BASE PROSPECTUS

Corporación de Reservas Estratégicas de Productos Petrolíferos

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

Euro 1,500,000,000

Euro Medium Term Note Programme

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

This Prospectus is only addressed to, and directed at, persons who are qualified investors within the meaning of Article 2.1(e) of the Prospectus Directive. In addition, in the United Kingdom, this Prospectus is being distributed to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **Order**); (ii) high net worth companies, unincorporated associations and other bodies within the categories described in Article 49(2) of the Order; and (iii) persons to whom it may otherwise lawfully be communicated (all such persons together, **relevant persons**). Therefore this Prospectus must not be acted on or relied upon (i) in any member state of the European Economic Area (**EEA**) other than the United Kingdom, by persons who are not qualified investors, and (ii) in the United Kingdom, by persons who are not qualified investors or relevant persons.

Under the Programme, CORES may from time to time issue Notes denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory requirements. No Notes may be issued under the Programme with a denomination of less than €100,000 (or the equivalent amount in another currency). The aggregate principal amount of Notes outstanding under the Programme will not at any time exceed €1,500,000,000 (or the equivalent amount in other currencies) in accordance with the threshold authorised by CORES' Board of Directors' resolution passed on 18 May 2017 pursuant to article 406 of Royal Decree Legislative 1/2010, of 2 July 2010, approving the consolidated text of the Spanish Companies Act (*Ley de Sociedades de Capital*) (the **Spanish Companies Act**), as amended amongst other, by Act 5/2015, of 27 April 2015, on the enhancement of corporate finance (*Ley de Fomento de la Financiación Empresarial*) ("**Act 5/2015**").

In accordance with the fifth additional provision of Act 5/2015, the aggregate outstanding amount of CORES' debt issues, including those that may be issued under the Programme, must not exceed the value of CORES' assets.

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

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

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

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

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

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

The date of this Base Prospectus is 6 September 2017.

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purposes of the Prospectus Directive.

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

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

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

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

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

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

Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. In making an investment decision, investors must rely on their own examination and analysis of the Issuer and the terms of the Notes, including the merits and risks involved.

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

Notice to investors in certain jurisdictions

The distribution of this Base Prospectus and any Final Terms, and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required to inform themselves about and to observe any such restrictions.

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

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

Maximum size of the programme and currency references

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €1,500,000,000 (and for this purpose, any Notes denominated in another currency shall be converted into Euro at the date of the agreement to issue such Notes) in accordance with the threshold amount authorised by CORES' Board of Directors' resolution passed on 18 May 2017.

In accordance with the fifth additional provision of Act 5/2015, the aggregate outstanding amount of CORES' debt issues, including those that may be issued under the Programme, must not exceed the value of CORES' assets.

In this Base Prospectus, unless otherwise specified, references to a **Member State** are references to a Member State of the European Economic Area and reference to **EUR**, **euro** or **€** are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Rounding

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

Presentation of information regarding CORES' strategic reserves

Information in this Base Prospectus regarding CORES' strategic reserves is presented in cubic meters or "m^3" in accordance with customary international market practice (with the exception of fuel oils, for which metric tonnes is the international conventional metric) and in a manner consistent with the information disclosed in CORES' annual accounts, annual report and other official and unofficial reports of the Corporation. Notwithstanding the foregoing, this Base Prospectus also presents the equivalence in tonnes of figures expressed in cubic meters and vice versa, for indicative purposes only.

Language

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

Regulatory investment considerations

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are securities suitable for investment by it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

CONTENTS

1. RISK FACTORS

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

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

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

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

RISK FACTORS RELATING TO THE ISSUER

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

Risks of payment default of the leading market operators

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

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

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

Exceptionally, when the correct fulfilment of the purposes of CORES makes it advisable and in order to guarantee at all times its financial creditworthiness, extraordinary fees can be levied. To date, the approved yearly fees have never been increased due to the prudent approach followed by CORES in the preparation of its annual budget.

Since CORES' incorporation on 6 July 1995, defaults in the payment of the fees by its members and other legally obliged entities have been scarce. Even though it cannot be assured that this trend may continue in the future, the sanctions which defaulting parties could face in the event that they breach

their obligations to CORES under the relevant regulation should act as a critical deterrent to this potential breach.

Failure by its members to settle CORES' fees constitutes a serious or very serious infringement of the regulations on minimum security stocks which might entail the revocation or suspension of the administrative authorisation granted to such member to operate in the Spanish market. Accordingly, it is unlikely that members fail to pay the fees to CORES unless they are suspending their operations in Spain. Even in that case, if a member suspends its activity, or its license to operate is withdrawn by the authorities, the rest of members of CORES would absorb the defaulting operator's market share and the payment of the corresponding fees going forward. Notwithstanding the above, some minor operators, calculated in terms of turnover for CORES (approximately €722 thousand that account for less than 0.78% of the fees collected up to 31 July 2017), are in default with respect to the fees to be paid to the Corporation. Thus, the relevant administrative and civil proceedings have been brought by CORES against them in order to collect such amounts due and unpaid.

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

Risk related to logistics infrastructure (storage)

CORES is compulsorily obliged to build up, maintain and manage a specific volume of strategic stocks. As at 31 December 2016, CORES had stocks equivalent to 7,546,548 m³ of crude oil and petroleum products (representing a 6.71% decline from its stocks as at 31 December 2015 that amounted to 8,089,306 m³). From the total stocks as at 31 December 2016, 399,201 m³ are kept at the own facilities of CORES, while the remaining stocks are maintained at storage facilities rented from market participants. In the future, CORES could face some difficulties to comply with the requirement to establish, maintain and manage the strategic stocks, if no storage capacity is available at the market, or if an agreement is not reached to rent storage capacity subject to terms and conditions that are satisfactory for CORES. However, this risk, that has never materialised, is notably reduced as a result of several factors, among them (i) the broad diversification of lease contracts of storage capacity (as at 31 December 2016, the Corporation had 34 agreements with 10 different market operators, for terms that range between 4 and 23 years, which mature between 2017 and 2029, with leases for 28.7% of the Corporation's total storage capacity maturing between 2017 and 2018); (ii) the obligation of CORES' members and other entities obliged to keep security stocks to provide storage facilities to CORES if the Corporation so requires, as established by article 51.1 of Act 34/1998; (iii) the possibility that, according to Article 14.6 of Royal Decree 1716/2004 and for the oil operators who have requested CORES to hold for their benefit a volume of strategic reserves additional to the minimum compulsory level, CORES may reduce part of its maintenance obligations if no sufficient storage capacity is available; and (iv) the possibility that CORES may maintain strategic reserves, either of its own property or rented to third parties, in countries of the European Union, in case that a bilateral treaty had been signed in that respect (Article 11 of Royal Decree 1716/2004).

CORES barely maintains excess of storage capacity due to the fact that, during the financial year 2016, on the occasion of the expiration of certain storage agreements and the implementation of the Stock Sales Plan (as defined below) adopted in accordance with the Royal Decree 984/2015, of 30 October, which regulates the organised market for gas and the third party access to the natural gas' system facilities ("**Royal Decree 984/2015**") several transactions were carried out which adjusted the available capacity to the volume of stocks kept. As a result, CORES's excess storage capacity over the total volume stored by the Corporation was of 0.3% as at 31 December 2016, which includes the reserves surplus which the Corporation maintains above its regulatory obligation.

Regulatory risks

As detailed in section 5 (*Description of the Issuer*) of this Base Prospectus, CORES, as a non-profit Public-law Corporation (*Corporación de derecho público*) is subject to a number of Spanish regulations implemented through various legal instruments (e.g. Acts, Royal Decrees, etc.).

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

Entity under State oversight

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

Article 52 of Act 34/1998 defines CORES as a non-profit Public-law Corporation acting with full legal personality under private law and governed by the provisions of such Act and its developing regulations. Consequently, the Corporation is subject to the oversight of the State General Administration (*Administración General del Estado*), exercised through the MINETAD. Accordingly, the MINETAD may, through the Ministry-appointed Chairman of CORES, veto any decision or action taken by the governing bodies of CORES that in the opinion of the Ministry is not consistent with the law or public interest, that, in consequence, may have an adverse effect on the Issuer's activity and financial position.

Financial risks

Interest rate risk

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

During 2016 the interest rate on loans and credit facilities range from Euribor + 0.10% to Euribor + 2.10%. The following table shows the loans and credit facilities as at the end of 2016 and 2015:

	Thousand euros		**% change**
	2016	**2015**	
Long-term bank loans	610,002	668,030	-8.69%
Short-term bank loans	1,155	33,573	-96.56%

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

Underlying ISIN	**Financial instrument**	**Maturity date**	**Nominal amount (€)**	**Hedge instrument**
ES0224261018	CORES 4.50% Bond (23/04/08)	23/04/2018	500,000,000	Fixed/Floating IRS
ES0224261042	CORES 1.50% Bond (27/11/15)	27/11/2022	350,000,000	None

ES0224261034	CORES 2.50% Bond (16/10/14)	16/10/2024	250,000,000	Fixed/Floating IRS

The Corporation has entered into interest rate swaps in respect of all the aforementioned bond issues except for the issue completed in November 2015 and due in November 2022. The notional principal amounts of the interest rate swaps outstanding at 31 December 2016 amount to €750,000 thousand whereas in 2015 amounted to €1,100,000 thousand.

In the context of the bond issue that took place in 2008, the Corporation entered into three interest rate swaps with three different financial entities pursuant to which the Corporation pays a floating interest rate of 3-month Euribor + 0.244% in each of them. Additionally, in the context of the bond issue that took place in 2014, the Corporation obtained two interest rate swaps pursuant to which the Corporation pays a floating interest rate of 3-month Euribor + 1.540% and 1.550%, respectively. The economic effect of these interest rate swaps is to convert borrowings at fixed rates into floating-rate borrowings (fair value hedges). The effective portion of the changes in fair value of the fair-value hedging derivatives and the changes in fair value of the hedged liabilities amounted to €3,969 thousand in 2016 and €2,222 thousand in 2015, which were recognised in the statements of profit or loss for those financial years.

Any increase in prevailing interest rates would therefore result in a corresponding increase of CORES' financial expenses. For this reason, and following a prudent approach, CORES' annual budget (See *Budget and fees* on Section 5 of this Base Prospectus) includes some headroom in the amount of budgeted financial expenses to cater for a potential escalation in the interest rates that covers such eventual increase in financial expenses, to adjust the income through the fees collected, without prejudice to other mechanisms that could eventually be available to repay or refinance the debt.

It should be noted that Article 25 of Royal Decree 1716/2004 provides that, on an exceptional basis, when proper compliance with the Corporation's purpose so requires and in order to guarantee its financial solvency at all times, extraordinary fees may be levied on CORES' members. However, thanks to CORES' prudent approach in the preparation of its annual budget it has not been necessary to implement such measures ever.

Counterparty risk

Counterparty or credit risk derives from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as members and other entities legally obliged to pay fees, including outstanding receivables and transaction commitments. The Issuer only operates with top tier banks and financial institutions that are of recognized solvency. As for CORES members, this risk is mitigated by the fact that the fees are invoiced and collected on a monthly basis. As discussed under *Risks of payment default of the leading market operators*, the level of defaults on payment is not relevant and therefore at the end of 2016 the amount of outstanding receivables was not significant.

Liquidity risk

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

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

From time to time, CORES may need to raise further debt to, among other things, finance the acquisition of strategic stocks and enable it to refinance its existing indebtedness.

Despite the fact that CORES may exceptionally request the MINETAD to approve extraordinary fees to be paid by CORES' members or sell its existing stock surplus there can be no complete assurance that CORES will be able to raise future debt on terms that are satisfactory to it, or at all, and this may have an adverse effect on the Issuer's activity and results of operations.

Credit rating risk

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

As of the date of this Base Prospectus, the Kingdom of Spain and the Issuer's rating according to the Rating Agencies shown below is as follows:

Rating Agency	**Kingdom of Spain**	**CORES**	
	Long Term	**Rating**	**Outlook**
Fitch (26 July 2017)	BBB+	BBB+	Positive
Standard & Poor's (14 July 2017)	BBB+	BBB+	Positive

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

RISK FACTORS RELATING TO THE NOTES

General risks applicable to the Notes

Risks related to the structure of a particular Tranche of Notes

(i) Notes subject to optional redemption by the Issuer

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

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate comparable to the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

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

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

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

Risks Relating to the Insolvency Act

The Insolvency Act, which came into force on 1 September 2004, supersedes all pre-existing Spanish provisions which regulated bankruptcy, insolvency (including suspension of payments) and any

process affecting creditors' rights generally, including the ranking of credits.

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

Syndicate of Noteholders' meetings

A Syndicate of Noteholders may be established for any issue of Notes under the Programme. Accordingly, meetings of the relevant syndicate may be held in order to resolve matters relating to the Noteholders' interests. Spanish law and the regulations governing the corresponding Syndicate of Noteholders allow designated majorities to bind all Noteholders, including those who have not participated in or voted at the actual meeting or who have voted against the relevant resolution, to decisions that have been taken at a duly convened and conducted Noteholders' meeting.

Clearing and settlement

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

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

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

Legal investment considerations may restrict certain investments

Investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital requirements or similar rules.

Risk related to the maximum legal limit for debt issues under Act 5/2015

In accordance with Act 5/2015, of 27 April, the aggregate outstanding amount of CORES' debt issues, including those that may be issued under the Programme, must not exceed the value of CORES' assets. This limit is tested at the occasion of every new issue of debt securities by the Corporation. As of the date of this Prospectus, CORES has three note issues in circulation for an aggregate amount of €1,100 million: one for €500 million (due April 2018), one for €350 million (due November 2022), and another for €250 million (due October 2024).

Consequently, if the aggregate nominal amount of debt securities issued by CORES and outstanding at any one time, together with the aggregate nominal amount of new debt securities that the Corporation proposes to issue at any time, exceeded the maximum legal limit, CORES would only be able to issue such new debt securities in such amount as, taken together with the outstanding nominal amount of its existing debt securities, does not exceed the value of its assets.

In the event that CORES was close to reach its maximum legal limit for the issuance of debt securities at any point in time, its capacity to access the debt capital markets at that time to obtain financing would be restricted accordingly. In such scenario, CORES may need to rely on other sources of financing, including bank loans, to fund its operations, purchase its stocks and refinance its financial liabilities as they fall due, which may only be available at less advantageous conditions, including term and cost, than those achievable in the debt capital markets.

Market risks

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

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

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

Pursuant to the Terms and Conditions, and unless otherwise stated in the applicable Final Terms, the Issuer shall apply for registration of the Notes with Iberclear as the managing entity of the Spanish Central Registry and for admission to listing and trading on AIAF and/or other European regulated markets. However, there can be no assurance that the Notes will be approved for admission to trading. A failure to obtain such listing may have a negative impact on the market value of the Notes. Even if admission to listing on AIAF, and/or other European regulated markets, is obtained, there can be no assurance that an active secondary market on the Notes will develop following such admission. In addition, CORES will not engage any entity to create a market on the Notes or otherwise provide them with liquidity and, thus, there is no assurance that there will be an active and liquid secondary market for the Notes.

Secondary market liquidity and price fluctuation

The liquidity and trading price of the Notes may vary substantially as a result of numerous factors, including general market movements and changes to interest rates, irrespective of the Issuer's operating and financial performance. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

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

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

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

The Issuer will pay principal and interest on the Notes in the specified currency of the issue. This

presents certain risks relating to currency translations if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the specified currency of the issue of the related Notes. These include the risk that exchange rates may significantly change (including changes due to devaluation of the specified currency of the issue or revaluation of the Investor's Currency). An appreciation in the value of the Investor's Currency relative to the specified currency of the issue would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

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

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

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

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

2. DECLARATION OF RESPONSIBILITY

Ms. Carmen Gómez de Barreda Tous de Monsalve, in her capacity as General Manager (*Directora General*) of CORES, accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. Ms. Carmen Gómez de Barreda Tous de Monsalve declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

3. PRESENTATION OF FINANCIAL INFORMATION

The Issuer's audited financial statements (i) as of and for the year ended 31 December 2016 and (ii) as of and for the year ended 31 December 2015, which have been audited by Deloitte, S.L. and PricewaterhouseCoopers Auditores, S.L., respectively, who have issued unqualified opinions for both sets of financial statements, in each case prepared in the Spanish language and in accordance with the Spanish Accounting Plan approved by Royal Decree 1514/2007, of 16 November, and the amendments thereto introduced by Royal Decree 602/2016, of 2 December ("**Spanish GAAP**"), and their accompanying management reports (the "**Audited Financial Statements**"), are incorporated by reference to this Base Prospectus.

The Audited Financial Statements incorporated by reference into this prospectus can be consulted during the term of validity of the Base Prospectus at the website of CORES (www.cores.es) and at the registered office of CORES in Paseo de la Castellana, 79, Planta 7, 28046 Madrid. In addition, the Audited Financial Statements (in Spanish) and their English translations were submitted to the CNMV and are available for inspection at the offices of CNMV in Madrid (Calle Edison, 4, 28006 Madrid) and Barcelona (Passeig de Gràcia, 19, 08007 Barcelona). In the event of a discrepancy between the Audited Financial Statements (in Spanish) and their English version, the Audited Financial Statements shall prevail.

4. OVERVIEW OF THE PROGRAMME

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

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

Issuer	Corporación de Reservas Estratégicas de Productos Petrolíferos
Description	EMTN (the **Programme**)
Final Terms	Notes issued under the Programme may be issued pursuant to this Base Prospectus and associated Final Terms. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as completed to the extent described in the relevant Final Terms.
Size	Up to €1,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding under the Programme at any one time in accordance with the threshold amount authorised by CORES' Board of Directors' resolution passed on 18 May 2017 and as may be specified in the relevant Final Terms. In accordance with Act 5/2015, of 27 April, the aggregate outstanding amount of CORES' debt issues, including those that may be issued under the Programme, must not exceed the value of CORES' assets.
Issuance in Series	Notes issued under the Programme are issued in series (each a **Series**) and each Series may comprise one or more tranches (each a **Tranche**) of Notes. Each Tranche is the subject of Final Terms (the **Final Terms**) which complete the Terms and Conditions.
Currency/ies	Euro or any other specified currency.
Maturities	Any maturity up to 30 years after the Issue Date, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Specified Denomination	Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Notes may not have a minimum denomination of less than €100,000 (or its equivalent amount in another currency).
Method of Issue	The Notes will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). The Notes may be issued in Tranches on a continuous basis with no minimum issue size, subject to compliance with all applicable laws, regulations and directives. Further Notes may be issued as part of an existing Series.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, the European Economic Area and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes.
Form of Notes	The Notes will be issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*).
Registration, clearing and settlement	The Notes will be registered with the Spanish *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal* (**Iberclear**) as managing entity of the central registry of the Spanish clearance and settlement system (the **Spanish Central Registry**) with its corresponding address at Plaza de la Lealtad, 1, 28014, Madrid, Spain.

