

TERMS AND CONDITIONS OF THE NOTES

(as amended and restated following a Resolution of the Noteholders passed on [] 2012)

The following, save for the paragraphs in italics, are the terms and conditions of the Notes which will be incorporated by reference into the Global Certificate and endorsed on the Notes in definitive form.

The amendment and restatement of these Conditions relating to the €● Senior Unsecured Floating Rate Convertible Notes due 2016 (● Notes having been redeemed between the Closing Date and the Resolution Date) (the "Notes", which expression shall, unless otherwise indicated, include any further notes issued pursuant to Condition 16 and consolidated and forming a single series with the Notes) was approved by a resolution of the Noteholders (as defined below) passed at a validly convened general meeting on [] 2012 (the "Resolution"), conditional on and with effect from the later of (i) the adoption by the Issuer's ordinary shareholders of the resolutions necessary to approve and make effective these Conditions (including but not limited to the approval of a capital increase (the "Capital Increase") and (ii) the date on which the Issuer notifies Noteholders of the completion of the restructuring of the Issuer's senior debt facilities (including its machinery-related debt, non-shareholder unsecured debt, shareholder debt and working capital facilities but excluding the Notes) substantially in accordance with the terms set out in the document entitled "Key Terms of the Restructuring" ("*Términos Principales de la Reestructuración*") published on the website of the Company on or about 4 January 2012 (the later of such dates being the "Implementation Date").

A supplemental fiscal, transfer and conversion agency agreement dated [] 2012 (the "Supplemental Fiscal Agency Agreement") was entered into in relation to the Notes between the Issuer and the Calculation Agent.

The original issue of the up to euro 150,000,000 2.75 per cent. Senior Unsecured Convertible Notes due 2012 (save in respect of any such further notes to be issued pursuant to Condition 16) authorised by resolutions of the General Shareholders' Meeting of General de Alquiler de Maquinaria, S.A. (the "Issuer") passed on 28 June 2007 and of the Board of Directors of the Issuer passed on 6 July 2007. A fiscal, transfer and conversion agency agreement dated 20 August 2007 (the "Fiscal Agency Agreement") has been entered into in relation to the Notes between the Issuer, Deutsche Bank AG, London Branch, as fiscal agent (the "Fiscal Agent", which expression shall include any successor as fiscal agent under the Fiscal Agency Agreement), the paying, transfer and conversion agents for the time being (such persons, together with the Fiscal Agent, being referred to below as the "Paying, Transfer and Conversion Agents", which expression shall include their successors as Paying, Transfer and Conversion Agents under the Fiscal Agency Agreement) and Deutsche Bank AG, London Branch in its capacity as registrar (the "Registrar", which expression shall include any successor as registrar under the Fiscal Agency Agreement).

Copies of the Fiscal Agency Agreement, the Supplemental Fiscal Agency Agreement and these amended and restated terms and conditions (the "Conditions") are available during normal business hours at the specified office of each of the Paying, Transfer and Conversion Agents and the Registrar. The Noteholders are deemed to have notice of, all the provisions of the Fiscal Agency Agreement, the Supplemental Fiscal Agency Agreement and these Conditions which are applicable to them. The Supplemental Fiscal Agency Agreement and includes the form of the Notes, as amended and restated. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Fiscal Agency Agreement and the Supplemental Fiscal Agency Agreement.

The Issuer, as required by Spanish law, executed an escritura pública (the "First Public Deed") before a Spanish notary public in relation to the issue of the Notes and registered the First Public Deed with Madrid's Mercantile Registry. The First Public Deed contains, among other information, the Conditions of the Notes as at the Closing Date. Following approval of the Capital Increase referred to above by the Issuer's ordinary shareholders, the Issuer will execute a further escritura pública (the "Second Public Deed") before a Spanish notary public in relation to the Notes, containing, among other information, these Conditions as amended and restated pursuant to the Resolution and will register the Second Public Deed with Madrid's Mercantile Registry.

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

1. Form, Denomination, Title and Status

(a) Form and Denomination

The Notes are in registered form, serially numbered, in nominal amounts of euro 50,000 and higher integral multiples thereof (“Authorised Denominations”).

