for taxable income up to €6,000; 25 per cent for taxable income between €6,001 and €24,000, and 27 per cent for taxable income exceeding €24,000.

It should be noted that (subject to any subsequent amendments that may be eventually approved in Spain) it is currently scheduled that the aforementioned provisionally increased rates of 21-25-27% will be removed from 01 January 2015 onwards and substituted by the following rates: income up to €6,000 will be taxed at the rate of 19 per cent and any excess over such amount will be subject to a rate of 21 per cent.

Pursuant to Section 44.5 of Royal Decree 1065/2007, of 27 July, as amended by Royal Decree 1145/2011, of 29 July, any income derived from the Notes will be paid by the Issuer free of Spanish withholding tax provided that the relevant information about the Notes is submitted in the manner detailed in “Disclosure Obligations in connection with Payments on the Notes”. In addition, income obtained upon transfer or exchange of the Notes may also be paid free of Spanish withholding tax in certain circumstances.

Nevertheless, in the case of Notes held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian (or a Spanish permanent establishment of a non resident entity), payments of interests under the Notes may be subject to withholding tax currently at a 21% rate (this rate also currently scheduled to be reduced to 19% by 01 January 2015), which will be made by the depositary or custodian.

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

2.2 Wealth Tax (*Impuesto sobre el Patrimonio*)

According to Wealth Tax regulations as amended most recently by Law 22/2013 (subject to any exceptions provided under relevant legislation in each autonomous region (*Comunidad Autónoma*)), the net worth of any Spanish tax resident individuals in excess of €700,000 is subject to Wealth Tax in respect of tax year 2014.

Therefore, investors who are Spanish tax resident individuals should take into account the value of the Notes which they hold as at 31 December 2014 for the purposes of Spanish Wealth Tax, the applicable rates ranging between 0.2 per cent. and 2.5 per cent. (subject to any exceptions provided under relevant legislation in each autonomous region (*Comunidad Autónoma*)) Under Law 22/2013, Wealth Tax is scheduled to be removed from 01 January 2015.

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

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

3 Spanish tax resident legal entities

3.1 Corporate Income Tax (*Impuesto sobre Sociedades*)

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes must be included as taxable income of Spanish tax resident legal entities for Corporate Income Tax ("CIT") purposes in accordance with the rules for this tax, being typically subject to the standard rate of 30 per cent.

Pursuant to Section 44.5 of Royal Decree 1065/2007, of 27 July, as amended by Royal Decree 1145/2011 of 29 July, any income derived from the Notes will be paid by the Issuer to Spanish CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds) free of Spanish withholding tax provided that the relevant information about the Notes is submitted in the manner detailed in "Disclosure Obligations in connection with Payments on the Notes".

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

3.2 Wealth Tax (*Impuesto sobre el Patrimonio*)

Legal entities are not subject to Wealth Tax.

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

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

4 Individuals and legal entities tax resident outside Spain

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

(A) Acting through a permanent establishment in Spain

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

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

(B) Not acting through a permanent establishment in Spain

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

In order for the exemption to apply, it is necessary to comply with certain information obligations relating to the Notes, in the manner detailed under "Disclosure obligations in connection with payments on the Notes" as laid down in section 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011. If these information obligations are not complied with in the manner indicated, the Issuer will withhold 21% (in principle also scheduled to be reduced to 19% from 01 January 2015) and the Issuer will not pay additional amounts.

4.2 Wealth Tax (*Impuesto sobre el Patrimonio*)

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax will not be generally subject to such tax on the Notes. Otherwise, under current Wealth Tax regulations non-Spanish resident individuals whose properties and rights located in Spain (or that can be exercised within the Spanish territory) exceed € 700,000 will be subject to Wealth Tax during year 2014, the applicable rates ranging between 0.2 per cent. and 2.5 per cent. However, as the income derived from the Notes is exempted from NRIT, any non resident individuals holding the Notes as of 31 December 2014 will be exempted from Spanish Wealth Tax in respect of such holding. Furthermore, under Law 22/2013 Wealth Tax is scheduled to be removed from 01 January 2015.