	Holders of the Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may hold the Notes through bridge accounts maintained by each of Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme, Luxembourg (**Clearstream Luxembourg**) with direct participants in Iberclear.
Title and transfer	Title to the Notes will be evidenced by book-entries and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participants (*entidades participantes*) in Iberclear (the **Iberclear Members**) as being the holder of the Notes shall be considered the holder of the principal amount of the Notes recorded therein. The **Holder** of a Note means the person in whose name such Note is for the time being registered in the Spanish Central Registry managed by Iberclear or, as the case may be, the relevant Iberclear Member accounting book and **Noteholder** shall be construed accordingly. The Notes are issued without any restrictions on their free transferability. Consequently, the Notes may be transferred and title to the Notes may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant Iberclear Member) upon registration in the relevant registry of each Iberclear Member and / or Iberclear itself, as applicable. Each Holder will be treated as the legitimate owner (*titular legítimo*) of the relevant Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of any certificate issued in respect thereof) and no person will be liable for so treating the Holder.
Issue Price	Notes may be issued at their principal amount or at a discount or premium to their principal amount.
Interest	Notes may be interest-bearing. Interest may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Fixed Rate Notes	Interest on Fixed Rate Notes will be payable in arrears on the date or dates in each year specified in the relevant Final Terms. The Issuer will ensure that such rate is not negative.
Floating Rate Notes	Floating Rate Notes will bear interest set separately for each Series by reference to EURIBOR or LIBOR as adjusted for any applicable margin as specified in the applicable Final Terms. In any case, the Rate of Interest determined for any Interest Accrual Period according to either ISDA Determination or Screen Rate Determination shall be subject to a floor of zero to ensure that the Rate of Interest on any Interest Accrual Period for Floating Rate Notes is not negative.
Zero Coupon Notes	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest.
Changes of Interest Basis	If Changes of Interest Basis applies it shall be specified in the relevant Final Terms.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Listing and admission to trading	Unless another European regulated market is stated in the applicable Final Terms, the Issuer undertakes to make or cause to be made an application on its behalf for the Notes to be admitted to listing and admitted to trading on AIAF within 30 days after the Issue Date.
Status of the Notes	The Notes constitute (subject to the provisions of the Final Terms) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all time rank *pari passu* and without any preference among themselves except for any applicable legal and statutory exceptions. Upon insolvency of the Issuer, the obligations of the Issuer under the Notes shall (except for any applicable legal and statutory exceptions) at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer (unless they qualify as subordinated claims pursuant to article 92 of the consolidated

	version of Act 22/2003 (*Ley Concursal*) dated 9 July 2003 (the **Insolvency Act**) or equivalent legal provisions which replace it in the future).
Payments	Payments in respect of the Notes (in terms of both principal and interest) will be made by transfer to the registered account of the relevant Holder maintained by or on behalf of it with a bank that processes payments in a city in which banks have access to the TARGET2 System, details of which appear in the records of Iberclear or, as the case may be, the relevant Iberclear Member at close of business on the day immediately preceding the Payment Day on which the payment of principal or interest, as the case may be, falls due. Holders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the relevant Notes. None of the Issuer or the Paying Agent or, if applicable, any arrangers, underwriters, distributors or co-ordinators will have any responsibility or liability for the records relating to payments made in respect of the Notes.
Redemption and purchase	
Redemption at maturity	Unless previously redeemed or purchased and cancelled, the Notes shall be redeemed in euro, or any other specified currency, at their Redemption Amount on the Maturity Date. In any case, Notes shall not be redeemed below par.
Purchases	The Issuer may at any time purchase the Notes at any price in the open market or otherwise. The Notes may be held, resold or, at the option of the Issuer, redeemed and cancelled.
Cancellation	All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled cannot be resold.
Optional Redemption	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.
Rating	The Issuer has been rated BBB+ by both Fitch and S&P. Each of Fitch and S&P is established in the European Union and is registered under the CRA Regulation. As such each of Fitch and S&P are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, its credit rating may not necessarily be the same as the credit rating applicable to the Issuer. The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit ratings agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
Prescription	Claims against the Issuer for payment in respect of the Notes will become void unless made within a period of 5 years (in case of both claims related to the principal amount and the accrued interests) after the Relevant Date and thereafter any principal or interest payable in respect of such Note will be forfeited and will revert to the Issuer, as defined in Condition 4 (*Interest*).
Events of default	If any one or more of the following events (each an Event of Default) has occurred and is continuing: (A) Non-payment; or (B) Winding up; then (i) the Commissioner may, acting upon a resolution of the Syndicate of Noteholders, in respect of all the Notes, or (ii) in the event of (a) a Syndicate of Noteholders not having being established for the issue or (b) there being a Syndicate of Noteholders, provided no resolution to the contrary has been passed by the Syndicate of Noteholders (which resolution shall be binding on all Noteholders), any Noteholder in respect of the Notes held by such Noteholder may formally request that the Issuer cure such Event of Default and following 30 Business Days since the aforementioned request without the

	Issuer having cured such Event of Default, declare such Notes due and payable whereupon the Notes shall become immediately due and payable at their principal amount, together with accrued interest, without further formality.
Syndicate of Noteholders and modification	In accordance with the provisions of articles 403 and 419 *et seq.* of the restated text of the Spanish Capital Companies Act approved by Royal Legislative Decree 1/2010, of July 2 (*texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio*) and article 42 of the restated text of the Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, of October 23 (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) (**LMV**) the Issuer, upon the issue of the Notes under this Programme, may decide to create a Syndicate of Noteholders and appoint a Commissioner. The creation of the Syndicate of Noteholders and the appointment of a Commissioner shall be set forth in the relevant Final Terms of each issue. In the event that such Final Terms provide for the creation of a Syndicate of Noteholders and the appointment of a Commissioner, the Noteholders shall meet in accordance with the regulations governing the Syndicate of Noteholders (the **Regulations**). The Regulations contain the rules governing the functioning of the Syndicate and the rules governing its relationship with the Issuer.
Notices	So long as the Notes are listed on AIAF, notices to the Noteholders will be published in the official bulletin of AIAF (*Boletín Diario de AIAF Mercado de Renta Fija*) and, where applicable, through the filing by the Issuer of a price-sensitive information notice (*comunicación de hecho relevante*) with the CNMV. Any such notice will be deemed to have been given on the date of the first publication. In addition, so long as the Notes are represented by book-entries, all notices to Noteholders shall be made through Iberclear for on-transmission to their respective accountholders.
Further issues	The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions in all respects as the outstanding Notes or the same in all respects except for the date of the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding Notes.
Governing law and submission to jurisdiction	
Governing law	The Notes and any non-contractual obligations arising out of or in connection with them are, subject as provided below, governed by, and shall be construed in accordance with Spanish law.
Submission to jurisdiction	The courts of the city of Madrid, Spain are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes.

5. DESCRIPTION OF THE ISSUER

History and development of the Issuer

History and legal status

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

CORES was created by virtue of Royal Decree 2111/1994, of 28 October 1994 and started its operations on 6 July 1995 when the first General Assembly took place, it is a non-profit Public-law Corporation subject to the oversight of the State General Administration, exercised through the MINETAD. It is a separate legal entity, operating under private law. Its main purpose is contributing to ensuring the security of the hydrocarbon supply in Spain through stockholding of oil products and control of the stocks held by the industry with regard to oil products, liquefied petroleum gases ("**LPG**") and natural gas and its management structure includes representatives of the government as well as the oil and natural gas sectors.

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

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

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

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

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

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

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

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

(i) Act 34/1998, of 7 October, on the Hydrocarbon Sector, as amended (including by means of Act 8/2015, of 21 May);

(ii) Royal Decree 1716/2004, of 23 July, which regulates the obligation to maintain minimum security stocks, the diversification of the natural gas supply and the *Corporación de Reservas Estratégicas de Productos Petrolíferos*, as amended (including by means of Royal Decree 984/2015 of 30 October);

(iii) Act 3/2013, of 4 June, on the creation of the National Commission of Markets and Competition;

(iv) Royal Decree 61/2006, of 31 January, which sets specifications for gasoline, diesel fuel, fuel oil and liquid petroleum gases and regulates the use of certain biofuels;

(v) Order ITC/3283/2005, of 11 October 2005, approving the regulations related to the information duties of the entities obliged to maintain minimum security stocks of petroleum products including liquid petroleum gases and natural gas, as well as the *Corporación de Reservas Estratégicas de Productos Petrolíferos*' inspection authority;

(vi) Ruling of the General Directorate of Energy Policy and Mines of 29/05/2007, approving the new official forms for submitting information to the General Directorate of Energy Policy and Mines, the National Energy Commission and CORES;

(vii) Directive 2009/119/EC of the Council, of 14 September 2009, imposing an obligation on member states to maintain minimum stocks of crude oil and/or petroleum products (Directive 73/238/EEC, Directive 2006/67/EC and Decision 68/416/EEC were repealed as of 31 December 2012); and

(viii) Agreement on an International Energy Programme, signed in Paris on 18 November 1974.

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

The year 2015 was particularly relevant to CORES in terms of its regulatory functions given that its legal system was modified through Act 8/2015, of 21 May, amending Act 34/1998, of 7 October, to provide the Corporation the possibility of maintaining part of the strategic natural gas stocks in addition to the stocks of oil products that it has traditionally held since its creation. Although Act 8/2015 provides a guideline to the establishment of a new shared regime for natural gas security holdings, it does not set out CORES' corresponding obligations. Until the regulations determining such obligations are developed and enter into force, the duty of holding security stocks of natural gas continues to fall entirely on the industry's obliged entities.

Royal Decree 984/2015 implemented the aforementioned legal amendment regulating the organised market for gas and third-party access to natural gas system facilities and envisaging the role of CORES in the natural gas system. Furthermore, such Royal Decree introduced other important amendments to Royal Decree 1716/2004, regulating the Corporation. Similarly to Act 8/2015, the aforementioned Royal Decree does not establish CORES' obligations to maintain strategic stockholdings of natural gas. Instead, Royal Decree 984/2015 is limited to providing an instrumental guidance which will allow CORES to comply with the gas stockholding obligations, once such duties are established by the relevant legal provisions:

(i) Article 3 of Royal Decree 984/2015 grants CORES the right to access the gas system's facilities inasmuch as access is necessary for satisfying its future natural gas strategic stockholding obligations;

(ii) Article 17 of Royal Decree 984/2015 recognises CORES' capacity to act in the organised market for gas. As such, CORES qualifies as an authorised person (*sujeto habilitado*) and agent of said market; and

(iii) Article 32 of Royal Decree 984/2015 enables CORES' to attend to -with no voting rights- the Agent's Committee acting as the advisory body of the organised market for gas.

Moreover, in light of the sustained decline in fuel consumption in recent years resulting in CORES holding a significant surplus of reserves above its strategic stockholding obligation, the Third Additional Provision of Royal Decree 984/2015 was enacted. Although it did not modify Royal Decree 1716/2004, which sets forth CORES' legal framework and, amongst other, its recurrent obligations, the Third Additional Provision of Royal Decree 984/2015 imposed on CORES a one-off obligation to submit to the MINETAD, within six months from the entry into force of Royal Decree

984/2015, a plan for the disposal of its strategic stockholding surplus and the reduction of its current storage capacity to adapt it to the legally required volumes. It is important to highlight that this obligation refers exclusively to the submission of the Stock Sales Plan (as explained in more detail subsequently (See Section "*Description of the Issuer- Stock Sales Plan*")). It does not encompass the sale of any other stock carried out by CORES whenever deemed appropriate which proceeds are to be used to repay its outstanding indebtedness, pursuant to article 29 of Royal Decree 1716/2004.

Additionally, the Second Final Provision of Royal Decree 984/2015 modifies Royal Decree 1716/2004 mainly in connection to CORES' -as well as the legally obliged entities (described below)- stockholding obligations, including the duties in connection with the international stockholding of reserves for the benefit of the obliged entities, Member States, IEA members that are not Member States, if applicable, their Central Stockholding Entities, or other agencies and authorities, provided certain conditions are met.

Place of registration of the Issuer, registration number and LEI

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

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

Telephone: (+34) 91 360 09 10

Telefax: (+34) 91 420 39 45

The Legal Entity Identifier (LEI) number of CORES is 95980020140005325962.

CORES' members

All Spanish wholesale oil and LPG product operators as well as natural gas shippers are automatically subject to compulsory CORES membership starting from the date they submit the corresponding Statement of Compliance to the MINETAD, indicating the initiation of their activity. CORES maintains a regularly updated list of all its members on its webpage (www.cores.es).

Consequently, as of date of this Base Prospectus, CORES' members can be grouped into the following sectorial categories:

(i) 139 operators authorised to distribute petroleum products on a wholesale basis.

(ii) 10 authorised wholesale LPG operators.

(iii) 161 natural gas shippers.

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

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

Accordingly, the entities obliged to maintain minimum security stocks assume the following legal duties as of the date of commencement of their activity as indicated in the Statement of Compliance approved by the MINETAD:

(i) Obligation to maintain minimum stocks.

(ii) Obligation to pay the corresponding fee to CORES.

(iii) Obligation to submit certain periodic information to CORES.

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

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

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

Business overview

Main activities of the Issuer

The activities performed by CORES, according to the current language of Act 34/1998 and defined in article 23 of Royal Decree 1716/2004, are focused on contributing to securing the supply of hydrocarbon products and serving as the trusted reference source of information in the sector.

Likewise, in accordance with the reform of Act 34/1998, on the hydrocarbon industry, adopted through Royal Decree-Act 15/2013, of 13 December, CORES was designated as the "Central Stockholding Entity" in Spain, with the features and subject to the legal regulation resulting from such designation pursuant to article 7 of Council Directive 2009/119/EC of 14 September 2009, which imposes on Member States the duty to maintain minimum stocks of crude oil and/or petroleum products.

(A) Security of national hydrocarbon supply

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

Spain has a mixed stockholding system in which responsibility for holding hydrocarbon stocks is shared between CORES and the industry where CORES' core activity is to build up, maintain and manage strategic stocks of crude oil and oil products. Additionally, as previously mentioned, pursuant to Act 8/2015 and Royal Decree 984/2015, such mixed stockholding system may be extended to the stockholding of natural gas in a manner yet to be determined by regulation.

Petroleum products (except LPG)

The obligation to maintain minimum security stocks of petroleum products (emergency stocks) in Spain currently results in that stocks equivalent to 92 days of eligible sales or consumption during the previous calendar year must be maintained at all times.

Of these total mandatory 92 days, CORES holds 42 days (strategic stocks) for the benefit of every obliged party while the obliged party holds the remaining 50 days (industry reserves). The stock surplus of the strategic stocks owned by CORES, if any, above the Corporation's 42-day obligation may be allocated by CORES on an individual basis for the benefit of the obliged parties that request CORES to hold an additional volume of coverage up to a maximum volume equivalent to the whole of their stock obligation, according to Royal Decree 1716/2004, as explained below.

Therefore, pursuant to article 14 of Royal Decree 1716/2004, as amended by Royal Decree 984/2015, CORES maintains for the benefit of all the obliged parties a minimum legal obligation of 42 days, in the three groups of petroleum products, namely (i) motor car and aviation gasoline, (ii) automotive diesel oils, other diesel oils, aviation kerosene and other kerosene; and (iii) fuel oils, while the remainder (up to a maximum of 50 days) is to be kept by the obliged party.

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

The system for the maintenance of strategic stocks established by Royal Decree 1716/2004, as amended by Royal Decree 984/2015, sets forth the 42 days of stocks that CORES must maintain by law as a minimum threshold. Consequently, CORES may maintain up to 100% of the stockholding obligations of the obliged parties upon their request. Should CORES be unable to meet such requests because of a lack of storage capacity or insufficient stocks, article 14 of Royal Decree 984/2015 defines the applicable criteria for allocating such requests amongst the obliged entities. The priority of the requests is based on the nature of the obliged entity. On the other hand, if CORES maintains stockholding capacity after meeting all the aforementioned requests to maintain additional stockholdings from the obliged entities, it may meet the requests made by other Member States, their Central Stockholding Entities, for certain periods of time, even if no intergovernmental agreements are in place to maintain minimum security stocks (see *International Stockholding* below), or IEA members that are not Member States. For the latter, relevant intergovernmental agreement is required.

CORES will establish the appropriate deadlines and conditions applicable to the receipt of the obliged entities' requests for the holding by CORES of additional stockholdings.

As of today, all of the reserves held by CORES are owned by CORES, in spite of the legal capacity of CORES to hold part of the strategic reserves under a lease scheme.

In any case, CORES shall ensure that at least a third of its total strategic reserves are maintained as petroleum products as long as the crude oil of the consumed quantity amounts represent, at least, 75% of domestic consumption.

As at 31 December 2016, CORES had stocks equivalent to 7,546,548 m³ of crude oil and petroleum products (representing a 6.71% decline from its stocks as at 31 December 2015 that amounted to 8,089,306 m³). Of such net 542,758 m^3 decline in strategic reserves compared with 2015, 32,625 m^3 where attributable to the decrease in gasolines, and 524,459 m^3 correspond to the reduction in crude oils, while the volume of stocks in medium distillates increased by 14,326 m^3. In the case of gasolines, the net decrease was the result of the reduction in volume due to the decision taken by the Board of Directors of CORES not to replace any product losses (733 m^3), the sale of certain volumes of gasoline (39,730 m^3), partially offset by the increase in volume due to the exchange of crude oil for gasoline (7,838 m^3). As regards crude oil, the net decrease was the result of the non-replacement of product losses (3,410 m^3), coupled with two product sale transactions (477,809 m^3) and an exchange of crude oil for other products (43,240 m^3). Finally, concerning medium distillates, the net increase was due to a rise in volume as a result of the exchange of crude oil for medium distillates (18,616 m^3), which outweighed the fall associated with the non-replacement of product losses (4,290 m^3).

Accordingly, the number of days which the stocks maintained by the Corporation represented as at the end of 2016 was 49.7 days, which represents a decrease of 5.4 days compared to 31 December 2015.

Finally and in accordance with the above, the budget for 2017 does not contemplate the purchase of reserves, since the stocks physically held by the Corporation exceed the minimum compulsory levels (42 days for each obliged party).

Liquid Petroleum Gases (LPG)

The obligation to maintain minimum security stocks (emergency stocks) of LPG in Spain currently results in that stocks equivalent to 20 days of eligible sales or consumption must be maintained at all times. These stocks are wholly held by the obliged entities, since the law does not provide for the existence of strategic reserves of LPG.

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

Natural gas

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

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

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

The obligation to maintain minimum security stocks of natural gas in Spain currently results in that stocks equivalent to 20 days of the previous calendar year's confirmed sales or consumption must be maintained at all times. These stocks must be wholly maintained by the obliged entities.

Nevertheless, this regime is set to be modified. As previously mentioned, Act 8/2015 and Royal Decree 984/2015 seek to extend the mixed stockholding system that, as of today, is only established for petroleum products (excluding LPG) to the strategic stockholding of natural gas. However, although those regulations lay down the guidelines and set forth several instrumental provisions for the establishment of a new shared regime for natural gas security holdings, they nevertheless do not address CORES' corresponding obligations. Therefore, until such regulations are developed and enter into force, the duty of holding natural gas security stocks continues to fall entirely on the industry's obliged entities and CORES, as of today, does not store strategic stocks of natural gas.

International stockholding

Spanish and European Union regulations establish the possibility of maintaining reserves in other Member States of the Union.

In fact, this possibility is promoted in Directive 2009/119/EC, because it allows reserves to be stored in any Member State of the European Union. In accordance with Spanish law, there must first be a bilateral agreement in place in order to allow Spanish nationals to maintain minimum security stocks abroad.

The legal limitations and requirements in the case of other countries maintaining reserves in Spain are those established in the regulations of those countries, as well as those established in the bilateral agreement formalised for these purposes between Spain and such other countries. Should no bilateral agreement be formalised, an authorisation from both the home Member State authority and MINETAD would be required.

In the case of countries that are members of the IEA but are not EU Member States seeking to maintain security stocks in Spain, under current regulations, the existence of a bilateral agreement entered into between both states is a prior condition to the security stockholding.

Spain currently has bilateral agreements with France, Ireland, Italy and Portugal and unilateral agreements with New Zealand and Malta. As of today, CORES does not maintain any stocks abroad nor does CORES maintain stocks for the central stockholding entities of other states.

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

(a) Identification, verification, accounting and control of reserves defined in Act 34/1998 and developing regulations hereof, including commercial reserves, with the obligation to inform the MINETAD, at least on a monthly basis, of the level of reserves held by any obliged party and economic operator.

(b) Establishing a detailed and permanently updated registry of all emergency reserves held, excluding, as the case may be, specific reserves. The registry must include, in particular, the necessary details to pinpoint the depot, refinery or storage facility in which the corresponding reserves are located and the amount, the owner and the nature thereof based on the categories defined by mandatory European Union regulations that may be applicable from time to time. Such details must be kept for a five-year period.