(b) Title

Title to the Notes will pass by transfer and registration as described in Condition 4. The holder (as defined below) of any Note will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as appropriate) or anything written on it or on the certificate representing it (other than a duly executed transfer thereof)) and no person will be liable for so treating the holder.

(c) Status of the Notes

The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated indebtedness of the Issuer but, in the event of insolvency, save for such indebtedness that may be preferred by provisions of law that are mandatory and of general application.

2. Negative Pledge

So long as any of the Notes remain outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not create or permit to subsist, and will ensure that none of its Subsidiaries, will create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each a “Security Interest”) upon the whole or any part of its present or future property or assets (including any uncalled capital) to secure any Relevant Indebtedness or any guarantee of or indemnity in respect of any Relevant Indebtedness unless in any such case, before or at the same time as the creation of the Security Interest, any and all action necessary shall have been taken to ensure that:

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

provided that any Subsidiary acquired after the Closing Date may have an outstanding Security Interest with respect to Relevant Indebtedness (or any guarantee or indemnity in respect of such Relevant Indebtedness) of such Subsidiary so long as:

- (a) such Security Interest was outstanding on the date on which such Subsidiary became a Subsidiary and was not created in contemplation of such Subsidiary becoming a Subsidiary or such Security Interest was created in substitution for or to replace either such outstanding Security Interest or any such substituted or replacement Security Interest; and
- (b) the nominal amount of the Relevant Indebtedness (or any guarantee or indemnity in respect of such Relevant Indebtedness) is not increased after the date that such Subsidiary became a Subsidiary.

3. Definitions

In these Conditions, unless otherwise provided:

“Accreted Principal Amount” means €[].

"Amortised Principal Amount" means the Accreted Principal Amount until, but not including, the first anniversary of the Implementation Date and thereafter shall mean the Accreted Principal Amount less all amortisation payments made from time to time pursuant to Condition 5(h).

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

"Calculation Agent" shall mean the agent appointed by the Issuer from time to time pursuant to the Fiscal, Transfer and Conversion Agency Agreement, as amended and restated by the Supplemental Fiscal Agency Agreement.

“Closing Date” means 20 August 2007.

“Closing Price” means, in respect of any Trading Day, the last officially published price of the Ordinary Shares by the Relevant Stock Exchange on that Trading Day.

"Commencement Date" means the date of the first public announcement of the proposed Tender Offer by or on behalf of the relevant offeror or, as the case may be, the date of the first public announcement of the relevant scheme, provided that if the Commencement Date would otherwise have occurred less than 90 (ninety) days after the end of a previous Tender Offer period, then the Commencement Date shall be the commencement of such previous offer period.

“Commissioner” has the meaning provided in Condition 14.

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

“Conversion Date” has the meaning provided in Condition 6(b).

“Conversion Notice” has the meaning provided in Condition 6(b).

“Conversion Period” has the meaning provided in Condition 6(a).

“Conversion Price” has the meaning provided in Condition 6(a).

“Conversion Right” has the meaning provided in Condition 6(a).

“equity share capital” means, in relation to a company, its issued share capital excluding any part thereof which, neither as regards dividends, nor as regards capital, carries any right to participate beyond a specified amount in a distribution.

“Final Maturity Date” means 31 January 2016.

“Iberclear” means the Spanish clearing and settlement system (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*).

“Interest Payment Date” has the meaning provided in Condition 5(a).

“Madrid business day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Madrid.

“Material Subsidiary” means, at any relevant time, a Subsidiary of the Issuer:

(a) whose total assets or revenues (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets or revenues) at any relevant time represent no less than 5 per cent. of the total consolidated assets or revenues, respectively, of the Issuer and its Subsidiaries, as calculated by reference to the then latest consolidated audited accounts or consolidated six-month or quarterly reports of the Issuer and the latest accounts or six-month or quarterly reports of each relevant Subsidiary as restated in accordance with International Financial Reporting Standards; or

(b) to which is transferred all or substantially all of the assets and undertaking of a Subsidiary which, immediately prior to such transfer, is a Material Subsidiary, provided that, as a result of such transfer, the relevant Subsidiary’s assets or revenues shall represent at least 5 per cent. of the total consolidated assets or revenues, respectively, of the Issuer and its Subsidiaries, as calculated pursuant to paragraph (a) above.