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

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

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

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

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

5 Disclosure obligations in connection with payments on the Notes

The Issuer is currently required by Spanish law to gather certain information relating to the Notes. In accordance with Section 44 of Royal Decree 1065/2007, of 27 July, as amended by Royal Decree 1145/2011, of 29 July, certain information with respect to the Notes must be submitted to the Issuer at the time of each payment (or, alternatively, before the tenth calendar day of the month following the month in which the relevant payment is made).

Such information includes the following:

- (a) Identification of the Notes (as applicable) in respect of which the relevant payment is made;
- (b) the date on which the relevant payment is made;
- (c) total amount of income from the Notes;
- (d) total amount of income (either from interest payments or redemption) corresponding to each clearing house located outside Spain.

In particular, the Fiscal Agent must certify the information above about the Notes by means of a certificate the form of which is attached as Annex I to this Prospectus. In light of the above, the Issuer and the Fiscal Agent have arranged certain procedures to facilitate the collection of information concerning the Notes by the close of business on the Business Day immediately preceding each relevant Payment Date. If, despite these procedures, the relevant information is not received by the Issuer on each Payment Date, the Issuer will withhold tax at the then-applicable rate (currently 21%) from any payment in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

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

Investors should note that the Issuer and the Lead Manager do not accept any responsibility relating to the procedures established for the collection of information concerning the Notes. Accordingly, neither the Issuer nor the Lead Manager will be liable for any damage or loss suffered by any holder who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because these procedures prove ineffective. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding. See “*Risk Factors*”. The procedures for providing documentation referred to in this section are set out in detail in the Fiscal Agency Agreement which may be inspected upon reasonable notice, at the specified offices of the Issuer and the Fiscal Agent. Should any withholding tax be levied in Spain, holders of the Notes should note that they may apply directly to the Spanish tax authorities for any tax refund which may be available to them.

In the event that the currently applicable procedures were modified, amended or supplemented by, amongst others, a Spanish law, regulation, interpretation or ruling of the Spanish Tax Authorities, the Issuer will inform the Noteholders of such information procedures and of their implications, as the Issuer may be required to apply withholding tax on interest payments under the Notes if the Noteholders would not comply with such information procedures. In such case, the Issuer will not pay additional amounts with respect to the Notes as a result of the imposition of such withholding tax, as provided in Condition 7 (*Taxation*).

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

Annex I

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

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

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

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

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

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

- (a) Entidad Gestora del Mercado de Deuda Pública en Anotaciones.**
(a) Management Entity of the Public Debt Market in book entry form.
- (b) Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero.**
(b) Entity that manages the clearing and settlement system of securities resident in a foreign country.
- (c) Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español.**
(c) Other entities that hold securities on behalf of third parties within clearing and settlement systems domiciled in the Spanish territory.
- (d) Agente de pagos designado por el emisor.**
(d) Paying Agent appointed by the issuer.

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

Makes the following statement, according to its own records:

- 1. En relación con los apartados 3 y 4 del artículo 44:**
 - 1. In relation to paragraphs 3 and 4 of Article 44:
 - 1.1 Identificación de los valores.....**
1.1 Identification of the securities
 - 1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados).....**
1.2 Income payment date (or refund if the securities are issued at discount or are segregated).....
 - 1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados).....**

- 1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated)
- 1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora**
- 1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved
- 1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).**
- 1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).
- 2. En relación con el apartado 5 del artículo 44.**
2. In relation to paragraph 5 of Article 44.
- 2.1 Identificación de los valores.....**
- 2.1 Identification of the securities
- 2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados).....**
- 2.2 Income payment date (or refund if the securities are issued at discount or are segregated)
- 2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados).....**
- 2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated).....
- 2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.**
- 2.4 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country A.
- 2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.**
- 2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.
- 2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C.**
- 2.6 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

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

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

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

SUBSCRIPTION AND SALE

Morgan Stanley & Co. International plc (the “**Lead Manager**”) has, pursuant to a subscription agreement dated 29 April 2014 (the “**Subscription Agreement**”), agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the Notes at 97.776 per cent. of the principal amount of the Notes and will receive certain commissions as agreed with the Issuer. The Issuer has also agreed to reimburse the Lead Manager for certain of their expenses incurred in connection with the management of the issue of the Notes.