The MINETAD may at any time request the Corporation to provide it with such registry, which must be delivered by CORES to the MINETAD within 10 days from receipt of the request.

Prior to 31 January of each year, CORES must send the MINETAD a summary of the registry, indicating, at a minimum, the amounts and the nature of the emergency reserves included in the registry on the last day of the preceding calendar year.

(c) Publishing, on a permanent basis, complete information classified by product categories, concerning the volumes of stocks that the Corporation can guarantee to maintain vis-à-vis the obliged parties, other economic operators or central stockholding entities. Likewise, it shall publish, prior to 31 May of each year, the terms on which it will offer reserve maintenance services on behalf of the obliged parties.

(d) Acquiring or selling, on an exclusive basis, the specific reserves that, as the case may be, may be set pursuant to the mandate of the MINETAD.

(e) Build-up, maintenance and management of reserves in favour of economic operators or obliged parties in the terms set forth under applicable regulations. Freely available reserves pursuant to lease agreements may not be assigned or leased to third parties in any way.

(f) Calculation and verification of total petroleum equivalent reserves and product quantities held by the Kingdom of Spain on a permanent basis, calculated both as a number of days of average daily net imports and as a number of days of average daily internal consumption corresponding to the year of reference in accordance with European regulations and the obligations resulting from any International Treaties to which the Kingdom of Spain is a party.

Likewise, CORES must provide the MINETAD with any statistical lists relating to hydrocarbons as may be required under applicable regulations.

(g) Proposal to the MINETAD of any actions and measures leading to the implementation and update of obligations concerning security of supply in the hydrocarbon market in accordance with the international commitments assumed by the Kingdom of Spain.

(h) Cooperating with the various public authorities for the purpose of providing information and advice and for performing any other activity regarding aspects included within the scope of its faculties in the hydrocarbon industry including, in particular, a review of Spain's degree of preparation and storage of emergency stocks.

(i) Duties concerning the security of supply in the hydrocarbon sector entrusted to CORES by the MINETAD.

(B) Leading national information resource for the hydrocarbon sector

In relation to the specific duties mentioned in paragraph (A), CORES is the trusted reference information source for the hydrocarbon sector in Spain and provides official statistics to different organisations, contributing official data to various chapters of the National Statistics Plan. Both this activity and its duties regarding the control of the diversification of natural gas shippers (*comercializadores*) are distinctive of CORES vis-à.-vis those performed by other European stockholding entities similar to it.

As a result, CORES regularly updates its website with various statistics, publications and reports, making CORES a benchmark for sector information in Spain.

Moreover, CORES provides advisory services, collaborating with various government and administrations offices to provide statistical information and advice.

(C) Benchmark player in the sector

Finally, throughout its more than two decades of existence, CORES has positioned itself as an active player in the hydrocarbon sector, providing technical support to the MINETAD, regularly participating in various forums and work groups at both national and international levels, and contributing to promote the image of Spain as a model of efficiency and security of energy supply.

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

CORES' economic regime

Acquisition and maintenance of strategic stocks

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

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

(i) Acquisition through purchase or exchange of the necessary stocks under market conditions.
(ii) Lease of stocks from operators at market prices and under market conditions, up to a maximum of 50% of the total strategic stocks. It must be noted though that CORES has never leased stocks to cover strategic reserves.

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

In practice, CORES makes public calls for tender among its members (the only companies in Spain authorised for the wholesale distribution of petroleum products) to request bids whenever it makes any purchase or sell of strategic reserves (or generally any transaction relating to strategic reserves). A certain volume of the product, the location and the delivery date are requested in the offer and the reference price set is that of the international markets. Upon their receipt, offers are analysed and tabulated by the Corporation's technical departments and the bid deemed most appropriate is proposed to the Board of Directors by CORES' management, without offering any details on the others to avoid possible conflicts of interest. The contracts are subsequently executed, the products delivered and payments made. Payments are euro-denominated to avoid exchange-rate risk and are financed through loans and issues of debt.

CORES may also execute purchase or lease contracts to obtain the necessary storage capacity for the maintenance of strategic stocks, which is also performed by means of public calls for tender among its

members that own hydrocarbon storage facilities in Spain, and other logistics businesses that are not members of the Corporation. In accordance with the provisions of applicable regulations, the members of the Corporation should, if appropriate, sell or lease storage capacity to the Corporation.

When the Corporation requires storage capacity, it requests offers from warehouse owners established in Spain. Through the Board of Directors' resolution, contracts are executed for a term consistent with the Corporation's requirements from time to time and, in general, the costs related to the maintenance of the quality of the products, seasonality (winter-summer rotation) and insurance are included in the storage price. CORES is currently a party in 34 lease contracts of storage capacity for terms that range between 4 and 23 years, which mature between 2017 and 2029, with leases for 28.7% of the Corporation's total storage capacity maturing between 2017 and 2018. The total expenditure associated with the rental of storage capacity amounted to €133,725 thousand and €135,369 thousand in 2016 and 2015, respectively.

Purchase, sale and lease transactions on strategic reserves as well as those related to their storage will be governed by master agreements in the form approved by the MINETAD.

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

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

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

Sale or exchange of stocks

The Issuer may sell or exchange the surplus stocks exceeding the compulsory level (if any), with the prior resolution of the Board of Directors, provided that such sale or transfer is made at a price or value equivalent to the average weighted acquisition cost or at market price, if the latter is higher. Additionally, an authorisation of the MINETAD will be mandatory if (i) the sale price or value of the exchanged products is lower than its weighted acquisition cost or (ii) the stock sold or exchanged does not qualify as surplus.

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

It must be noted that Article 29 of Royal Decree 1716/2004 states that any profits deriving from the sale or swap of strategic stocks must be first applied to the repayment of the Corporation's liabilities.

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

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

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

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

Financing

To finance CORES' activity, which is primarily the acquisition and maintenance of strategic stocks, financial costs as well as other overhead expenses, CORES relies on the following financial resources:

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

In addition to these resources, and as previously mentioned, CORES can sell or trade any stock in excess of its obligatory stockholding if approved by the Board of Directors, provided that the sale or trade is carried out at a price or value equal to the average weighted acquisition cost, or at the market price, if higher.

It must be noted that Article 29 of Royal Decree 1716/2004 sets forth that no profit deriving from the sale or swap of strategic stocks carried out as provided in Article 36 can be distributed among members and it must first be applied to the repayment of the Corporation's liabilities.

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

Consequently, CORES' financial objectives are as follows: (i) raising funds to acquire strategic reserves at a cost within the range of comparable entities; (ii) financing stocks with medium and long-term debt; and (iii) use of diversified financing sources, permitting flexibility to adapt to its needs.

(i) Financing of operations:

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

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

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

Accordingly, the provisions of Royal Decree 1716/2004 establish that the holding of strategic stocks, as well as the other activities of CORES, must be financed by the obliged parties listed in article 7 (operators, distributors and consumers of liquid hydrocarbons) of the Royal Decree through monthly payments based on their sales or consumption.

Additionally, to finance the Issuer's expenses for activities relating to LPG and natural gas, an annual fee is established for the obliged parties defined in article 8 (operators, distributors and consumers of LPG) and article 15 (shippers and consumers of natural gas) of Royal Decree 1716/2004, based on their market share.

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

Finally, in order to ensure CORES' financial solvency at all times, the possibility of levying extraordinary fees on members and other legally obliged entities when needed also exists. These extraordinary fees are established by Order of the MINETAD upon proposal by CORES.

(ii) Asset financing

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

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

In order to meet its financial obligations, the Spanish laws require that CORES' income derived from the sale of strategic reserves must first be applied to the payment of the Issuer's liabilities and, in the case of losses as a result of the activities of the Corporation, the Board of Directors may resort to the fees of the members and other obliged parties to repay the liabilities.

The legal framework also reinforces CORES' financial solvency since it is mandatory for stocks to be accounted for at the average acquisition price. In this way, for accounting purposes, CORES is not affected by variations in market prices.

As of December 2016, the market value of CORES' stock was 1.6 times its average purchase price (See *Comparison between the acquisition cost and the market value of strategic reserves* in this Section).

On 27 November 2015, in order to refinance CORES' third bond issue in 2013, the Issuer issued a new 7-year bond issue in the amount of €350 million and due November 2022. As of today, CORES has two additional outstanding bond issues of €250 million (due October 2024) and €500 million (due April 2018).

As of December 2016, CORES bank loans amounted to €611,157 thousand (of which €610,002 thousand correspond to non-current bank loans and €1,155 thousand correspond to current bank loans).

These loan agreements entered into by CORES include market standard covenants and CORES is conducting its activity in compliance with such undertakings pursuant to the terms and conditions of the financial agreements.

Finally, consistent with the increased flexibility of the financial policy that commenced in 2012, the bank pool and the commitments available under CORES' credit facilities have been expanded.

Budget and fees

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

Once the income and expense budget has been prepared, a proposal for the unit fees applicable to each group of products taking into consideration the volume of cubic meters or metric tonnes of each product to be sold or consumed, forecasted on the basis of the market information available together with an strategic plan detailing how the Corporation will comply with its obligations; will be submitted to the MINETAD by the Corporation. These fees determine the payment with which members of CORES are obliged to comply.

Once the Corporation has submitted its proposal to the MINETAD, the latter will be determined by means of a Ministerial Order on an annual basis the unit fees per cubic meter or metric tonne sold or

consumed for each group of products, and in the case of those groups where CORES maintains strategic stocks (all except LPG and natural gas), per day of stocks maintained by CORES on behalf of each obliged party. Where the need to maintain the Corporation's financial solvency so requires, CORES may establish extraordinary fees applicable for a different period, following an equivalent approval procedure.

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

In accordance with the provisions of the Ministerial Order ETU/1989/2016, of December 28, approving the Corporation's fees for year 2017, the obliged parties will pay the following fees to the Corporation:

(i) Motor vehicle and aviation gasoline: €0.0769 per cubic meter sold or consumed and per day of stocks held by the Corporation on behalf of the obliged party.

(ii) Automotive diesel oils, other diesel oils, aviation kerosene and other kerosene: €0.0771 per cubic meter sold or consumed and per day of stocks maintained by the Corporation on behalf of of the obliged party.

(iii) Fuel oils: €0.0770 per metric tonne sold or consumed and per day of stocks maintained by the Corporation on behalf of the obliged party

(iv) LPG: €0.12 per metric tonne sold or consumed.

(v) Natural gas: €4.81/GWh of firm sales or consumptions.

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

The Corporation will forward a formal notice to any obliged party that fails to make payment of the corresponding fee. In case of a payment delay by the debtor, interest will accrue on the delayed fee at a rate equivalent to 3 percentage points above the legal interest rate.

Failure to pay the contributions or fees to the Corporation constitutes a serious or very serious infringement of the regulations on minimum security stocks, without prejudice to the possibility of revoking or suspending the administrative authorisation granted to the obliged party to operate in the Spanish hydrocarbon sector. It should also be taken into account that, should the obliged party cease its operations, or its license be revoked due to the default, its market share would presumably be absorbed by another operator, who in turn would pay the corresponding fees to CORES.

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

For clarification purposes, it should be noted that differences between actually incurred and budgeted expenses are typically due to other type of expenses and income (e.g., contributions to insolvency provisions and financial income) which are not considered at the time of preparing the annual income and expense budget.

In 2016, in addition to the changes in some assumptions taken into account in CORES' Budget (the basis for the approval of the 2016 fees), certain transactions were performed that affected the volume of stocks held by CORES and which were not initially envisaged, since they arose as a result of lines of action approved by the Board of Directors in the first half of 2016 as part of the Strategic Plan and the Stock Sales Plan (both terms as defined below). Specifically, with regard to the benchmark interest rate assumption approved in the Budget, the fall of Euribor to lower-than-expected levels gave rise to a reduction in interest costs. Also, the shortfall in revenue was due to the reduction in the number and associated volumes of requests by obliged parties for CORES to maintain additional days of stocks on their behalf, although the behavior of sales of hydrocarbon products was in line with the Budget. As a result of all the foregoing, in the first three quarters of the year there was surplus of revenue over the

costs of the Corporation's activities. Accordingly, CORES proposed a decrease in the fees applicable to sales or consumption starting September 2016, inclusive, with the exception of those relating to liquid petroleum gases and natural gas, which remained unchanged. The MINETAD approved Order IET/1555/2016, of 29 September, which amended CORES' fees for 2016.

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

Inspection powers and information liabilities

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

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

Most significant factors of the main activities and businesses

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

(i) To build up and manage strategic reserves requested by law; and

(ii) To monitor the compliance with the obligation to maintain minimum security stocks directly required from the obliged parties.

The following tables show the changes in minimum security stocks and in revenues and expenses of the Corporation during the last two years:

Minimum security stocks

	2016	**2015**	**Change**
	m^3 (tonnes)		**%**
Obliged parties	11,148,181 (9,499,349)	11,671,725 (10,018,953)	-4.5
CORES (Strategic Reserves) (1)	7,546,548 (6,396,088)	8,089,306 (6,863,913)	-6.7

Source: CORES

(1) On December 31, 2016, the Corporation held 49.7 days in Strategic Reserves, a 5.4 days decreased compared to 2015 (55.1 days). Accordingly, at 31 December 2016 CORES maintained 7,546,548 m^3 (6,396,088 tonnes) of Strategic Reserves as compared to 31 December 2015 where the amount totalled to 8,089,306 m^3 (6,863,913 tonnes). Movements in the various accounts representing Strategic Reserves in 2016 led to a €104,462 thousand decrease in their value compared to 2015, due to the overall decline in strategic reserves totalling 542,758 m^3 (467,825 tonnes) (-32,625 m^3 in gasoline (-24,534 tonnes), +14.326 m^3 in medium distillates (+12.142 tonnes), 0 tonnes of fuel oils (0 m^3) and a decrease of 524,459 m^3 in crude oil (455,433 tonnes). No indicative table representing such movements for 2016 is included in the corresponding annual accounts.

Strategic reserves

	2016	2015	Change
	m^3 (tonnes)		%
Gasoline products	639,693 (481,049)	672,318 (505,583)	-4.9

Source: CORES

	2016	2015	Change
	m^3 (tonnes)		%
Medium Distillates (Kerosene's and Diesel Oils)	4,433,109 (3,733,354)	4,418,783 (3,721,212)	+0.3

Source: CORES

	2016	2015	Change
	tonnes (m^3)		%
Fuel oils	203,748 (203,748)	203,748 (203,748)	0.0

Source: CORES

	2016	2015	Change
	m^3 (tonnes)		%
Crude oil	2,269,998 (1,977,937)	2,794,457 (2,433,370)	-18.8

Source: CORES

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

Comparison between the acquisition cost and the market value of strategic reserves ("Inventories")

	2016 (€ thousand)	2015 (€ thousand)	Change (%)
Acquisition cost	1,880,355	1,986,861	-5.36%
Market value (31 December)	2,936,642	2,000,306	46.81%

Source: CORES, Annual Accounts 2016

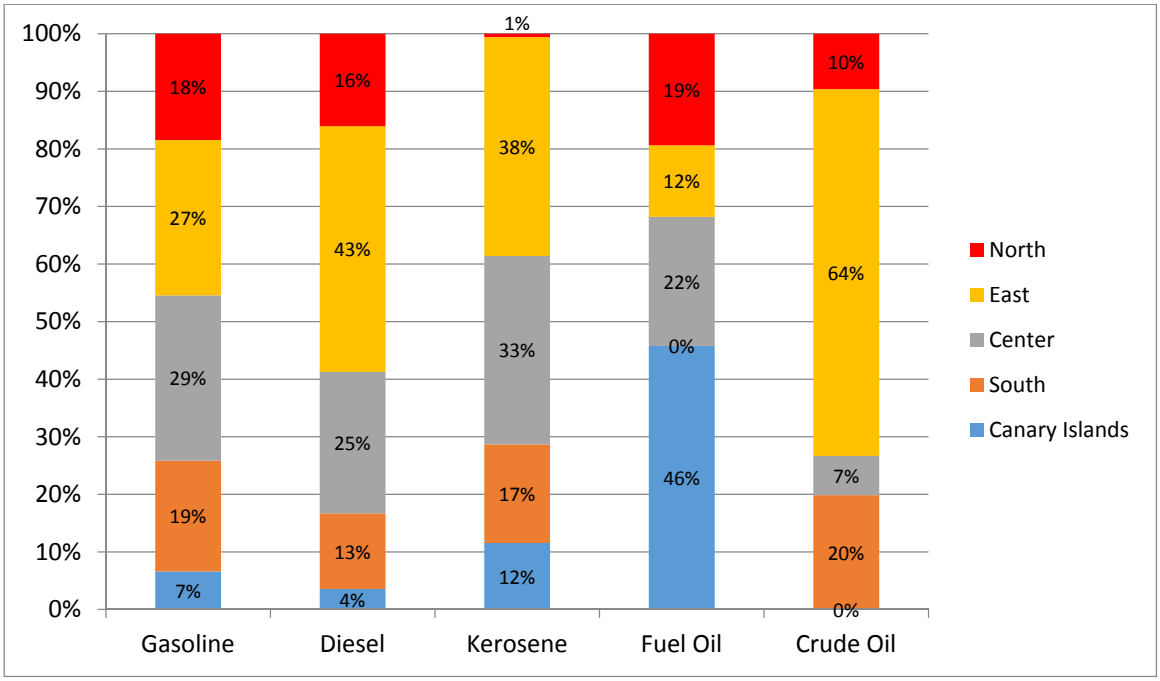
As at 31 December 2016, the market value of strategic reserves of CORES was 56% higher than the acquisition cost.

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

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

Geographic distribution of the strategic reserves

The strategic stocks are distributed throughout Spain in five different areas, based on the consumption needs of each of them: (i) the North area comprises the Autonomous Communities of Galicia, Asturias, Cantabria, Basque Country, Navarra, La Rioja and Castilla Leon (with the exception of its provinces of Segovia and Avila); (ii) the East area comprises the Autonomous Communities of Cataluña, Aragon, Valencia, Murcia and Balearic Islands; (iii) the Center area comprises the Autonomous Communities of Madrid, Castilla La Mancha, Extremadura and the provinces of Segovia and Avila; (iv) the South area comprises the Autonomous Community of Andalucia and the cities of Ceuta and Melilla; and finally (v) the Canary Islands Area comprises the Autonomous Community of the Canary Islands. CORES does not hold any stocks outside Spain. The following table shows a geographic distribution of the strategic reserves as of 31 December 2016:



Income from fees

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

	2016 (€ thousand)	**2015 (€ thousand)**	**Change (%)**
Actual income (before refunds)	168,331	175,049	-3.8%
Estimated budget income (1)	168,372	175,713	-4.2%
Deviation	-41	-664	-93.8%
Refund	-8,671	-7,700	12.6%
Income after excess calculation	159,660	167,349	-4.6%

(1) 2016 data taken from budget as reviewed on September 2016 due to changes in certain of the assumptions taken into account in the Corporation's Budget (basis for the approval of the fees for 2016). Although the budget for 2016, which was prepared and approved in 2015, matched very closely actual performance of the Corporation's activities in 2016, due to the decrease of interest rates and a reduction in the number and associated volumes of requests by obliged parties for CORES to maintain additional days of stocks on their behalf, a surplus was generated. Accordingly, a proposal was made in order to decrease fees applicable to sales or consumption as from September 2016, except for the fees relating to LPG and natural gas, which remain unchanged, that was approved by the MINETAD through Order IET/1555/2016, of 29 September (published in the Spanish Official State Gazette on 1 October), which amended CORES' fees for the last three months of 2016.