“Noteholder” and “holder” mean the person in whose name a Note is registered in the Register (as defined in Condition 4(a)).

“Optional Redemption Date” has the meaning provided in Condition 7(b).

“Optional Redemption Notice” has the meaning provided in Condition 7(b).

“Ordinary Shares” means fully paid ordinary shares in the capital of the Issuer currently with a par value of euro 1.00 each.

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

“Other Securities” means equity securities of the Issuer (including hybrid instruments) other than Ordinary Shares.

“Put Date” has the meaning provided in Condition 7(e).

“Put Exercise Notice” has the meaning provided in Condition 7(e).

“Record Date” has the meaning provided in Condition 8(c).

“Registry Date” has the meaning provided in Condition 6(b).

“Relevant Date” means, in respect of any Note, whichever is the later of (i) the date on which payment in respect of it first becomes due and (ii) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on

which notice is duly given by the Issuer or to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

“Relevant Event” shall mean a Tender Offer being made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any associate of the offeror) to acquire all, or any of the issued ordinary share capital of the Issuer.

“Relevant Event Notice” has the meaning provided in Condition 7(e).

“Relevant Event Period” means the period commencing on and including the Commencement Date and ending on and including the date falling 120 (one hundred and twenty) days after the Commencement Date or, if later, the last day of the relevant Tender Offer period.

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

“Relevant Page” means the relevant page on Bloomberg or Reuters or such other information services provider which displays the relevant information.

“Relevant Stock Exchange” means the Spanish Stock Exchanges or if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on the Spanish Stock Exchanges, the principal stock exchange or securities market on which the Ordinary Shares are then listed or quoted or dealt in.

“Resolution Date” means [] 2012, being the date on which Noteholders voted to approve the passing of the resolution conditionally amending and restating these Conditions.

“Securities” means any securities including, without limitation, Ordinary Shares, or options, warrants or other rights to subscribe for or purchase or acquire Ordinary Shares.

“Shareholders” means the holders of Ordinary Shares.

“Share Record Date” has the meaning provided in Condition 6(b).

“Spanish Stock Exchanges” means the Madrid, Barcelona, Bilbao and Valencia stock exchanges and the automated quotation system.

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

“Syndicate of Noteholders” has the meaning provided in Condition 14.

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

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

“Tax Redemption Date” has the meaning provided in Condition 7(c).

“Tax Redemption Notice” has the meaning provided in Condition 7(c).

“Tax Redemption Price” has the meaning provided in Condition 7(c).

"Tender Offer" means a tender offer (including a competing tender offer) made in accordance with applicable Spanish laws and regulations following approval from the Comisión Nacional del Mercado de Valores.

“Trading Day” means any day (other than Saturday or Sunday) on which the Relevant Stock Exchange is open for business and Ordinary Shares may be dealt in.

“Treasury Ordinary Shares” means Ordinary Shares in issue and beneficially owned by the Issuer or any of its Subsidiaries.

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

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

References to any issue or offer or grant to Shareholders “as a class” or “by way of rights” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

For the purposes of Conditions 6(b) and (c) and Condition 10 only, (a) references to the “issue” of Ordinary Shares shall include the transfer and/or delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its Subsidiaries, and (b) Ordinary Shares held by or on behalf of the Issuer or any of its respective Subsidiaries shall not be considered as or treated as “in issue”.

4. Registration and Transfer of Notes

(a) Registration

The Issuer will cause a register (the “Register”) to be kept at the specified office of the Registrar outside the United Kingdom on which will be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers, redemptions and conversions of Notes.

(b) Transfer

Notes may, subject to the terms of the Fiscal Agency Agreement and to Conditions 4(c) and 4(d), be transferred in whole or in part in an Authorised Denomination by lodging the relevant Note (with the

form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying, Transfer and Conversion Agent.