The Lead Manager is entitled to terminate the Subscription Agreement in certain circumstances prior to payment to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Lead Manager has represented and agreed that it has not offered and sold the Notes, and agrees that it will not offer or sell any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by the Lead Manager, whether or not participating in the offering, may violate the registration requirements of the Securities Act.

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

United Kingdom

The Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Spain

The Lead Manager has represented and agreed that the Notes will not be offered, sold or distributed, nor will any subsequent resale of Notes be carried out in Spain, except in circumstances which do not constitute a public offer of securities in Spain within the meaning of the Spanish Securities Market Law (*Ley 24/1988, de 28 de Julio, del Mercado de Valores*), as amended and restated, or without complying with all legal and regulatory requirements under Spanish securities laws. Neither the Notes nor the Prospectus have been

registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore the Prospectus is not intended for any public offer of the Notes in Spain.

General

The Lead Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer, and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

Lead Managers' business relationships with the Group

The Lead Manager and its affiliates may currently provide, and may continue to provide, banking services, including senior lending facilities, to the Issuer on customary market terms, and for which they have been or will be paid customary fees.

In addition, in the ordinary course of their business activities, the Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, and/or its affiliates. Certain of the Joint Lead Manager or its affiliates that have a lending relationship with the Issuer and/or its affiliates may routinely hedge their credit exposure to the Issuer, and/or such affiliates consistent with their customary risk management policies. Typically, the Lead Manager and/or its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer or the relevant affiliate, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Lead Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by the resolutions of the Board of Directors of the Issuer passed on 10 April 2014 on the basis of the authorisation granted by a resolution of the Ordinary General Meeting of Shareholders passed on 4 June 2009, as supplemented by the decisions of the Chairman of the Board of Directors (*Presidente del Consejo de Administración*) dated 11 April 2014, on the basis of the authorisation granted by the Board of Directors of the Issuer passed on 10 April 2014.

Significant/Material change

Save as disclosed in this Prospectus, there has been no material adverse change in the prospects of the Issuer nor any significant change in the financial or trading position of the Issuer since 31 December 2013, being the date of the most recently published audited financial information of the Issuer.

Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) arising during the 12 months preceding the date of this Prospectus which may have or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the Group.

Material contracts

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

Independent Auditors

The annual consolidated financial statements of the Issuer for the years ended 31 December 2013 and 31 December 2012 have been audited by Deloitte, S.L., registered in the Official Registry of Auditors (*Registro Oficial de Auditores de Cuentas*) under number S0692. The registered office of Deloitte, S.L. is Plaza Pablo Ruiz Picasso 1, 28020 Madrid, Spain.

Third party information

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

Listing

It is expected that listing of the Notes on the Official List and admission of the Notes to trading on the regulated market of the Irish Stock Exchange will be granted on or about 28 April 2014, subject only to the issue of the Temporary Global Note.

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

The estimated costs and expenses in relation to admission to trading are €4,940.

Clearing of the Notes

The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 105938586. The International Securities Identification Number (ISIN) for the Notes is XS1059385861.

Yield

On the basis of the issue price of the Notes of 97.776 per cent. of their principal amount, the gross real yield of the Notes is 5.55 per cent. on an annual basis. The yield is calculated on the Issue Date on the basis of the issue price of the Notes. It is not an indication of future yield.

Documents of display

For the period of 12 months starting on the date on which this Prospectus is made available to the public, copies of the following documents may be inspected, by physical or electronic means, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the registered office of the Issuer:

- (i) the Fiscal Agency Agreement and the Deed of Covenant;
- (ii) the constitutive documents of the Issuer; and
- (iii) the audited consolidated financial statements of the Issuer for the years ended 31 December 2013 and 31 December 2012 together with the auditor's reports thereon.

This Prospectus is available for viewing on the Irish Stock Exchange's website (www.ise.ie).

REGISTERED OFFICE OF THE ISSUER

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Spain

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25 Cabot Square, Canary Wharf
London E14 4QA
United Kingdom

FISCAL AGENT AND PAYING AGENT

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London E14 5AL
United Kingdom

IRISH LISTING AGENT

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INDEPENDENT AUDITORS

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To the Lead Managers as to English and Spanish law

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