Source: CORES

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

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

The breakdown of fee income per CORES member in 2016 was as follows:

Member	% of CORES fee income	
	2016	2015
REPSOL group	33.0%	33.7%
CEPSA group	23.4%	22.1%
BP Group	8.5%	9.0%
GALP Group	6.4%	9.0%
DISA Group	6.9%	8.1%
SARAS Energía	2.3%	2.9%
Others	19.5%	15.2%

Maintenance expenses

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

	2016 (1) (€ thousand)	**2015 (1) (€ thousand)**	**Change (%)**
Outside services relating to the storage, seasonal change, quality maintenance, placement of strategic reserves (2)	135,239	138,257	-2.2%
Depreciation of storage facilities owned by the Corporation	2,707	2,707	0.0%
Storage shortages of strategic reserves	2,044	2,198	-7.0%
Maintenance expenses	139,990	143,162	-2.2%

(1) Information from the analytical accounts of CORES. All data used to develop these figures derives from CORES' Audited Financial Statements. Accordingly, the information on the significant maintenance expenses of the Corporation derives from the following items of CORES' corresponding Audited Financial Statements: "Other operating expenses", "Depreciation and amortisation charge" and "Changes in inventories of finished goods and work in progress" For a reconciliation of maintenance expenses to an appropriate measure calculated in accordance with Spanish GAAP, see "*Alternative Performance Measures (APMs)*".

(2) From the figure of €135,238 thousand at the end of financial year 2016, €133,725 thousand (equivalent to 98.87%) correspond to the cost of "the rental of the storage facilities" item. From the figure of €138,257 thousand at the end of financial year 2015, €135,369 thousand (equivalent to 97.87%) correspond to the cost of "the rental of the storage facilities" item.

Source: CORES

Financial expenses

As of the date of this Base Prospectus, all the financial indebtedness of CORES is referenced to floating interest rates, except for the bond issue launched in 2015 and due November 2022, which is referenced to a fixed interest. As indicated in Note 5.16 ("Accounts payable") of the 2016 Annual Accounts of CORES, at 31 December 2016, debt consists of loans and credit facilities with banking institutions, at a floating interest rate, and three issues of debt securities at an interest rate of 4.50%, 1.50% and 2.50% and due on April 2018, November 2022 and October 2024, respectively. The exposure to the principal amount of such notes was the subject of interest rate swaps allowing CORES to pay a floating interest rate, except for the issue launched in 2015 and due November 2022 (for the 2008 issue, 3-month Euribor + 0.244%; and for the 2014 issue 3-month Euribor + 1.540% and 3-month Euribor + 1.550%).

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

These expenses are €5,275 thousand lower than those accrued during the year 2015, as a result of, amongst other, the fall of Euribor in 2016 and the repayment of certain short-term loan and the partial early repayment on two non-current loans during the same financial year.

The table below shows the financial expenses for the years 2016 and 2015:

	2016[(1)] (€ thousand)	**2015[(1)] (€ thousand)**	**Change (%)**
Financial expenses	13,340	18,615	-28.3%

(1) Information from the analytical accounts of CORES. All data used to develop these figures derives from CORES' Audited Financial Statements: "Financial Costs" and "Other operating expenses". For a reconciliation of financial expenses to an appropriate measure calculated in accordance with Spanish GAAP, see "*Alternative Performance Measures (APMs)*".

Source: CORES

Structural and other Expenses

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

	2016 [(1)] (€ thousand)	**2015 [(1)] (€ thousand)**	**Change (%)**
Structural expenses	5,772	5,681	1.61%
Other expenses	0	0	0.00%
Structural and other expenses	5,772	5,681	1.61%

(1) Information from the analytical accounts of CORES. All data used to develop these figures derives from CORES' Audited Financial Statements. Accordingly, the information on the significant structural expenses of the Corporation derives from the following items of CORES' Audited Financial Statements: "Staff costs", "Other operating expenses"; and "Depreciation and amortisation charge". For a reconciliation of structural expenses and other expenses to an appropriate measure calculated in accordance with Spanish GAAP, see "*Alternative Performance Measures (APMs)*".

Source: CORES

Percentage breakdown of ordinary expenses

Finally, the table below shows the percentage breakdown of ordinary expenses shown above (i.e., maintenance, financial, structural and other expenses). The item maintenance expenses related to the

strategic reserves stands out due to its relative weight. The stability of such a significant item facilitates the preparation of the annual budget that serves as the basis to fix the fees for such year.

	2016 (%)	2015 (%)
Maintenance expenses of strategic reserves	87.99%	85.49%
Financial expenses	8.38%	11.12%
Structural and other expenses	3.63%	3.39%

Source: CORES

Breakdown of loans and credit facilities by type and maturity date

31 December 2016

Thousand euro	Maturing in less than 1 year	Maturing between 1 and 5 years	Maturing in more than 5 years	Total
Bank loans	-	550,002	60,000	610,002
Credit facilities	-	-	-	-
Accrued interest payable	1,155	-	-	1,155
Total	1,155	550,002	60,000	611,157

31 December 2015

Thousand euro	Maturing in less than 1 year	Maturing between 1 and 5 years	Maturing in more than 5 years	Total
Bank loans	30,050	268,030	400,000	698,080
Credit facilities	-	-	-	-
Accrued interest payable	3,523	-	-	3,523
Total	33,573	268,030	400,000	701,603

Source: CORES Audited Financial Statements

Acquisitions of strategic reserves

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

As of the date of this Base Prospectus, the acquisition of strategic stocks is mainly financed through the issuance of bonds in the financial markets, loans and credit facilities entered into with different national and international financial institutions (94%) and through non distributed profits (6%).

Additionally, the following table shows the list of outstanding bond issues at the date of this Base Prospectus:

Underlying ISIN	Underlying asset	Maturity date	Nominal amount (€)	Hedge instrument
ES0224261018	CORES 4.50% Bond (23/04/08)	23/04/2018	500,000,000	Fixed/Floating IRS
ES0224261042	CORES 1.50% Bond (27/11/15)	27/11/2022	350,000,000	None

ES0224261034	CORES 2.50% Bond (16/10/14)	16/10/2024	250,000,000	Fixed/Floating IRS

The following table shows the cost of CORES' strategic reserves ("Inventories") together with the Corporation's Financial Indebtedness (both long and short term) employed in the financing of the aforementioned reserves for the years 2016 and 2015:

	2016 (€ thousand)	**2015 (€ thousand)**	**Change (%)**
Cost of Strategic Reserves ("Inventories")	1,880,355	1,986,861	-5.36%
Financial Indebtedness[(1)]	1,763,612	2,146,251[(2)]	-17.83%

(1) For a reconciliation of financial indebtedness to an appropriate measure calculated in accordance with Spanish GAAP, see "*Alternative Performance Measures (APMs)*".

(2) The net proceeds from the issuance of the 2015 bond were applied to pay the principal amount due under the 2013 bond issue upon its maturity in April 2016.

Source: CORES, Annual Accounts 2016

2016-2020 Strategic Plan

Pursuant to the Second Final Provision of Royal Decree 984/2015, which modified Royal Decree 1716/2004, of 23 July –in particular, article 26– a Strategic Plan and an Operational Plan for the following five and two years, respectively, shall be presented to the MINETAD together with CORES' budged and fees proposal. Through the Strategic Plan, CORES must describe how it intends to comply effectively and efficiently with its duties.

CORES' first Strategic Plan covering the period comprised between 2016 and 2020 was approved by the Board of Directors on 21 April 2016, submitted to the General Assembly held on 30 June 2016 and updated by the Board of Directors on 22 December 2016 ("**Strategic Plan**"). The 2016-2020 Strategic Plan encompasses eleven lines of action around one or several of the three following areas: (i) optimisation and improvement of the security of supply, (ii) costs and operational efficiency, and (ii) orientation towards servicing the Corporation's stakeholders.

The area of security of supply comprises actions relating to the preparation of the Corporation for the future holding of natural gas stocks and the design of a plan for the supply of stocks for consumption in a crisis scenario. The area of costs and operational efficiency includes the plan for the management of stocks surplus and revisiting the existing financing and risk policies (for more information on these policies, please refer to *Members of administrative, management and supervisory bodies–Board of Directors*). The area of orientation towards servicing the Corporation's stakeholders involves providing support to the Government in the analysis and management of information and rendering advice regarding security of supply. Among the horizontal measures affecting several of the foregoing areas are those associated with the new scenario of increasing the flexibility of the offer to obliged parties for the holding of security stocks on their behalf and redesigning the inspection activities in light of the current market environment.

In addition to the foregoing seven strategic courses of action which represent targets to be achieved the plan defines several drivers for change, that are not targets themselves, but which rather represent lines of work necessary to accomplish the formers. These include revisiting the Corporation's service model regarding the provision of information, strengthening systems and increasing IT security, developing capabilities and tools for the analysis and support to the management, members and the Government and the actions relating to fostering the change in cultural and operations and the adaptation of the organisation.

Stock Sales Plan

According to the Third Additional Provision of Royal Decree 984/2015, CORES was required to submit to the MINETAD a plan for the sale of strategic stock surplus and the reduction of storage capacity to bring both of them in line with the levels prescribed by regulation. In that regard, and as

provided in the 2016-2020 Strategic Plan, the Board of Directors of the Corporation approved in May 2016 and submitted to the MINETAD its stock sales plan ("**Stock Sales Plan**"). In the last quarter of 2016, CORES undertook several transactions for the sale of strategic stocks by means of relevant tenders. The proceeds of the sale of surplus stocks amounted to approximately €80 million, which were used for the repayment of CORES' liabilities, including €30 million in principal amount maturing in 2016 and the prepayment of €50 million in principal amount of a term loan maturing in 2022.

CORES has continued to pursue its Stock Sales Plan in the first quarter of 2017, with the Board of Directors approving the sale of 30,595 m^3 (23,007.4 tonnes) of gasoline stocks under the plan. Taking into consideration the foregoing sales, the updated stock holding obligation for 2017 and the spare capacity reserved to cater for the forecasted evolution of consumption, the strategic stocks surplus as at 30 April 2017 stood at 356 thousand m^3, representing a 59% decline on the surplus existing at 30 April 2016, before the Stock Sales Plan was approved.

Members of administrative, management and supervisory bodies

General Assembly

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

According to article 6 of CORES' Articles of Association incorporated as an Annex to Royal Decree 1716/2004, all Spanish wholesale oil and liquid petroleum gas product operators as well as natural gas shippers are automatically subject to compulsory CORES membership starting from the date they make the corresponding Statement of Compliance before the MINETAD, in which they notify their initiation of activity. CORES maintains a regularly updated list of all its members on its webpage (www.cores.es).

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

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

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

Resolutions are passed by a three-quarters majority of the votes present and will be notified to the MINETAD which, if appropriate, may veto those resolutions that might infringe the provisions of Act 34/1998 and its developing regulations.

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

Board of Directors

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

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

Such appointments, and their corresponding dismissals, depend solely on a decision of the MINETAD and CORES, through its General Assembly, has no partaking in such election or dismissal.

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

(i) Authorised wholesale distributors of oil products, with refining capacity in the Spanish territory, will elect three representatives.

(ii) Authorised wholesale distributors of oil products, without refining capacity, will elect two representatives.

(iii) Authorised wholesale distributors of LPG will elect one member of the Board.

(iv) Natural gas shippers (*comercializadores*) who are also members of CORES will elect one member of the Board.

Accordingly, five members of the Board were elected for a five-year term by the General Assembly held on 18 December 2014 and the two members representing the wholesale distributors of oil products without refining capacity were elected pursuant to the General Assemblies held on 18 June 2015 and 22 June 2017, respectively.

During the year 2016, one member of the Board appointed by the MINETAD was substituted by a newly elected member and, in 2017, a new member replaced another member of the Board also appointed by the MINETAD.

The Board of Directors will elect by majority of votes a Deputy Chairman among its members, and the deputy chairman will perform the organic functions associated with the role of Chairman if the appointed Chairman is unable to do so.

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

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

Name or Corporate Name of Director	Representative	Date of last appointment
Mr. Pedro Miras Salamanca[1]	N/A	16/02/2012
Mr. Sergio López Pérez[1]	N/A	21/10/2009
Ms. Eva Alonso Casado	N/A	09/03/2015
Ms. Iria Álvarez Besteiro[2]	N/A	03/02/2017
Ms. Carmen Martínez de Azagra Garde	N/A	08/11/2016
REPSOL PETRÓLEO, S.A.	Mr. José Francisco Vázquez González	18/12/2014
COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.	Mr. Carlos Navarro Navarro	18/12/2014
BP OIL ESPAÑA, S.A.	Ms. Olvido Moraleda Linares	18/12/2014
GAS NATURAL COMERCIALIZADORA, S.A.	Mr. Joaquín Mendiluce Villanueva	18/12/2014
REPSOL BUTANO, S.A.	Mr. Jaime Fernández-Cuesta Luca de Tena	18/12/2014
MEROIL, S.A.	Mr. José Luis Porté Solano	22/06/2017
GALP ENERGÍA ESPAÑA, S.A.U.	Mr. Nuno Moreira Da Cruz	18/06/2015

1 Mr. Pedro Miras Salamanca and Mr. Sergio López Pérez were appointed members of the Board of Director's pursuant to Order IET/274/2012, of 16 February, and Order ITC/2945/2009, of 21 October, respectively, issued by the so-called Minister of Industry, Energy and Tourism (currently, the Minister of

Energy, Tourism and Digital Agenda). As of the date of this Base Prospectus, they both continue holding their respective positions in the Board of Directors as long as no decision has been taken by the Minister of Energy, Tourism and Digital Agenda providing otherwise.

2 Ms. Iria Álvarez Besteiro replaced Ms. Susana Fernández Fernández by means of the Order ETU/117/2017, of 3 February, issued by the MINETAD.

The Chairman, Mr. Pedro Miras Salamanca, Mr. Sergio López Pérez, Ms. Eva Alonso Casado, Ms. Iria Álvarez Besteiro and Ms. Carmen Martínez de Azagra Garde were appointed by the MINETAD, while five members, as noted above, were elected by the members of the Corporation at the General Assembly on 18 December 2014, and the other two members of the Board of Directors, as previously explained, were appointed at the General Assemblies held on 18 June 2015 and 22 June 2017, respectively.

The Board of Directors elected Repsol Petróleo, S.A. as Vice-Chairman, with the duties provided in the articles of association, at its meeting dated 22 January 2015. Finally, Mr. Juan Serrada Hierro acts as non-member secretary of the Board and of the below mentioned Board committees.

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

The powers of the Board of Directors are the following:

(i) To determine the general action policy of CORES and to discuss any issues of significance for it.

(ii) To approve the internal organization and operating rules and procedures of CORES, in line with its regulating legal principles.

(iii) To monitor the activities of CORES, with the exception of those aspects related to specific inspection tasks with respect to the individual information of the obliged parties.

(iv) To approve the proposals to fix the fees to be submitted to the MINETAD.

(v) To draft the annual accounts of CORES.

(vi) To exercise the remaining functions assigned to it by the legal provisions or the Articles of Association.

(vii) To approve an inspection manual that includes the basic principles to be abided by the inspection activities, as well as the procedures to carry them out.

(viii) To establish the official address of CORES, as well as any representative offices deemed necessary for the fulfilment of its purposes.

(ix) Any other powers not assigned to the General Assembly or to the Chairman of CORES.

In addition, CORES' Board of Directors adopted (i) the Risks Management Policy and the Risks Map of CORES (*Política de Gestión de Riesgos* and *Mapa de Riesgos*), both on its meeting held on 26 May 2016; and (ii) the Risks Management Handbook (*Manual de Gestión de Riesgos*), approved on the meeting of 30 March 2017. The purpose of these documents is to set the principles, policies and procedures of the Risk Management System of the Corporation. In addition, at its meeting held on 22 June 2017, CORES' Board of Directors adopted a Code of Conduct that will apply to the entire Corporation.

The Board of Directors may establish one or several committees, formed by its members, with specific functions concerning specific aspects comprised within the legal purpose of CORES, but always subject to the ultimate control of the Board of Directors, or in order to comply with the legislation in force.

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

The Petroleum Product Committee

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

Name or corporate name	Representative	Position
Mr. Pedro Miras Salamanca	N/A	Chairman
Mr. Sergio López Pérez	N/A	Member
Ms. Eva Alonso Casado	N/A	Member
Ms. Iria Álvarez Besteiro	N/A	Member
Ms. Carmen Martínez de Azagra Garde	N/A	Member
REPSOL PETRÓLEO, S.A.	Mr. José Francisco Vázquez González	Member
COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.	Mr. Carlos Navarro Navarro	Member
BP OIL ESPAÑA, S.A.	Ms. Olvido Moraleda Linares	Member
MEROIL, S.A.	Mr. José Luis Porté Solano	Member
GALP ENERGÍA ESPAÑA, S.A.U.	Mr. Nuno Moreira Da Cruz	Member

The Gas Committee

Made up of the Chairman of the Board of Directors, the four other Directors appointed by the MINETAD, one Director elected by the operators authorized to distribute LPG on a wholesale basis, one Director elected by the natural gas shippers (*comercializadores*) who are members of the Corporation; and assisted by the Secretary of the Board of Directors. Its competences are those related to natural gas and LPG, and to the obligation to maintain minimum stocks of these products.

Name or corporate name	Representative	Position
Mr. Pedro Miras Salamanca	N/A	Chairman
Mr. Sergio López Pérez	N/A	Member
Ms. Eva Alonso Casado	N/A	Member
Ms. Iria Álvarez Besteiro	N/A	Member
Ms. Carmen Martínez de Azagra Garde	N/A	Member
GAS NATURAL COMERCIALIZADORA, S.A.	Mr. Joaquín Mendiluce Villanueva	Member
REPSOL BUTANO, S.A.	Mr. Jaime Fernández-Cuesta Luca de Tena	Member

The Audit Committee

To comply with its obligations under Additional Provision Nine of the Spanish Companies Act, CORES' Board of Directors' resolved on 23 July 2015 to establish a new Audit Committee (that replaces the former Audit Committee, which pursuant to the aforementioned Board of Director's resolution ceased to exist).

The Audit Committee is made up by four Directors of the Board of Directors, one from the group of operators authorized to distribute petroleum products on a wholesale basis, who have refineries in

Spain, another from the group of operators with no refineries who are authorized to distribute petroleum products in Spain, a third member from the group of Directors who operate in the LPG or natural gas sectors and the fourth from the group of Directors representing the MINETAD.

Its functions comprise those related to providing oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations and specifically undertaking the responsibilities set forth in article 529 *quaterdecies* of the Spanish Companies Act, duly adjusted to CORES' nature as a non-profit Public-law Corporation.

In addition, the Audit Committee oversees the effectiveness of the Risk Management System of the Corporation. It also assesses CORES' performance in that respect by means of reviewing and submitting proposals to the Board of Directors in relation to the Risks Management Policy, the Risks Map of CORES and, generally, all policies, rules, procedures related to managing the risks faced by CORES.

Name or corporate name	Representative	Position
REPSOL PETRÓLEO, S.A.	Mr. José Francisco Vázquez González	Chairman
MEROIL, S.A.	Mr. José Luis Porté Solano	Member
GAS NATURAL COMERCIALIZADORA, S.A.	Mr. Joaquín Mendiluce Villanueva	Member
Mr. Sergio López Pérez	N/A	Member

The Appointments and Remuneration Committee

To comply with its obligations under Additional Provision Nine of the Spanish Companies Act, CORES' Board of Directors' resolved likewise on 23 July 2015 to establish a new Appointments and Remuneration Committee.

The appointments and Remuneration Committee is made up of three Directors of the Board of Directors, one from the group of operators authorized to distribute petroleum products on a wholesale basis, who have refineries in Spain, another from the group of operators with no refineries who are authorized to distribute petroleum products in Spain, and a third member from the group of Directors who operate in the LPG or natural gas sectors. Its functions comprise those related to managing the process of evaluating the appointments of the CORES's directors and senior management, as well as proposing to the Board of Directors the remuneration policy for these individuals and its supervision and specifically undertaking the responsibilities set forth in article 529 *quindecies* of the Spanish Companies Act, duly adjusted to CORES' nature as a non-profit Public-law Corporation.