No transfer of a Note will be valid unless and until entered on the Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within 7 (seven) business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Note, deliver a new Note to the transferee (and, in the case of a transfer of part only of a Note, deliver a Note for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Note by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) *Formalities Free of Charge*

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith; (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application; and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar.

(d) *Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Note (or part thereof) (i) during the period of 15 (fifteen) days immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Notes pursuant to Condition 7(b) or 7(c); (ii) in respect of which a Conversion Notice has been delivered in accordance with Condition 6(b); (iii) in respect of which a holder has exercised its right to require redemption pursuant to Condition 7(e); or (iv) during the period of 15 (fifteen) days ending on (and including) any Record Date (as defined in Condition 8(c)) in respect of any payment of interest on the Notes.

5. Interest and Amortisation

(a) *Interest calculation*

The Notes shall bear interest from and including the Implementation Date calculated by reference to the Amortised Principal Amount thereof, payable semi-annually in arrear on 30 June and 31 December in each year (each an "Interest Payment Date"), commencing with the Interest Payment Date falling on 30 June 2012 or, in the event that the Implementation Date has not yet occurred by 30 June 2012, 31 December 2012 and continuing until (but excluding) the earlier of the day on which such Note has been redeemed in full and the Final Maturity Date.

(b) *Interest Amount*

The amount of interest payable by the Issuer in respect of each Note on any Interest Payment Date (the "Interest Amount") shall be calculated by applying the Interest Rate (as defined in Condition 5(d) for the relevant Interest Period (as defined in Condition 5(c)):

- (i) In the case of Interest Periods in which no amortisation payment is made pursuant to Condition 5(h) to the Amortised Principal Amount of the Note outstanding immediately prior to the relevant Interest Payment Date and multiplying the result by the actual number of days

in the relevant Interest Period divided by 360 and rounding the resulting figure downward, if necessary, to the nearest euro; and

- (ii) In the case of Interest Periods in which an amortisation payment is made pursuant to Condition 5(h) to:
 - (a) the Amortised Principal Amount of the Note outstanding immediately prior to the anniversary of the Implementation Date on which the amortisation payment is made and multiplying the result by the actual number of days from beginning of the relevant Interest Period to the relevant anniversary of the Implementation Date divided by 360 and rounding the resulting figure downward, if necessary, to the nearest euro; and to
 - (b) the Amortised Principal Amount of the Note outstanding with effect from the anniversary of the Implementation Date on which the amortisation payment is made and multiplying the result by the actual number of days from to the relevant anniversary of the Implementation Date to the end of the relevant Interest Period divided by 360 and rounding the resulting figure downward, if necessary, to the nearest euro;

and the sum of these amounts shall be the Interest Amount in respect of such Interest Period.

(c) *Interest Period*

"Interest Period" shall mean:

- (a) in respect of the first Interest Payment Date falling after the Implementation Date, the period commencing on and including the Implementation Date and ending on (but excluding) 30 June 2012 (provided that where the Implementation Date falls after 30 June 2012, the relevant Interest Period shall end on, but exclude, 31 December 2012);
- (b) in respect of each subsequent Interest Payment Date except for the last Interest Period prior to the Final Maturity Date, the period commencing on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date up to 31 December 2015;
- (c) in respect of the last Interest Period prior to the Final Maturity Date, the period commencing on and including 31 December 2015 and ending on the Final Maturity Date.

(d) *Interest Rate*

The interest rate payable on any Note for each Interest Period shall be the higher of (i) 5.00 per cent. and (ii) EURIBOR plus 3.25 per cent. per annum, as determined by the Calculation Agent.