Name or corporate name	Representative	Position
COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.	Mr. Carlos Navarro Navarro	Chairman
GALP ENERGÍA ESPAÑA, S.A.U.	Mr. Nuno Moreira Da Cruz	Member
REPSOL BUTANO, S.A.	Mr. Jaime Fernández-Cuesta Luca de Tena	Member

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

Market Abuse Internal Regulation

On 24 September 2015, the Corporation's Board of Directors approved the internal code of conduct in the securities markets (*Reglamento Interno de Conducta en los Mercados de Valores*) (the **Market Abuse Internal Regulation**), effective from such date. The Market Abuse Internal Regulation was further amended by CORES' Board of Directors' on 21 July 2016 to bring it in line with the rules set

forth in the Commission Regulation (EC) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (the **Market Abuse Regulation**) and its developing legislation.

The Market Abuse Internal Regulation regulates, among other things, the Directors' and managers' conduct with regard to the treatment, use and disclosure of inside information in a manner consistent with the Market Abuse Regulation, the trading by these individuals on financial instruments issued by CORES and the prevention of market manipulation in respect of CORES securities and other financial instruments. The Market Abuse Internal Regulation applies to, among other persons, all members of the Board of Directors, senior management and employees who have access to inside information as well as any person, as the case may be, handling with such inside information.

The Chairman

Currently, the Chairman of CORES is Mr. Pedro Miras Salamanca, who was appointed by the MINETAD.

The Chairman of CORES will exercise the following functions:

(i) To act as CORES lawful representative in all kinds of formalities and contracts and before any individual or company, in court and out of court, without prejudice to the powers system established by the Board of Directors.

(ii) To manage the activities and inspection tasks, and to propose the commencement of any sanctioning proceedings to the relevant public administration.

(iii) To submit to the Board of Directors for its approval the proposals for the fixing of fees and the annual accounts.

(iv) To summon and chair the Board of Directors and the General Assembly.

(v) To manage those issues related to the inspection activities and the handling of individual information of the obliged parties.

(vi) To exercise the powers expressly delegated by the Board of Directors to him, as well as those powers assigned by the legislation in force.

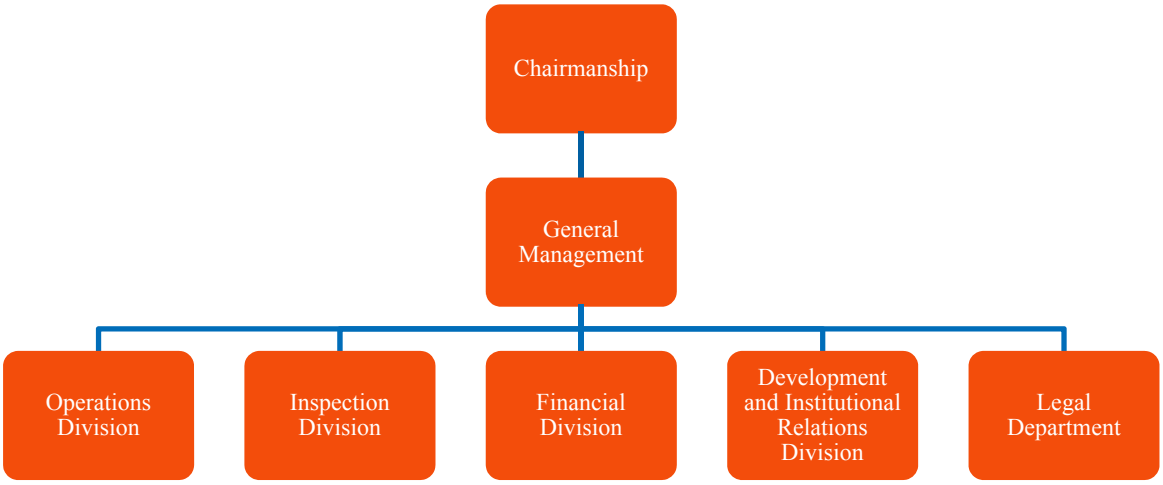
The term of office of the Chairman and of the members of the Board of Directors is of five years, with the possibility of being re-elected for additional terms of five years and without further restrictions.

Organizational structure

CORES has a streamlined and efficient organisation whereby the limited internal resources are supported, as far as possible, through the contracting of outsourcing services. As at 31 December 2016, the Issuer had 48 employees, being 46 the number of employees on 31 December 2015.

Certain specific tasks are entrusted to professionals and consultancy companies.

The following chart shows the current organizational structure of CORES:



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

Office	Name
General Manager	Ms. Carmen Gómez de Barreda Tous de Monsalve
Chief Financial Officer	Ms. Almudena Corrochano Vives
Operations Director	Mr. Ismael Martín Barroso
Inspection Director	Ms. Amaya Arana Arranz
Development and Institutional Relationships Director	Ms. Encarnación García Lastra
Head of Legal Department	Mr. Pablo Blanco Aróstegui

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

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

Name	Office
Mr. Pedro Miras Salamanca	International Energy Agency (IEA): Chairman of the Emergency Group (SEQ, Standard Group on Emergency Questions). World Petroleum Council (WPC): Vice-president, Congress Programme, Executive Committee. Chairman of the Congress Programme Committee. Chairman of the Spanish Committee.
Mr. Sergio López Pérez	Deputy director (*Subdirector General*) of the hydrocarbon department in the Spanish MINETAD.
Ms. Eva Alonso Casado	Advisor to the Spanish Secretary of State of Energy in the Spanish MINETAD.

Name	Office
Ms. Iria Álvarez Besteiro	Advisor to the Spanish Secretary of State of Energy in the Spanish MINETAD.
Ms. Carmen Martínez de Azagra Garde	Advisor to the Spanish Secretary of State of Energy in the Spanish MINETAD.
Mr. José Francisco Vázquez González	Repsol Petróleo, S.A.: Sole Director and Executive Director of Refining. Asfaltos Españoles, S.A. (ASESA): Vice-Chairman. Iberian Lube Oils Company (ILBOC): Vice-Chairman. Fuels Europe: Member of the Board of Directors.
Mr. Carlos Navarro Navarro	C.M.D. Aeropuertos Canarios, S.L.: Member of the Board of Directors. Compañía Española de Petróleos, S.A.U: Manager. Asociación de Operadores Petrolíferos (AOP): Member of the Board of Directors.
Ms. Olvido Moraleda Linares	Terminales Canarios, S.L.: Member of the Board of Directors.
Mr. Joaquín Mendiluce Villanueva	Gas Natural Comercializadora, S.A.: Sole Director. Antuña & Mendiluce, S.L.: Several Director.
Mr. Jaime Fernández-Cuesta Luca de Tena	Repsol Butano, S.A.: Director and Executive Director. Clúster Autogas: Chairman. AOGLP: Vice-Chairman.
Mr. José Luis Porté Solano	Meroil, S.A.: Chairman and Chief Executive Officer Meroil Tank, S.L.: Chairman of the Board of Directors. Petroport, S.L.: Sole Director. Resestank, S.A.: Chairman of the Board of Directors. Ronda 15, S.L.: Sole Director Parque de Alejandría, S.L. : Chairman of the Board of Directors. ESADE: Chairman of the *Club de Energía y Medio Ambiente*.
Mr. Nuno Moreira Da Cruz	Galp Energía España, S.A.U.: Vice-Chairman and Member of the Board of Directors. Petróleos de Portugal - Petrogal, S.A. branch in Spain: Permanent representative. Asociación Española de Operadores de Productos Petrolíferos: Member of the Board of Directors and third Vice-Chairman.

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

The acquisition, maintenance and management activities related to Strategic Reserves carried out by CORES must be performed under market conditions as set out in articles 30, 31 and 36 of Royal Decree 1716/2004, and in line with the master agreement approved by the General Directorate of Energy Policy and Mines. In practice, CORES' transactions entered into with its members who are also members of its Board of Directors in the ordinary course of its business of building up and storing strategic stocks are authorised on a general basis prior to the relevant call for tender by the Issuer's Board of Directors, which entitles the entity's Management team to set the technical and economic terms, deadlines and other terms of the relevant calls for tender.

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

The tenders are called by the Board of Directors in general terms, whereas the determination of the particular terms and conditions to each tender and the tenders' procedure, including, amongst other, the drafting and approval of the specifications thereof, the receipt and opening of bids, their tabulation and the proposal to award each tender, are under the direct responsibility of CORES' Management and Operations' services, without any intervention on the part of the Board.

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

As a result, CORES' Board of Directors is not aware of the identity of the bidders nor of the economic or other details of the bids submitted to it that may give rise to any conflicts of interest or to antitrust-related issues between the Corporation and its members.

The contracts are executed, the products are delivered and the payment takes place. The payment is made in Euro, thus avoiding the exchange rate risk, and is financed through loans and issues of debt.

Main shareholders

Share capital

CORES is a non-profit Public-law Corporation under the supervision of the MINETAD.

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

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

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

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

Historical Financial Information

This section contains the historical financial information of CORES derived from the Audited Financial Statements and a discussion of the variations of the key line items of each of the Corporation's balance sheet and income statement.

Balance Sheet of CORES

The following tables show the financial position of CORES as at 31 December 2016 and 2015.

Units: Thousand euro	**2016**	**2015**	**Change**
NON-CURRENT ASSETS	**85,412**	**84,199**	**1.44%**
Intangible assets	**4**	**10**	**-60.00%**
Computer software	4	10	-60.00%
Property, plant and equipment	**26,939**	**29,688**	**-9.26%**

Units: Thousand euro	**2016**	**2015**	**Change**
Plant and other PPE	26,939	29,688	-9.26%
Non-current financial assets	**58,469**	**54,501**	**7.28%**
Derivatives	58,417	54,448	7.29%
Other financial assets	52	53	-1.89%
CURRENT ASSETS	**1,940,878**	**2,338,444**	**-17.00%**
Inventories	**1,880,355**	**1,986,861**	**-5.36%**
Strategic reserves	1,880,355	1,986,861	-5.36%
Trade and other receivables	**505**	**93**	**443.01%**
Trade receivables from group companies and associates	369	1	36800.00%
Sundry accounts receivables	-	2	-
Employees receivables	64	64	0.00%
Other receivables from Public Administrations	72	26	176.92%
Current financial assets	**-**	**443**	-
Derivatives	-	443	-
Current prepayments and accrued income	**3**	**43**	**-93.02%**
Cash and other cash equivalents	**60,015**	**351,004**	**-82.90%**
Cash	60,015	351,004	-82.90%
Total Assets	**2,026,290**	**2,422,643**	**-16.36%**

Units: Thousand euro	2016	2015	Change
EQUITY	**237,553**	**235,446**	**0.89%**
Equity:	**237,553**	**197,173**	**20.48%**
Share capital	**-**	**-**	**-**
Reserves	**197,173**	**194,979**	**1.13%**
Special reserves	137,803	135,717	1.54%
Bylaw reserves	59,370	59,262	0.18%
Profit for the year	**40,380**	**2,194**	**1740.47%**
Valuation adjustments:	**-**	**38.273**	**-**
Hedges	-	38.273	**-**
NON-CURRENT LIABILITIES	**1,763,612**	**1,779,149**	**-0.87%**
Non-current payables	**1,763,612**	**1,766,391**	**-0.16%**
Debt instruments and other marketable securities	1,153,610	1,098,361	5.03%
Bank borrowings	610,002	668,030	-8.69%
Deferred tax liabilities	**-**	**12,758**	**-**
CURRENT LIABILITIES	**25,125**	**408,048**	**-93.84%**
Current payables	**1,167**	**383,394**	**-99.70%**
Debt instruments and other marketable securities	-	349,809	**-**
Bank borrowings	1,155	33,573	-96.56%
Other financial liabilities	12	12	0.00%
Current payables to associates	**8,864**	**8,054**	**10.06%**
Trade and other payables	**15,094**	**16,600**	**-9.07%**
Payable to supplies - associates	137	137	0.00%
Accounts payable	12,149	14,696	-17.33%
Current tax liabilities	53	29	82.76%
Other payables to Public Administrations	2,755	1,738	58.52%
Total equity and liabilities	**2,026,290**	**2,422,643**	**-16.36%**

The "Non-current financial assets" increased by 7.28% in 2016 as compared with 2015 due to the positive impact of the mark-to-market of the interest rate swap agreements entered into by CORES with several of the Arrangers of the issues of bonds due on April 2018 and October 2024.

The "Inventories" decreased by 5.36% in 2016 versus 2015, driven by the fall in the value of strategic stocks held by the Corporation, as a result of the net decrease of strategic reserves in absolute terms (amounting to 542,758 m^3) due to the non-replacement of contractual product and crude oil losses and the sale of a quantity of gasolines and crude oils. At 31 December 2016, the Corporation held 49.7 days in reserves, down 5.4 days on 2015, largely due to the decrease in sales of petroleum products and crude oil in the year. Consequently, CORES has held stocks exceeding its 42 days obligation during the whole year, and it has therefore not been necessary to acquire any products.

The "Trade and other receivables" rose 443.01% in 2016 versus 2015, mainly due to the change in "Trade receivables from group companies and associates" (€368 thousand), the increase of debt from the default of some obliged entities on the payment of the fees to CORES (€355 thousand, which have

been subsequently collected on January 2017) and the increase of the "Other receivables from Public Administrations" account (€46 thousand).

The amount corresponding to the "Current financial assets" and, accordingly, "Derivatives" decreased from €443 thousand in 2015 to zero in 2016 due to the settlement of the interest rate swaps corresponding to the €350 million in principal amount of bonds that matured in 2016.

The "Cash and other cash equivalents" showed a 82.90% decrease in 2016 in comparison with 2015, due to the temporary cash surplus position existing as at 31 December 2015 as a result of the €350 million bond issue completed by the Corporation in November 2015, the proceeds of which were used to repay the €350 million in principal amount of bonds maturing in 2016.

The "Reserves" shows a positive change of 1.13% in the year, mainly due to the distribution of the profit for the year 2015 to both the special and the bylaw reserves.

The "Statutory Reserves" increased by €2,086 thousand in 2016 as a result of the application of the profit for the year 2015 arising from the income of the sale of surplus stocks.

The "Profit for the year" shows an important increase of 1.740.47% in 2016 versus 2015, amounting to €40,380 thousand. This was mainly due to the difference between the sale price and the acquisition cost of the strategic stocks disposed of by CORES during 2016 pursuant to its Stock Sales Plan (the proceeds of which may not be distributed among CORES' members pursuant to article 52.2 of Act 34/1998) that had no equivalent in 2015, where no similar sales of stock were undertaken.

The "Non-current payables" slightly decreased by 0.16% in the year, mostly due to the decrease in the long-term bank borrowings, resulting from the early partial repayments of two non-current loans amounting to €18,030 thousand and €40,000 thousand, and the increase (€55,000 thousand) of the fair value of the bond issues due 2018 and 2024.

The "Current Payables" shows a reduction of -99.70% in the year 2016, mainly due to the redemption at maturity of the €350,000 thousand bond issue launched in 2013, and the repayment of the principal amount of Bank Loans in the amount of €30,050 thousand.

The "Current payables to associates" increased by 10.06% in 2016 versus 2015 as a result of the change in the balance of the item "Creditors for excess fees" that includes at 31 December 2016, the outstanding balance resulting from the refund of fees corresponding to the year 2016 in the amount of €8,671 thousand.

The "Trade and other payables" decreased by 9.07% in 2016 when compared with 2015, mainly due to product placement expenses, because CORES has adjusted its storage costs to current market conditions.

CORES Income Statement

Units: Thousand euro	**2016**	**2015**	**Change**
A) CONTINUED OPERATIONS			
1. Revenue	**304,329**	**170,671**	**78.31%**
a) Sales	144,669	3,322	4,254.88%
b) Services	159,660	167,349	-4.59%
2. Changes in inventories of finished goods and work in progress	**-106,506**	**-3,435**	**3,000.61%**
4. Staff costs	**-3,696**	**-3,501**	**5.57%**
a) Wages, salaries and similar remuneration	-2,524	-2,465	2.39%
b) Employee benefit costs	-1,172	-1,036	13.13%
5. Other operating expenses	**-137,888**	**-140,784**	**-2.06%**
a) Outside services	-137,222	-140,845	-2.57%
b) Taxes other than income tax	-55	-17	223.53%
c) Losses on and write-down of trade receivables and changes in provisions for commercial operations	-611	78	-883.33%
6. Depreciation and amortisation charge	**-2,799**	**-2,803**	**-0.14%**
A.1) PROFIT FROM OPERATIONS	**53,440**	**20,148**	**165.24%**
9. Financial income	**227**	**137**	**65.69%**
b) From marketable securities and other financial instruments	227	137	65.69%
b2) Third parties	227	137	65.69%
10. Financial costs	**-13,233**	**-18,061**	**-26.73%**
b) On debts to third parties	**-13,233**	**-18,061**	**-26.73%**
11. Exchange differences	-1	-1	0.00%
A.2) FINANCIAL LOSS	**-13,007**	**-17,925**	**-27.44%**
A.3) PROFIT BEFORE TAX	**40,433**	**2,223**	**1,718.85%**
12. Income tax	**-53**	**-29**	**82.76%**
A.4) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**40,380**	**2,194**	**1,740.47%**
Profit for the year	**40,380**	**2,194**	**1,740.47%**

The "Revenue" increased by 78.31% in 2016 versus 2015, driven by the stock sales undertaken by CORES in the amount of €144,669 thousand during 2016 pursuant to its Stock Sales Plan, partially offset by the 4.59% fall in the income associated to the rendering of maintenance services for strategic stocks.

The "Changes in inventories of finished goods and work in progress" increased by 3,000.61% in 2016 when compared with 2015. The net balance for 2016, which amounts to €-106,506 thousand, is mainly due to the reduction of the strategic stock as a result of CORES' Stock Sales Plan.

The "Other operating expenses" recorded a negative change of -2.06% as result of the decrease of the "Outside Services" line item caused by the reduction of petroleum products storage services following the two tenders implemented by the Corporation for the relocation and storage of reserves, allowing

CORES to adjust its storage costs to the current market conditions. While the strategic stocks storage expenses are the main component of the "Outside Services" line item (representing €133,725 thousand), the remaining amount, up to €137,222 thousand, corresponds to sundry expenses, such as structural expenses, professional services, insurance premiums, product location expenses and the lease of the premises where the Corporate Office of the Corporation is located.

The "Financial Costs" decreased by 26.73% in the year thanks to the decrease in the interest rates in 2016 and the prepayment of certain current and non-current bank loans.

The "Profit for the year" recorded an increase of 1,740.47% in 2016 versus 2015, driven by the sale of strategic stocks (the proceeds of which may not be distributed among CORES' members pursuant to article 52.2 of Act 34/1998) that had no equivalent in 2015. The profit for 2016 was €40,380 thousand. Due to the specific nature of CORES, the profit figure lacks the meaning it has for other entities, like companies, since the Corporation is a non-profit making organisation and, consequently, any profit obtained is limited and directed to comply with CORES' mandatory requirements to allocate a determined amount to its reserves and repay its outstanding liabilities and cannot be distributed among its members.

CORES Cash Flow Statement

Units: Thousand euro	**2016**	**2015**	**Change**
CASH FLOWS FROM OPERATING ACTIVITIES	**147,135**	**8,766**	**1,578.47%**
Profit for the year before income tax	40,433	2,223	**1,718.85%**
Adjustments for:	**16,417**	**20,650**	**-20.50%**
Depreciation and amortisation charge	2,799	2,803	**-0.14%**
Impairment losses	611	-78	**883.33%**
Finance income	-227	-137	**-65.69%**
Finance costs	13,233	18,061	**-26.73%**
Exchange differences	1	1	**0.00%**
Changes in working capital	**104,604**	**4,745**	**2,104.51%**
Inventories	106,506	3,435	**3,000.61%**
Trade and other receivables	-412	15	**-2,846.67%**
Trade and other payables	-1,530	1,336	**-214.52%**
Other current assets and liabilities	40	-41	**197.56%**
Other cash flows from operating activities	**-14,319**	**-18,852**	**-24.05%**
Interest paid	-14,517	-19,029	**-23.71%**
Interest received	227	137	**65.69%**
Income tax received (paid)	-29	40	**-172.50%**
CASH FLOWS FROM INVESTING ACTIVITIES	**-44**	**18,985**	**-100.23%**
Proceeds from investment	**-**	**19,000**	**-**
Other financial assets	-	19,000	-
Payments due to investment	**-44**	**-15**	**-193.33%**
Intangible assets	-44	-15	-193.33%
Property, plant and equipment			
Other financial assets			
CASH FLOWS FROM FINANCING ACTIVITIES	**-438,080**	**286,318**	**-253.00%**
Proceeds and payments relating to financial liability	**-438,080**	**286,318**	**-253.00%**

Units: Thousand euro	**2016**	**2015**	**Change**
instruments			
Proceeds from issue of:			
Debt instruments and other marketable securities	-	346,419	-
Redemption and repayment of:			
Debt instruments and other marketable securities	-350,000	-	-
Bank borrowings	**-88,080**	-60,101	**46.55%**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS	**-290,989**	**314,069**	**-192.65%**
Cash or cash equivalents at beginning of the year	351,004	36,935	**850.33%**
Cash or cash equivalents at end of the year	60,015	351,004	**-82.90%**
Variation in cash or cash equivalents	-290,989	314,069	**-192.65%**

Statement of changes in Net Equity

Units: Thousand euro	**Reserves**	**Profit for the year**	**Valuation adjustments**	**TOTAL**
2014 ENDING BALANCE	**189,676**	**5,303**	**51,921**	**246,900**
Total recognised income and expenses	**-**	**2,194**	**-13,648**	**-11,454**
Transactions with shareholders and owners:				
Distribution of prior year profit	5,303	-5,303	-	-
2015 ENDING BALANCE	**194,979**	**2,194**	**38,273**	**235,446**
Total recognised income and expenses	**-**	**40,380**	**-38,273**	**2,107**
Transactions with shareholders and owners:				
Distribution of prior year profit	2,194	-2,194	-	-
2016 ending balance	**197,173**	**40,380**	**-**	**237,553**

Alternative Performance Measures (APMs)

This Prospectus contains certain management measures, which are used to evaluate our overall performance, such as: maintenance expenses, financial expenses, structural and other expenses, and financial indebtedness. These management measures are not audited, reviewed nor subject to a pro forma review by our independent auditors and are not measurements required by, or presented in accordance with, Spanish GAAP. These management measures are not measurements of our financial performance under Spanish GAAP and should not be considered as alternatives to the information included in the Audited Financial Statements or to any performance measures prepared in accordance with Spanish GAAP. These management measures are based on our internal estimates, assumptions, analytical accounting, and calculations. Furthermore, these management measures, as the Issuer defines and calculates them, may not be comparable to other similarly titled measures used by other issuers. Investors should not consider such information in isolation, as alternatives to the information calculated in accordance with Spanish GAAP, as indications of operating performance or as measures of our profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with Spanish GAAP.

Investors are advised to review them in conjunction with the Audited Financial Statements incorporated by reference in this Prospectus. Accordingly, investors are cautioned not to place undue reliance on these management measures.

The Issuer believes that the description of these management measures that constitute Alternative Performance Measures ("**APM**s") follows and complies with the "European Securities and Markets Authority Guidelines on Alternative Performance Measures (APM)" dated 5 October 2015.

The following is a definition of and a reconciliation to an appropriate measure calculated in accordance with Spanish GAAP of the APMs included in this Prospectus.

Maintenance expenses

Maintenance expenses are those which are necessary for the storage, maintenance of quantities and quality and to guarantee strategic reserves.

The following tables presents the calculation of this measure and its reconciliation with "Other operating expenses", "Depreciation and amortisation charge" and "Changes in inventories of finished goods and work in progress", all from CORES' Audited Financial Statements:

	2016 (€ thousand)	**2015 (€ thousand)**
Outside services relating to the storage, seasonal change, quality maintenance, and placement of strategic reserves(1)	135,239	138,257
Depreciation of storage facilities owned by the Corporation(2)	2,707	2,707
Storage shortages of strategic reserves(3)	2,044	2,198
MAINTENANCE EXPENSES	**139,990**	**143,162**

(1) Outside services relating to the storage, seasonal change, quality maintenance, and placement of strategic reserves is a component of "Other operating expenses" which is an account line item of CORES Income Statement. The Corporation registers internally this measure under its analytical accounting system and reconciles it to the referred income statement line item as follows:

Outside services relating to the storage, seasonal change, quality maintenance, and placement of strategic reserves	135,239	138,257
Financial outside services	107	554
Outside services relating to taxes other than income tax in connection with structural expenses	1.931	2.051
Changes in provisions for commercial operations	611	(78)
Other operating expenses	**137,888**	**140,784**

(2) Depreciation of storage facilities owned by the Corporation is a component of "Depreciation and amortisation charge" which is an account line item of CORES Income Statement. The Corporation registers internally this measure under its analytical accounting system and reconciles it to the referred income statement line item as follows:

Amortisation cost relating to structural expenses	92	96
Depreciation of storage facilities owned by the Corporation	2,707	2,707
Depreciation and amortisation charge	**2,799**	**2,803**

(3) Storage shortages of strategic reserves is a component of "Changes in inventories of finished goods and work in progress" which is an account line item of CORES Income Statement. The Corporation registers internally this measure under its analytical accounting system and reconciles it to the referred income statement line item as follows:

Changes in inventories of finished goods and work in progress arising from the sale of strategic reserves	104.462	1.237
Storage shortages of strategic reserves	2,044	2,198
Changes in inventories of finished goods and work in progress	**106,506**	**3,435**

Financial expenses

The following table presents the calculation of this measure and its reconciliation with "Financial Costs" and "Other operating expenses", all from CORES' Audited Financial Statements:

	2016 (€ thousand)	**2015 (€ thousand)**
Financial Costs[(1)]	13,233	18,061
Financial outside services [(2)]	107	554
FINANCIAL EXPENSES	**13,340**	**18,615**

(1) Financial Costs is an income statement line item from CORES Audited Financial Statements.

(2) Financial outside services is a component of "Other operating expenses" which is an account line item of CORES Income Statement. The Corporation registers internally this measure under its analytical accounting system and reconciles it to the referred income statement line item as indicated above under "*Alternative Performance Measures – Maintenance expenses*".

Structural expenses and Other Expenses

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

The following table presents the calculation of this measure and its reconciliation with "Staff costs", "Other operating expenses", and "Depreciation and amortisation charge", all from CORES' Audited Financial Statements:

	2016 (€ thousand)	**2015 (€ thousand)**
Staff costs[(1)]	3,696	3,501
Outside services relating to taxes other than income tax in connection with structural expenses[(2)]	1.931	2.051
Amortisation cost relating to structural expenses[(3)]	92	96
Income tax[(4)]	53	29
Result from the disposal of fixed assets & others[(5)]	-	4
STRUCTURAL AND OTHER EXPENSES	**5,772**	**5,681**

(1) Staff costs is an income statement line item from CORES Audited Financial Statements.

(2) Outside services relating to taxes other than income tax in connection with structural expenses is a component of "Other operating expenses" which is an account line item of CORES Income Statement. The Corporation registers internally this measure under its analytical accounting system and reconciles it to the referred income statement line item as indicated above under "*Alternative Performance Measures – Maintenance expenses*".

(3) Amortisation cost relating to structural expenses is a component of "Depreciation and amortisation charge" which is an account line item of CORES Income Statement. The Corporation registers internally this measure under its analytical accounting system and reconciles it to the referred income statement line item as indicated above under "*Alternative Performance Measures – Maintenance expenses*".

(4) Income tax is an income statement line item from CORES Audited Financial Statements.

(5) Result from the disposal of fixed assets & others include rounding adjustments made in calculating some of the expenses included in CORES Income Statement.

Financial indebtedness

The following table presents the calculation of the Corporation's Financial Indebtedness (both long and short term financing employed in the financing of the reserves of CORES) to reconcile it with "Non-current payables", "Debt instruments and other marketable securities", and "Bank borrowings", all from CORES' Audited Financial Statements:

	2016 (€ thousand)	**2015 (€ thousand)**
Non-current payables	1,763,612	1,766,391
Current payables from Debt instruments and other marketable securities	-	349,809
Current payables from bank borrowings[(1)]	-	30,050
FINANCIAL INDEBTEDNESS	**1,763,612**	**2,146,251**

(1) The sum of current payables and interests from bank borrowings result the line item "Bank borrowings" of CORES Balance Sheet:

	2016 (€ thousand)	**2015 (€ thousand)**
Current payables from bank borrowings	-	30,050
Current interest on bank borrowings	1,155	3,523
Bank borrowings	**1,155**	**33,573**

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

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

Corporación de Reservas Estratégicas de Productos Petrolíferos (the **Issuer**) has established a programme (the **Programme**) for the issuance of up to €1,500,000,000 in aggregate principal amount of notes (the **Notes**) in accordance with the threshold authorised by CORES' Board of Directors' resolution passed on 18 May 2017 pursuant to article 406 of Royal Decree Legislative 1/2010, of 2 July 2010, approving the consolidated text of the Spanish Companies Act (*Ley de Sociedades de Capital*) (the **Spanish Companies Act**), as amended, amongst other, by Act 5/2015, of 27 April 2015, on the enhancement of corporate finance ("**Act 5/2015**"). Notes issued pursuant to the Programme will be in uncertificated, dematerialised, book-entry form (*anotaciones en cuenta*).

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

1 FORM, SPECIFIED DENOMINATION AND TITLE

1.1 Form and denomination

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

1.2 Registration, clearing and settlement

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

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

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

1.3 Title and transfer

Title to the Notes will be evidenced by book entries and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participating entities (*entidades participantes*) in Iberclear (the **Iberclear Members**) as being the holders of the Notes shall be considered the holder of the principal amount of the Notes recorded therein. In these Conditions, the **Holder** of a Note means the person in whose name such Note is for the time being registered in the Spanish Central Registry managed by Iberclear or, as the case may be, the relevant Iberclear Member accounting book (or, in the case of a joint holding, the first named thereof) and **Noteholder** shall be construed accordingly.

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

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

2 ISSUE AND MATURITY DATE

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

3 LISTING AND ADMISSION TO TRADING AND STATUS OF THE NOTES

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

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

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

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

4 INTEREST

4.1 Interest on Fixed Rate Notes

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

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4.6.

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

4.2 Interest on Floating Rate Notes

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

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4.6. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown thereon, Interest Payment Date shall mean each date which falls the number of months or other period specified as the Interest Period in the relevant Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such date shall be brought forward to the immediately preceding Business Day and (b) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms as being applicable. In any case, the Rate of Interest determined for any Interest Accrual Period according to either ISDA Determination or Screen Rate Determination shall be subject to a floor of zero to ensure

that the Rate of Interest on any Interest Accrual Period for Floating Rate Notes is not negative.

(a) ISDA Determination for Floating Rate Notes

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

(x) the Floating Rate Option is as specified in the relevant Final Terms;

(y) the Designated Maturity is a period specified in the relevant Final Terms; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms;

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

(b) Screen Rate Determination for Floating Rate Notes

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

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(x) if the Relevant Screen Page is not available or, if sub paragraph (b)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (b)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of

Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(y) if paragraph (x) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

4.3 Interest on Zero Coupon Notes

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

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

4.4 Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in this Condition 4 (*Interest*)).

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

(i) If any Margin is specified hereon (either (a) generally, or (b) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (a), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (b), calculated in accordance with Condition 4.2 above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin subject always to the next paragraph.

(ii) If any Maximum or Minimum Interest Rate or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (b) all figures will be rounded to seven significant figures (with halves being rounded up) and (c) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes unit means, with respect to any currency other than Euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to Euro, means 0.01 Euro.

4.6 Calculations

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

4.7 Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts

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

and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9 (*Events of default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amounts so calculated need be made. The determination of each Rate of Interest, Interest Amount, Final Redemption Amount, the Early Redemption Amount and the Optional Redemption Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

4.8 Definitions

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

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

(i) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if **Actual/365 (Fixed)** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;

(iii) if **Actual/360** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;

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

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

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

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

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

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

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

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

(2) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (I) the actual number of days in such Determination Period and (II) the number of Determination Periods in any period of one year.

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

Determination Date means the date specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Date.

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

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

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

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

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

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

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

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

Rate of Interest means the rate of interest payable from time to time in respect of the Note and which is either specified, or calculated in accordance with the provisions, in the relevant Final Terms. The Issuer will ensure that such rate is not negative.

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent.

Reference Rate means the rate specified as such in the relevant Final Terms.

Business Day means:

(i) a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as Financial Centres in the relevant Final Terms; and

(ii) if the currency of payment is euro, any day which is a TARGET2 Business Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(iii) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Relevant Date means the date on which any payment of principal or interest in respect of the Notes first becomes due, except that, if the full amount of the money payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such money having been so received and notice to that effect is duly given to the Noteholders in accordance with Condition 12 (*Notices*).

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

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

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

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

4.9 Change of Interest Basis

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

4.10 Calculation Agent

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

5 PAYMENTS

5.1 Principal and Interest

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

or co-ordinators will have any responsibility or liability for the records relating to payments made in respect of the Notes.

5.2 Payments subject to fiscal laws

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

5.3 Payment Day

If the date for payment of any amount in respect of any Note is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day and shall not be entitled to further interest or other payment in respect of such delay (the **Payment Day**).

6 REDEMPTION AND PURCHASE

6.1 Redemption at maturity

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

6.2 Purchases

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

6.3 Cancellation

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

6.4 Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date upon redemption of such Note pursuant to Condition 6.5 and Condition 6.6 or upon it becoming due and payable upon the occurrence of any Event of Default, shall be the Amortised Face Amount (calculated as provided below) of such Note.

(ii) Subject to the provisions of sub-paragraph (iii) below the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their Issue Price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant Condition 6.5 and Condition 6.6 or upon it becoming due and payable upon the occurrence of any Event of Default, is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (both before and after judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4.4.

6.5 Redemption at the option of the Issuer

If Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem, all or, if so provided some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued (if any) to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

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

(i) The Tranche of the Notes subject to redemption;

(ii) the aggregate nominal amount that will be redeemed; and

(iii) the Optional Redemption Amount.

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

6.6 Redemption at the option of the Noteholder

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

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

6.7 Other Notes

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

7 TAXATION

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

8 PRESCRIPTION

Claims in respect of the principal amount or interest on Notes will become void unless made within a period of 5 years, for both claims on the principal amount and the interests, after the Relevant Date, as defined in Condition 4 (*Interest*).

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

9 EVENTS OF DEFAULT

If any one or more of the following events (each an Event of Default) has occurred and is continuing:

(B) Non-payment: the Issuer fails to pay any amount of principal or any amount of interest in respect of the Notes within 21 days of the due date for payment thereof; or

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

then (i) the Commissioner may, acting upon a resolution of the Syndicate of Noteholders, in respect of all the Notes, or (ii) in the event of (a) a Syndicate of Noteholders not having being established for the issue or (b) there being a Syndicate of Noteholders, provided no resolution to the contrary has been passed by the Syndicate of Noteholders (which resolution shall be binding on all Noteholders), any Noteholder in respect of the Notes held by such Noteholder may formally request that the Issuer amend such event within a 30 Business Day term following the aforementioned request, inasmuch as the Event of Default was not remedied, declare such Notes due and payable whereupon the Notes shall become immediately due and payable at their principal amount, together with accrued interest, without further formality.

10 PAYING AGENT

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

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

(i) there will at all times be a Paying Agent;

(ii) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and

(iii) so long as the Notes are listed on any secondary market, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant secondary market; and

(iv) there will at all times be a Paying Agent in a Member State of the European Union.

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

11 SYNDICATE OF NOTEHOLDERS AND MODIFICATION

The creation of the Syndicate of Noteholders may be provided in the corresponding Final Terms of each issue. In the event that such Final Terms provide for the creation of a Syndicate of Noteholders, the following provisions of this Condition 11 (*Syndicate of Noteholders and modification*) shall apply.

The Noteholders shall meet in accordance with the regulations governing the Syndicate of Noteholders (the **Regulations**). The Regulations shall contain the rules governing the functioning of the Syndicate and the rules governing its relationship with the Issuer. A set of Regulations is included in Condition 15 (*Regulations of the Syndicate of Noteholders*).

A Commissioner will be appointed for each Syndicate. The name of the Commissioner and its specified offices shall be set out in the relevant Final Terms. Noteholders shall, by virtue of purchasing and/or holding Notes, be deemed to have agreed to: (i) the appointment of the Commissioner; and (ii) become a member of the Syndicate of Noteholders in respect of such Series of Notes.

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

The Issuer may, with the consent of the relevant Commissioner, but without the consent of the Noteholders of any Series amend these Conditions insofar as they may apply to such 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.

For the purposes of these Conditions:

(i) **Commissioner** means the *comisario* as this term is defined under the Spanish Companies Act of the Syndicate of Noteholders; and

(ii) **Syndicate of Noteholders** means the *sindicato* as this term is described under the Spanish Companies Act.

12 NOTICES

12.1 Notice to Noteholders

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

12.2 Notice of a General Meeting of the Syndicate of Noteholders

If a Syndicate of Noteholders is established in the corresponding Final Terms of an issue of Notes, notice of a general meeting of the Syndicate of Noteholders must be given in accordance with the Regulations (see Condition 11 (*Syndicate of Noteholders and Modification*)).

12.3 Notice to Commissioners

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

13 FURTHER ISSUES

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

14 GOVERNING LAW AND SUBMISSION TO JURISDICTION

14.1 Governing law

The Notes and any non-contractual obligations arising out of or in connection with them are, subject as provided below, governed by, and shall be construed in accordance with, Spanish law. In particular, they will be issued in accordance with the Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, of October 23 (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) (LMV) and in accordance with the Spanish Companies Act, as amended amongst other, by Act 5/2015.

14.2 Submission to jurisdiction

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

15 REGULATIONS OF THE SYNDICATE OF NOTEHOLDERS

ESTATUTOS DEL SINDICATO DE BONISTAS *EMISIÓN DE BONOS SENIOR SIMPLES*	**REGULATIONS OF THE SYNDICATE OF NOTEHOLDERS** *ISSUE OF SENIOR UNSECURED NOTES*
En caso de discrepancia, la versión española prevalecerá	In case of discrepancy, the Spanish version shall prevail.
TÍTULO I: CONSTITUCIÓN, DENOMINACIÓN, OBJETO, DOMICILIO, DURACIÓN Y GOBIERNO DEL SINDICATO BONISTAS	**TITLE I: INCORPORATION, NAME, PURPOSE, ADDRESS, DURATION AND GOVERNANCE OF THE SYNDICATE OF NOTEHOLDERS**
Artículo 1.- Constitución. El Sindicato de Bonistas de la emisión de Bonos Senior Simples por importe de [●] de euros con vencimiento en [●] emitidos por Corporación de Reservas Estratégicas de Productos Petrolíferos (en adelante, respectivamente el "**Emisor**" y los "**Bonos**") quedará constituido una vez se suscriban y desembolsen los Bonos.	Article 1.- Incorporation The syndicate of noteholders of the issue of the €[●] Senior Unsecured Notes due [●] issued by Corporación de Reservas Estratégicas de Productos Petrolíferos (hereinafter, respectively, the "**Issuer**" and the "**Notes**") shall be incorporated once the Notes have been fully subscribed and paid.
Este Sindicato se regirá por los presentes Estatutos y por el Texto Refundido de la Ley de Sociedades de Capital y demás disposiciones legales vigentes en cada momento.	This Syndicate shall be governed by these regulations and by the Spanish Companies Act and other applicable legislation from time to time.
Artículo 2.- Denominación. El Sindicato se denominará "Sindicato de Bonistas de la Emisión de Bonos Senior Simples con vencimiento en [●] del Emisor".	Article 2.- Name. The Syndicate shall be named "Syndicate of Noteholders of the Issue of Senior Unsecured Notes due [●] of the Issuer".
Artículo 3.- Objeto. El Sindicato de Bonistas tendrá por objeto la defensa de los legítimos intereses de los titulares de Bonos (los "**Bonistas**") en relación con el Emisor, mediante el ejercicio de los derechos que se les reconoce en la ley por la que se rigen y en estos Estatutos.	Article 3.- Purpose. This Syndicate of Noteholders is formed for the purpose of protecting the lawful interest of the holders of the Notes (the "**Noteholders**") vis-à-vis the Issuer, by means of the exercise of the rights granted by the applicable laws and the present regulations.
Artículo 4.- Domicilio. El domicilio del Sindicato se fija en Paseo de la Castellana, 79, Planta 7, 28046 Madrid. La Asamblea General de Bonistas podrá, sin embargo, reunirse en cualquier otro lugar, siempre que así se exprese en la correspondiente convocatoria.	Article 4.- Address. The address of the Syndicate shall be located Paseo de la Castellana, 79, Planta 7, 28046 Madrid. However, the Noteholders General Meeting is also authorised to hold a meeting in any other place, provided that it is specified in the notice convening the meeting.
Artículo 5.- Duración. El Sindicato de Bonistas estará vigente hasta que se haya producido la amortización de todos los Bonos o su extinción por cualquier otro motivo.	Article 5.- Duration. This Syndicate of Noteholders shall exist until all of the Notes have been redeemed, or until its cancellation for any other reason.
Artículo 6.- Órganos del sindicato. El gobierno del Sindicato de Bonistas corresponderá: a) A la Asamblea General de Bonistas; y b) Al Comisario.	Article 6.- Syndicate management bodies. The Management bodies of the Syndicate of Noteholders are: a) The General Meeting of Noteholders; and b) The Commissioner.
Título II: LA ASAMBLEA GENERAL DE BONISTAS	**Title II: THE NOTEHOLDERS GENERAL MEETING**
Artículo 7.- Naturaleza jurídica. La Asamblea General	Article 7.- Legal nature. The Noteholders General

de Bonistas, debidamente convocada y constituida, es el órgano de expresión de la voluntad de los Bonistas y sus acuerdos vinculan a todos los Bonistas en la forma establecida en la ley.

Artículo 8.- Legitimación para convocatoria. La Asamblea General de Bonistas será convocada por la Junta Directiva del Emisor o por el Comisario, siempre que lo estimen conveniente. No obstante lo anterior, el Comisario deberá convocarla cuando lo soliciten por escrito, con indicación del objeto de la convocatoria, un número de Bonistas que represente, al menos, la vigésima parte del importe total de los Bonos emitidos y no amortizados. En tal caso, la Asamblea deberá ser convocada para su celebración dentro los dos meses siguientes a aquél en que el Comisario hubiere recibido la solicitud.

Artículo 9.- Forma de convocatoria. La convocatoria de la Asamblea General de Bonistas se hará mediante anuncio que se publicará con al menos quince días de antelación a la fecha fijada para su celebración en la página web del Emisor. El anuncio deberá expresar el lugar y la fecha de la reunión, los asuntos que hayan de tratarse, la forma de acreditar la titularidad de los Bonos para tener derecho de asistencia a la misma y cualesquiera otros aspectos exigidos en su caso en la normativa vigente.

Artículo 10.- Derecho de asistencia. Tendrán derecho de asistencia a la Asamblea los Bonistas que hayan adquirido dicha condición con al menos cinco días hábiles de antelación a aquel en que haya de celebrarse la reunión. El comisario podrá requerir la asistencia de los miembros de la Junta Directiva del Emisor. Por su parte, los miembros de la Junta Directiva del Emisor podrán asistir a la Asamblea aunque no hubieren sido convocados.

Artículo 11.- Derecho de representación. Todo Bonista que tenga derecho de asistencia a la Asamblea General podrá hacerse representar por medio de otro obligacionista excepto por los administradores de la Emisora, aunque sean obligacionistas. La representación deberá conferirse por escrito y con carácter especial para cada Asamblea Genera.

Artículo 12.- Derecho de voto a distancia. Los Bonistas con derecho de asistencia podrán emitir su voto por correo cumpliendo con las condiciones que se establezcan en la convocatoria de la Asamblea General.

Artículo 13.- Adopción de acuerdos. Los acuerdos se adoptarán por mayoría absoluta de los votos emitidos, excepto las modificaciones del plazo o de las condiciones del reembolso del valor nominal que requerirán el voto favorable de las dos terceras partes de las obligaciones en circulación.

No obstante lo anterior, la Asamblea se entenderá convocada y quedará válidamente constituida para tratar de cualquier asunto siempre que estén presentes o debidamente representados todos los Bonistas y

Meeting, duly called and constituted, is the body of expression of the Noteholders' will and its resolutions are binding for all the Noteholders in the way legally stated.

Article 8.- Standing for convening meetings. The Noteholders General Meeting shall be convened by the Board of Directors of the Issuer or by the Commissioner, whenever they may deem it convenient. Nevertheless, the Commissioner shall convene a General Meeting, expressly indicating the purpose of the calling, when Noteholders holding at least the twentieth part of the outstanding amount of the Notes issued and not redeemed request it in writing. In such case, the General Meeting shall be convened to be held within the two following months of receipt of the written notice by the Commissioner.

Article 9.- Procedure for convening meetings. The Noteholders General Meeting shall be convened by notice published with at least fifteen days before the date set for the meeting on the web page of the Issuer. The notice shall state the place and the date for the meeting, the agenda for the meeting, the way in which ownership of the Notes shall be proved in order to have the right to attend the General Meeting and any other aspects that may be required by the applicable legislation.

Article 10.- Right to attend meetings. Noteholders who have been so at least five days prior to the date on which the General Meeting is scheduled, shall have the right to attend the meeting. The Commissioner may request the attendance of members of the Board of Directors of the Issuer. Whereas, the members of the Board of Directors of the Issuer shall have the right to attend the Meeting even if they have not been requested to attend.

Article 11.- Right to be represented. All Noteholders having the right to attend the meetings also have the right to appoint as a proxy another Noteholder other than the directors of the Issuer, despite they being Noteholders. Appointment of a proxy must be in writing and only for each particular meeting.

Article 12.- Right to cast votes on a remote basis. Noteholders having the right to attend may cast their vote by mail complying with the conditions laid down in the notice of the General Meeting.

Article 13.- Quorum to pass resolutions. The resolutions shall be approved by an absolute majority of the votes issued with the exception of those modifying the terms or conditions on the repayment of the nominal amount that shall require the favourable vote of two thirds of the outstanding votes.

Nevertheless, the Meeting shall be deemed called and validly constituted to pass any resolution if Noteholders representing the entire Notes in issue are present and provided that the Noteholders present

acepten por unanimidad la celebración de la Asamblea.

Los acuerdos adoptados por la Asamblea General de Bonistas vincularán a todos los bonistas, incluso a los no asistentes y a los disidentes.

unanimously approve the holding of such Meeting.

Resolutions adopted by the Noteholders' General Meeting shall be binding for all Noteholders, those who did not attend the meeting or are against them.

Artículo 14.- Derecho de voto. Cada Bono conferirá al Bonista el derecho a un voto proporcional al valor nominal no amortizado de las Bonos de que sea titular.

Article 14.- Voting rights. Each Note shall grant the Noteholder the right to one vote in proportion to the nominal outstanding amount of the Notes held by such Noteholder.

Artículo 15.- Presidencia de la Asamblea. La Asamblea estará presidida por el Comisario, quien dirigirá los debates, dará por terminadas las discusiones cuando lo estime conveniente y someterá los asuntos a votación.

Article 15.- President of the Meeting. The Commissioner shall be the president of the Meeting, shall chair the discussions and shall have the right to bring the discussions to an end when he considers it convenient and shall put the matters to vote.

Artículo 16.- Lista de asistencia. El Comisario elaborará, antes de entrar en el orden del día, la lista de los asistentes, expresando la representación de cada uno de ellos, en su caso, y el número de Bonos propios o ajenos con que concurren.

Article 16.- Attendance list. Before discussing the agenda for the meeting, the Commissioner shall form the attendance list, stating the nature and representation of each of the Noteholders present and the number of Notes at the meeting, both directly owned and/or represented.

Artículo 17.- Facultades de la Asamblea General.

La Asamblea General de Bonistas podrá acordar lo necesario para:

a) la mejor defensa de los legítimos intereses de los Bonistas respecto del Emisor;

b) destituir o nombrar al Comisario y, en su caso, al Comisario suplente;

c) ejercer, cuando proceda, las acciones judiciales correspondientes;

d) aprobar los gastos ocasionados por la defensa de los intereses comunes;

e) modificar, de acuerdo con el Emisor, los términos y condiciones de los Bonos u otorgar cualquier dispensa o consentimiento en relación con éstos; y

f) cualesquiera otras que le confiera la normativa vigente.

Article 17.- Power of the General Meeting.

The Noteholders General Meeting may pass resolutions necessary for:

a) the best protection of Noteholders' legitimate interest vis-à-vis the Issuer;

b) the dismissal or appointment of the Commissioner and, if applicable, the provisional Commissioner;

c) the exercise, if appropriate, of corresponding legal claims;

d) the approval of expenses relating to the defence of the Noteholders' interests;

e) the modification, as agreed with the Issuer, of the terms and conditions of the Notes or the granting of any waiver or consent in relation thereto; and

f) any other that may be established by the applicable legislation.

Artículo 18.- Actas. El acta de las reuniones de la Asamblea General de Bonistas será aprobada por la propia Asamblea tras su celebración o, en su defecto, dentro del plazo de los 15 días siguientes, por el Comisario y dos Bonistas designados al efecto por la Asamblea General.

Article 18.- Minutes. The minutes of the meetings of the Noteholders General Meeting shall be approved by the Meeting after the meeting has been held, or, if not, within 15 days, by the Commissioner and, two Noteholders appointed for such purpose by the General Meeting.

Artículo 19.- Certificaciones. Las certificaciones de las actas serán expedidas por el Comisario.

Article 19.- Certificates. Certified copies of the minutes shall be issued by the Commissioner.

Artículo 20.- Ejercicio individual de acciones. Los Bonistas solo podrán ejercitar individualmente las acciones judiciales o extrajudiciales que les correspondan cuando no contradigan los acuerdos del Sindicato dentro de su competencia y sean compatibles con las facultades que al mismo se le hayan conferido.

Article 20.- Individual exercise of actions. The Noteholders will only be entitled to individually exercise judicial or extra judicial claims in each case when such claims do not contradict the resolutions previously adopted by the Syndicate, are within their powers, and are compatible with the competencies conferred upon the Syndicate.

Artículo 21.- Ejercicio colectivo de acciones. Los

Article 21.- Collective exercise of actions. The

procedimientos o actuaciones que afecten al interés general o colectivo de los Bonistas solo podrán ser dirigidos en nombre del Sindicato en virtud de la autorización de la Asamblea General de Bonistas, y obligarán a todos ellos, sin distinción, quedando a salvo el derecho de impugnación de los acuerdos de la Asamblea establecido por la Ley.

Todo Bonista que quiera promover el ejercicio de una acción de esta naturaleza, deberá someterla al Comisario del Sindicato, quien, si la estima fundada, convocará la reunión de la Asamblea General.

Si la Asamblea General rechazara la proposición del Bonista, ningún tenedor de Bonos podrá reproducirla en interés particular ante los Tribunales de Justicia, a no ser que hubiese contradicción clara con los acuerdos y la reglamentación del Sindicato.

Artículo 22.- Impugnación de los Acuerdos. Los acuerdos de la Asamblea General de Bonistas podrán ser impugnados por los obligacionistas conforme a lo dispuesto para la impugnación de los acuerdos sociales en el texto refundido de la Ley de Sociedades de Capital aprobado por Real Decreto Legislativo 1/2010, de 2 de julio.

Título III: EL COMISARIO

Artículo 23.- Naturaleza jurídica del Comisario. El Comisario ostentará la representación legal del Sindicato de Bonistas y actuará de órgano de relación entre este y el Emisor.

Artículo 24.- Nombramiento y duración del cargo. Acordada la emisión de los Bonos, el Emisor procederá al nombramiento de Comisario, que deberá ser persona física o jurídica con reconocida experiencia en materias jurídicas o económicas quien deberá ejercer el cargo en tanto dure el Sindicato y no sea sustituido por la Asamblea. El Emisor fijará la retribución del comisario.

Artículo 25.- Facultades. Serán facultades del Comisario:

a) Concurrir al otorgamiento del contrato de emisión y suscripción en nombre de los Bonistas y tutelar sus intereses comunes;

b) convocar y presidir las Asambleas Generales de Bonistas;

c) asistir, con voz y sin voto, a las deliberaciones de la junta general del Emisor;

d) informar al Emisor de los acuerdos del Sindicato;

e) vigilar el pago de la remuneración, así como de cualesquiera otros pagos que deban realizarse a los Bonistas por cualquier concepto;

f) ejecutar los acuerdos de la Asamblea General de Bonistas;

g) ejercitar las acciones que correspondan al

proceedings or actions that affect the general or collective interest of the Noteholders shall only be made on behalf of the Syndicate in accordance to the authorisation of the Noteholders General Meeting, and will be binding to all of them, without exception. Nevertheless, the right to impugn the resolutions of the Meeting established by law is not altered.

Any Noteholder who wants to exercise a right of such nature shall submit it to the Commissioner, who, if appropriate, will convene the General Meeting.

In the event the General Meeting refuses the proposal of the Noteholder, no holder of Notes may reproduce it in its particular interest before the Courts of Justice, provided there is no clear contradiction with the resolutions and regulations of the Syndicate.

Article 22.- Challenging of Resolutions. Resolutions of the General Meeting of Noteholders may be challenged pursuant to the provisions concerning challenges to corporate agreements of the consolidated text of the Spanish Companies Act (*Ley de Sociedades de Capital*) approved by Royal Decree Legislative 1/2010, of 2 July 2010.

Title III: THE COMMISSIONER

Article 23.- Nature of the Commissioner. The Commissioner shall bear the legal representation of the Noteholders Syndicate and shall be the body for liaison between the Syndicate and the Issuer.

Article 24.- Appointment and duration of the office. Once the Issue of the Notes has been approved the Issuer shall appoint the Commissioner that shall be a natural or legal person with acknowledged experience in legal or economic matters who shall exercise his office while the Syndicate exists and the General Meeting does not dismiss him. The Issuer shall establish the Commissioner's remuneration.

Article 25.- Faculties. The Commissioner shall have the following faculties:

a) Be present at the execution of the issue agreement and subscribe on behalf of the Noteholders and protect their common interests;

b) to call and act as president of the Noteholders General Meeting;

c) to attend, with the right to speak but not to vote, the deliberations the General Meeting of Shareholders of the Issuer

d) to inform the Issuer of the resolutions passed by the Syndicate;

e) to control the payment of the compensation, and any other payments that shall be made by the Noteholders by any concept;

f) to execute the resolutions of the Noteholders General Meeting;

g) to exercise the actions corresponding to the

Sindicato; y

i) en general, las que le confieran la ley y los presentes Estatutos.

Artículo 26.- Comisario suplente. La Asamblea General podrá nombrar un comisario suplente que sustituirá al Comisario en caso de ausencia en el desempeño de tal función.

El Emisor podrá nombrar con carácter provisional un comisario suplente en el momento de adopción del acuerdo de emisión de los Bonos, el cual deberá ser ratificado por la Asamblea General de Bonistas.

Título IV: DISPOSICIONES ESPECIALES

Artículo 27.- Sumisión a fuero. Para cuantas cuestiones relacionadas con el Sindicato pudieran suscitarse, los Bonistas se someten, con renuncia expresa a cualquier otro fuero, a la jurisdicción de los Juzgados y Tribunales de la ciudad de Madrid, España. Esta sumisión se entenderá sin perjuicio de los fueros imperativos que pudieran ser de aplicación de acuerdo con la legislación vigente.

Artículo 28.- Gastos del sindicato. Los gastos normales que ocasione el sostenimiento del Sindicato correrán a cargo del Emisor siempre que hayan sido debidamente justificados por escrito, sin que en ningún caso puedan exceder del dos por ciento (2%) de los intereses anuales devengados por los Bonos.

Syndicate; and

h) in general, the ones granted to him in the Law and the present regulations.

Article 26.- Substitute Commissioner. The General Meeting shall appoint a substitute commissioner which will substitute the Commissioner in the event of absence in the performance of such position.

The Issuer may provisionally appoint a substitute commissioner when adopting the issue agreement of the Notes, which shall be ratified by the Noteholders General Meeting.

Title IV: SPECIAL PROVISIONS

Article 27.- Jurisdiction. For any disputes that may arise regarding the Syndicate, the Noteholders shall submit, with express waiver of their own forum, to the jurisdiction of the Courts and Tribunals of the city of Madrid, Spain. This submission is subject to the existing forums that may apply according to the current legislation.

Article 28.- Expenses of the syndicate. The expenses the maintenance of Syndicate may cause will be afforded by the Issuer provided that the expenses are duly substantiated in writing and, in any case, such expenses cannot exceed the two percent (2%) of the annual interest accrued by the Notes.

7. FORM OF FINAL TERMS

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

Final Terms dated [ ]

Corporación de Reservas Estratégicas de Productos Petrolíferos

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

Issue of

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

Under the EUR 1,500,000,000

Euro Medium Term Note Programme

PART A- CONTRACTUAL TERMS

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

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

1.	Issuer:		Corporación de Reservas Estratégicas de Productos Petrolíferos, "CORES"
2.	(i)	Series Number:	[ ]
	(ii)	Tranche Number:	[ ]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	[Not applicable / The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date]]

3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(i)	Series:	[ ]
	(ii)	Tranche:	[ ] In accordance with the fifth additional provision of Act 5/2015, of 27 April 2015, the total amount of debt issued up to the Issue Date (including the amount of the new issue to be made under these Final Terms), does not exceed the amount in which the assets of the Corporation have been valued.
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount
6.	(i)	Specified Denominations:	[ ]
	(ii)	Calculation Amount:	[ ]
7.	(i)	Issue Date:	[ ]
	(ii)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable]
8.	Maturity Date:		[*any date up to 30 years after the Issue Date*]
9.	Interest Basis:		[[ ] per cent. Fixed Rate] [[[ ] month [LIBOR/EURIBOR]] +/- [ ] per cent. Floating Rate] [Zero Coupon] (see paragraph 14/15/16 below)
10.	Redemption Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount. [*In any case, no Notes shall be redeemed below par.*]
11.	Change of Interest Basis:		[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there*][Not Applicable]

12.	Put/Call Options:		[Investor Put] [Issuer Call] [Not Applicable] [(see paragraph 17/18/19 below)]
13.	(i)	Status of the Notes:	Senior Unsecured
	(ii)	Date [Board] approval for issuance of Notes obtained:	[ ] [and [ ] respectively]] / [Not Applicable] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[ ] in each [ ] up to and including the Maturity Date (*Amend appropriately in the case of irregular coupons*)
	(iii)	Fixed Coupon Amount(s):	[ ] per Calculation Amount
	(iv)	Broken Amount(s):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable] (*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount*)
	(v)	Day Count Fraction:	[Actual / Actual (ICMA)]
	(vi)	[Determination Date(s):	[[ ] in each year][Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*)

15.	Floating Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(i)	Interest Period(s)	[ ]
(ii)	Interest Payment Dates:	[ ]
(iii)	Interest Period Date:	[ ] (*Not applicable unless different from Interest Payment Date*)
(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
(v)	Manner in which the Rate(s) of Interest is / are to be determined	[Screen Rate Determination/ISDA Determination]
(vi)	Calculation Agent:	[ ]
(vii)	Description of the Reference Rate:	[ ]
(viii)	Screen Rate Determination:	
	• Reference Rate:	[ ] month [LIBOR/EURIBOR]
	• Interest Determination Date(s):	[ ]
	• Relevant Screen Page:	[ ]
(ix)	ISDA Determination:	
	• Floating Rate Option:	[ ]
	• Designated Maturity:	[ ]

		• Reset Date:	[ ] (*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*)
	(x)	Margin(s):	[+/-] [ ] per cent. per annum
	(xi)	Minimum Rate of Interest:	[[ ] per cent. per annum / Not applicable]
	(xii)	Maximum Rate of Interest:	[[ ] per cent. per annum / Not applicable]
	(xii)	Day Count Fraction:	[ ]
16.	Zero Coupon Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i)	Amortisation Yield:	[ ] per cent. per annum

PROVISIONS RELATING TO REDEMPTION

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

19.	Final Redemption Amount:	[ ] per Calculation Amount
20.	Early Redemption Amount payable on redemption upon the occurrence of an Event of Default:	[ ] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21.	Form of Notes:	
	(i) Form:	Book-Entry Notes: Uncertificated, dematerialised book-entry form notes (*anotaciones en cuenta*) registered with Iberclear as managing entity of the Spanish Central Registry.
22.	Financial Centre(s):	[Not Applicable/*give details*]
	(i) Principal Financial Centre:	[ ]
	(ii) Additional Financial Centre(s):	[ ]
23.	Estimated expenses in connection with the Issue:	
	(i) Underwriting and placement fees:	[ ]
	(ii) Expenses (CNMV, IBERCLEAR, AIAF, [rating], legal counsel, paying agent and others):	[ ]
	(*include any expenses related to the approval of the Base Prospectus*)	[ ]
	(iii) Total fees and expenses of the issue:	

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

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

2. RATINGS

Ratings:	[Not Applicable] / [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [*insert details*]] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*].

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

[Save for any fees payable to [*arrangers, underwriters, distributors or co-ordinators or [•]*], as far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. [[*Arrangers, underwriters, distributors or co-ordinators or [•]*] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business] – [*Amend as appropriate and include if there are other interests or none at all.*]

4. YIELD

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

5. OPERATIONAL INFORMATION

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

6. NOTEHOLDERS' SYNDICATE AND APPOINTMENT OF THE COMMISSIONER

[*Only to be included when the Issuer has decided to establish a Syndicate of Noteholders.*]

In accordance with Condition 11 (*Syndicate of Noteholders and Modification*) and Condition 15 (*Regulations*) of the Base Prospectus, and for this issue of securities, [ ], of legal age, holding Tax Identification Number (NIF) [ ] and with domicile at [ ] is hereby appointed as Commissioner. [ ] appears in his/her own name for the sole purposes of accepting such appointment.

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

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

_____ _____

[_] Chairman of CORES [_] [General Manager of CORES / Other]

_____

[_] Commissioner [*Such signature only to be included when the Issuer has decided to constitute and establish a Syndicate of Noteholders.*]

8. TAXATION

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

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

Spanish tax considerations

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

In addition, the following section does not cover those tax laws in force in the Spanish Basque provinces and Navarra as well as the particularities in force in the Spanish autonomous regions (*comunidades autónomas*), or the special rules applicable to transactions among related persons for Spanish tax purposes.

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

(i) for individuals with tax residency in Spain who are individual income tax (**IIT**) taxpayers, Law 35/2006, of 28 November 2006, on IIT and on the partial amendment of the Corporate Income Tax Law, Non Residents Income Tax Law and Wealth Tax Law as amended, as well as Royal Decree 439/2007, of 30 March 2007, promulgating the IIT Regulations as amended, along with Law 19/1991, of 6 June 1991, on the Net Wealth Tax and Law 29/1987, of 18 December 1987, on the Inheritance and Gift Tax (**IGT**);

(ii) for legal entities resident for tax purposes in Spain which are subject to the Spanish Corporate Income Tax (**CIT**), Law 27/2014, of 27 November 2014, on the CIT Law, as amended, and Royal Decree634/2015, of 10 July, promulgating the CIT Regulations;

(iii) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Spanish Non-Resident Income Tax (**NRIT**), Royal Legislative Decree 5/2004, of 5 March 2004, promulgating the Consolidated Text of the NRIT Law, as amended, and Royal Decree 1776/2004, of 30 July 2004, promulgating the NRIT Regulations as amended, along with Law 19/1991, of 6 June 1991, on the Net Wealth Tax and Law 29/1987, of 18 December 1987, on IGT.

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

Individuals with Tax Residency in Spain

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

Both interest periodically received and income derived from the transfer, redemption or repayment of the Notes by IIT taxpayers is deemed as income obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25.2 of the IIT Law, and must be included in the investor's IIT savings taxable base, which is taxed at a flat rate of 19% on the first €6,000, 21% for taxable income between €6,001 and €50,000 and 23% for any amount in excess of €50,000.

A (current) 19% withholding on account of IIT will be imposed by the Issuer on interest payments as well as on income derived from the redemption or repayment of the Notes, by individual investors subject to IIT.

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

(i) registered by way of book entries (*anotaciones en cuenta*); and

(ii) negotiated in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

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

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

Net Wealth Tax (*Impuesto sobre el Patrimonio*)

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

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

In accordance with article 4 of the Royal Decree-Law 3/2016, of 2 December, adopting tax measures aimed at the consolidation of public finances and other urgent social security measures (*Real Decreto-ley 3/2016, de 2 de diciembre, por el que se adoptan medidas en el ámbito tributario dirigidas a la consolidación de las finanzas públicas y otras medidas urgentes en materia social*) ("**RDL 3/2016**"), as from year 2018, a full exemption on Spanish Net Wealth Tax would apply (*bonificación del 100%*), and therefore from year 2018 and onwards, individuals tax resident in Spain will be released from formal and filing obligations in relation to this spanish Net Wealth Tax, unless the application of this full exemption is postponed again.

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

Individuals who are resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Spanish IGT in accordance with the applicable Spanish regional and state rules. The applicable tax rates range between 7.65% and 81.6%, depending on relevant factors (such as the specific regulations imposed by each Spanish autonomous region, the amount of the pre-existing assets of the taxpayer and the degree of kinship with the deceased or donor). Some tax benefits could reduce the effective tax rate.

Legal Entities with Tax Residency in Spain

Corporate Income Tax (*Impuesto sobre Sociedades*)

Both interest periodically received and income derived from the transfer, redemption or repayment of the Notes by CIT taxpayers are subject to CIT (at the current general flat tax rate of 25%) in accordance with the rules for such tax.

With regard to income derived from the Notes, in accordance with article 61.q of the CIT regulations, there is no obligation to withhold on income obtained by Spanish CIT taxpayers (which include Spanish tax resident investment funds and Spanish tax resident pension funds) provided that the Notes are:

(i) registered by way of book entries (*anotaciones en cuenta*); and

(ii) negotiated in a Spanish official secondary market (*mercado secundario official*), such as AIAF.

If the Notes do not meet these conditions, income derived from the Notes may be subject to a (current) 19% withholding on account of CIT. Certain Spanish withholding tax exemptions may apply in specific cases.

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

Net Wealth Tax (*Impuesto sobre el Patrimonio*)

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

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

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

Individuals and Legal Entities that Are Not Tax Resident in Spain

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

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

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

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

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

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

Both interest payments periodically received under the Notes and income derived from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Notes, through a permanent establishment in Spain, will be subject to Spanish NRIT, at a 19% rate, which will be generally withheld by the corresponding Spanish withholding tax agent.

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

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

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

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

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

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

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

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

If the provisions of the foregoing paragraph do not apply, non-Spanish tax resident individuals whose net worth related to property located, or rights that can be exercised, in Spain is above €700,000 and who hold Notes on the last day of any year would therefore be subject to Spanish Net Wealth Tax for such year at marginal rates varying between 0.2% and 2.5% of the average market value of the Notes during the last quarter of such year, as published by the Spanish Ministry of Revenues on an annual basis. Non-Spanish tax resident individuals who are resident in an EU or European Economic Area member State may apply the rules approved by the autonomous region where the assets and rights with more value are situated. As such, prospective investors should consult their tax advisers.

In accordance with article 4 of RDL 3/2016, as from year 2018, a full exemption on Spanish Net Wealth Tax would apply (*bonificación del 100%*), and therefore from year 2018 and onwards, non-Spanish tax resident individuals will be released from formal and filing obligations in relation to this Spanish Net Wealth Tax, unless the application of this full exemption is postponed again. Non-Spanish tax resident legal entities are not subject to Spanish Net Wealth Tax.

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

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

If no treaty for the avoidance of double taxation in relation to IGT applies, applicable IGT rates would range between 7.65% and 81.6%, depending on relevant factors (such as the specific regulations imposed by each Spanish autonomous region, the amount of the pre-existing assets of the taxpayer and the degree of kinship with the deceased or donor). Generally, non-Spanish tax resident individuals are subject to Spanish IGT according to the rules set forth in the state IGT law. However, if the deceased or the donee are resident in an EU or European Economic Area member State, the applicable rules will

be those corresponding to the relevant Spanish autonomous regions according to the law. As such, prospective investors should consult their tax advisers.

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

The proposed Financial Transactions Tax (FTT)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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

The Commission's Proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

U.S. Foreign Account Tax Compliance Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("f**oreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Spain) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Instruments, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to 1 January 2019 and Notes that have a fixed term and are not treated as equity for U.S. federal income tax purposes, issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding on foreign passthru payments unless materially modified after such date. However, if additional notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

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

9. ISSUANCE OF THE NOTES

9.1 Description of the Issue

9.1.1 Conditions to which the issue is subject

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

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

9.1.2 Maximum amount

Up to €1,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time in accordance with the threshold authorised by CORES' Board of Directors' resolution passed on 18 May 2017 pursuant to article 406 of the Spanish Companies Act, as amended, amongst other, by Act 5/2015. Notes issued pursuant to the Programme will be in dematerialised, book-entry form (*anotaciones en cuenta*).

In any case, and for each specific issue, the maximum legal limit must always be respected for each specific issue, considering the value of the assets held by CORES, compounding for these purposes all the outstanding debt issues of CORES. Consequently, in accordance with the fifth additional provision of Act 5/2015, the aggregate outstanding amount of CORES' debt issues, including those that may be issued under the Programme, must not exceed the value of CORES' assets. As of the date of this Prospectus, CORES has three note issues in circulation: one for €500 million (due April 2018), one for €350 million (due November 2022), and another for €250 million (due October 2024).

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

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

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

9.1.3 Paying Agent and Depository Entities

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

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

9.1.4 Time periods during which the issue may take place

Any issue of Notes under this Base Prospectus shall be made within the validity period of a year (See *Validity Period and supplements to the Base Prospectus* on Section 11 of this Base Prospectus).

10. SUMMARY OF CLEARANCE AND SETTLEMENT PROCEDURES APPLICABLE TO BOOK–ENTRY NOTES

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

The Spanish clearing, settlement and registry system of securities transactions is undergoing a significant reform to align it with the practices and standards of its European neighbours and prepare it for the implementation of future integration projects. This reform is expected to be completed in the upcoming months.

The grounds for the reform were set in Act 32/2011, of 4 October amending Act 24/1988, of 28 July on the Securities Market (*Ley 32/2011, de 4 de octubre, por la que se modifica la Ley 24/1988, de 28 julio, del Mercado de Valores*), in force at that time, ("**Act 32/2011**"), which anticipated and set the ultimate idea of a Spanish clearing, settlement and registry system.

Such system was further adjusted by means of Act 11/2015, of June 18, on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, sobre recuperación y resolución de entidades de crédito y empresas de servicios de inversión*) and Royal Decree 878/2015, of October 2 (*Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*) in order to be in line with Regulation (EU) No 909/2014 of the European Parliament and of the Council of July 23, 2014, on improving securities settlement in the European Union and on central securities depositories, amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.

The Spanish reform entails important modifications to the previous system in place. The clearing and settlement of both equity and debt instruments will be carried out by a single platform named ARCO, which incorporates both CADE (*Central de Anotaciones de Deuda Pública*) and SLCV (*Servicio de Compensación y Liquidación de Valores*). From October 3, 2016, ARCO operates under a T+2 settlement standard, by which any transactions must be settled within two business days following the date on which the transaction was completed. Likewise, the new registry is a system based on balances, and a new Central Clearing Counterparty (BME Clearing, the CCP) is constituted to intervene in the new platform and centralize the netting transactions to be further settled and recorded by Iberclear, as central securities depositary. BME Clearing interposes itself on its own account as seller in every purchase and as buyer in every sale. It calculates the buy and sell positions vis-a-vis the participants designated in such buy or sell instructions and it further produces and sends to Iberclear the relevant settlement instructions.

The first phase of the reform was centered in equity securities only and entered into force on April 27, 2016. The second phase, on the contrary, which will deal with the settlement of trades on fixed income securities, as the Notes, is estimated to be implemented by 18 September 2017. Iberclear is expected to migrate to the system on the last wave of implementation provided by the Europen Central Bank and it will outsource its settlement functions to TARGET2-Securities (**T2S**).

T2S is an European settlement platform owned and operated by the Eurosystem. Its purpose is the provision of securities settlement and clearing services on a harmonized basis in Europe.

Upon migration to T2S, settlement services such as the creation and management of settlement orders and securities and cash settlement processes and cycles will not be performed directly by Iberclear, but carried out in T2S.

All securities traded through the T2S are represented in book-entry form. Iberclear and its participating entities are responsible for keeping records in book-entry form.

Pursuant to the requirements set forth by the Eurosystem, there are two types of connections to T2S available within the system operated by Iberclear:

(i) As a Directly Connected Participant (**DCP**): direct connection to T2S, authorized by Iberclear.

(ii) As an Indirectly Connected Participant (**ICP**): indirect connection to T2S through Iberclear.

While market participants connected as DCPs send their settlement instructions directly to T2S, market participants connected as ICPs provide their instructions through Iberclear, which will then send them to T2S. Furthermore, T2S will only support ISO 20022 message standards, being it necessary for all market participants operating as DCPs to adapt to ISO 20022.

Iberclear

Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Sociedad Unipersonal (Iberclear) is the Spanish central securities depository in charge of both the register of securities held in book-entry form, and the clearing and settlement of all trades from the Spanish Stock Exchanges, Latibex (the Latin American stock exchange denominated in Euro), the Book-Entry Public Debt Market (*Mercado de Deuda Pública en Anotaciones*) and the Spanish AIAF Fixed Income Securities Market (*AIAF Mercado de Renta Fija*). To achieve this, Iberclear relies on the newly established platform ARCO for both equity and fixed interest instruments. The platform ARCO encompasses the previous SCLV (for the Spanish Stock Exchanges and Latibex) and CADE (for the Book-Entry Public Debt Market and AIAF).

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

Iberclear Securities Registration System

Iberclear and the Iberclear Members (*entidades participantes*) have the function of keeping the book-entry register of securities traded on AIAF.

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

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

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

(ii) the investor appearing in the records of the Iberclear Member as holding the securities.

Iberclear Settlement of securities traded in AIAF

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

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

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

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

Settlement Cycles

Currently, the clearing and settlement of securities traded in the AIAF are operated through the CADE Platform. However, upon full migration to the TS2 and incorporation of debt instruments, as the Notes, into the ARCO Platform, will impose significant changes to the settlement cycles.

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

(i) First settlement cycle,

(ii) Real-time settlement, and

(iii) Session close

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

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

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

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

11. ADDITIONAL INFORMATION

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

Authorisation

The establishment of the Programme was authorised by the resolution of the Board of Directors of the Issuer passed on 18 May 2017.

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

Principal amount of securities available for issue under the Programme.

Up to €1,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time in accordance with the threshold authorised by CORES' Board of Directors' resolution passed on 18 May 2017.

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

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

In accordance with the fifth additional provision of Act 5/2015, the aggregate outstanding amount of CORES' debt issues, including those that may be issued under the Programme, must not exceed the value of CORES' assets. As of the date of this Prospectus, CORES has three outstanding bond issues: of €500 million (due April 2018), of €350 million (due November 2022), and of €250 million (due October 2024).

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

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

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

Validity Period and supplements to the Base Prospectus

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

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

Statement of the capacity in which the advisors have acted

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

Information on trends

Since the date of the last audited financial statements published, no trends have arisen which could involve a material change to the Corporation's activities or financial position.

The subsection *Budget and fees* in Section 5 (*Description of the Issuer*) of the Base Prospectus shows a breakdown of the fees to be paid to the Corporation by the obliged parties during year 2017, broken down by type of product.

Profit forecasts or estimates.

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

Legal and arbitration proceedings

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

Significant change in the Issuer's financial position

Since December 2016, no significant changes have occurred in the financial or trading position of CORES.

Material contracts

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

Third party information and statement by experts

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

Auditors

The statutory auditor of CORES for financial years 2001 to 2015 has been PricewaterhouseCoopers Auditores, S.L. In light of the approaching deadline for the mandatory turnover of audit firms in accordance with the new Spanish law on audit (*Ley 22/2015, de 20 de julio, de Auditoría de Cuentas*), which entered into force on 17 June 2016, and the scope of non-audit services rendered by Landwell-PricewaterhouseCoopers Tax & Legal Services, S.L. to CORES *vis-à-vis* the reinforced independence and conflict requirements established under the aforementioned Spanish law, the General Assembly held on 30 June 2016, at the proposal of the Board of Directors, resolved to appoint Deloitte, S.L. as the statutory auditor of the Corporation for the financial years 2016, 2017 and 2018.

Accordingly, the Annual Accounts of CORES corresponding to years 2016 and 2015 have been the subject of unqualified audit opinions, by the external auditors Deloitte, S.L. and PricewaterhouseCoopers Auditores, S.L., respectively; the former with official addresses in Madrid, Plaza Pablo Ruiz Picasso, 1, Torre Picasso, and registered with the *Registro Oficial de Auditores de Cuentas* under number S-0692, and the latter with official addresses in Madrid, Paseo de la Castellana 259 B, Torre PwC, and registered with the *Registro Oficial de Auditores de Cuentas* under number S-0242.

The financial information as at 31 December 2016 and 2015 shown in this Prospectus has, unless expressly stated otherwise, been extracted from the Audited Financial Statements. No other information in the Base Prospectus has been audited or reviewed by auditors.

The most recent audited financial information included in this Base Prospectus corresponds to the financial year ended on 31 December 2016. Consequently, such information does not exceed 18 months from the date of registration of this Base Prospectus.

In accordance with the provisions of article 121 of Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, of October 23 (*texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) (LMV), CORES is not required to file with the CNMV its Annual Financial Report, Half Yearly Financial Report or Quarterly Financial Statements, since CORES is an issuer who has only debt securities issues admitted to trading in an official secondary market, with a nominal unit value of at least €100,000.

Credit ratings assigned to CORES

Ratings assigned to the Issuer are detailed below:

Rating Agency	CORES	
	Rating	Outlook
Fitch (26 July 2017)	BBB+	Positive
Standard & Poor's (14 July 2017)	BBB+	Positive

Documents on display

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

(i) the Articles of Association of CORES and the legislation related to its incorporation;

(ii) CORES' auditors' reports and audited Financial Statements of and for each of the years ended 31 December 2016 and 2015;

(iii) this Base Prospectus; and

(iv) any future prospectus supplements and Final Terms to this Base Prospectus.

In addition, this Base Prospectus and any future prospectus supplements and Final Terms to this Base Prospectus, will be also available at the website of the CNMV (www.cnmv.es).

All the pages of this Base Prospectus have been duly signed in Madrid, this 6 September 2017.

12. SIGNATURES

In witness to their knowledge and approval of the contents of this Base Prospectus drawn up according to Annexes IX and XIII of Commission Regulation (EC) No. 809/2004 of 29 April 2004, pursuant to the authorisation granted by CORES' Board of Directors' resolution passed on 18 May 2017, it is hereby signed by Ms. Carmen Gómez de Barreda Tous de Monsalve, General Manager (*Directora General*) of CORES, in Madrid this 6 September 2017.

Signed on behalf of Corporación de Reservas Estratégicas de Productos Petrolíferos

By

_____

Ms. Carmen Gómez de Barreda Tous de Monsalve

General Manager