"EURIBOR" with respect to an Interest Period shall mean the rate (expressed as a percentage per annum) for deposits in euro for a six month period beginning on the EURIBOR Determination Date which appears on the Telerate Page 248 (or such other Telerate Page as may in the future contain the per annum rate for six month EURIBOR). If Telerate ceases to publish such a rate:

- (i) the Calculation Agent shall request, two TARGET Business Days prior to each such Interest Period, the principal Euro-zone office of each of four major banks in the Euro-zone inter-bank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered rate for deposits in euros, at approximately 11:00 a.m. (Brussels time) on such date, to prime banks in the Euro-zone inter-bank market for a period of six months and for an amount approximately equal to the nominal amount outstanding of the Notes, in that market at that time. If at least two quotations are provided, EURIBOR will be the arithmetic mean of those

quotations (rounded, if necessary, to 1/1,000,000 of one per cent., 0.000005 being rounded upwards);

- (ii) if fewer than two quotations are provided, EURIBOR will be the arithmetic mean of the rates quoted by four major banks in the Euro-zone, as selected by the Calculation Agent, at approximately 11:00 a.m. (Brussels time) on the applicable Interest Payment Date for loans in euro to leading European banks for a period of six months and for an amount approximately equal to the nominal amount outstanding of the Notes; and
- (iii) if the banks so selected by the Calculation Agent are not quoting as mentioned in (ii) above, the EURIBOR rate in effect for the applicable Interest Period will be the same as EURIBOR for the immediately preceding Interest Period.

"EURIBOR Determination Date" means, for any Interest Period, a day which is two business days preceding the first day of that Interest Period.

"Euro-zone" means the region comprised of member states of the European Union that adopted or adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

(e) *Notifications*

The Calculation Agent shall, as soon as practicable after each EURIBOR Determination Date, determine the relevant Interest Period, any Interest Shortfall, Interest Rate, Interest Amount and Interest Payment Date with respect to each Note and shall notify the Paying, Transfer and Conversion Agents. The Paying, Transfer and Conversion Agents shall notify such information (i) to the Issuer and the Commissioner, (ii) on behalf of the Issuer, by means of notification in accordance with Condition 15, to the Noteholders and (iii) as long as any Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF Market, to the Luxembourg Stock Exchange. In the event that such notification is required to be given to the Luxembourg Stock Exchange, this notification shall be given no later than the close of the first business day following the relevant EURIBOR Determination Date.

(f) *Interest Shortfall*

Accrued interest not distributed on any Interest Payment Date related to the Interest Period in which it accrued will be an "Interest Shortfall" with respect to the relevant Note. An Interest Shortfall shall become due and payable on the next Interest Payment Date and on any following Interest Payment Date until it is reduced to zero. Interest shall not accrue on Interest Shortfalls at any time.

(g) *Accrual of Interest*

Each Note will cease to bear interest (i) where the Conversion Right shall have been exercised by a Noteholder, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 6(d)); or (ii) where such Note is being redeemed or repaid pursuant to Condition 7 or Condition 10, from the due date for redemption thereof unless, upon due presentation thereof, payment of the relevant Amortised Principal Amount is improperly withheld or refused, in which event interest will continue to accrue as provided in Condition 7(a) (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day 7 (seven) days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(h) *Amortisation*

On each anniversary of the Implementation Date until the Final Maturity Date, the Issuer shall pay to Noteholders by way of amortisation an amount representing 0.5 per cent. of the Accreted Principal Amount and the Amortised Principal Amount shall be reduced by the same amount.

6. Conversion of Notes

(a) *Conversion Period and Conversion Price*

Subject as provided below, each Note shall entitle the holder (a "Conversion Right") to convert into new and/or existing Ordinary Shares, credited as fully paid, subject to and as provided in these Conditions.

The number of Ordinary Shares to be issued or delivered on exercise of a Conversion Right shall be determined by dividing the nominal amount of the relevant Note by the conversion price (the "Conversion Price") in effect on the relevant Conversion Date.

The Conversion Price upon each exercise of a Conversion Right shall be determined at a price per Ordinary Share that represents a 20 per cent. discount to the volume weighted average trading price of the Ordinary Shares on the Spanish Stock Exchanges over the period of fifteen (15) calendar days preceding the delivery of a Conversion Notice in accordance with Condition 6(b), provided always that the Conversion Price per Ordinary Share shall in any event be greater than or equal to the nominal value of the Ordinary Shares from time to time.

A Noteholder may exercise the Conversion Right in respect of a Note by delivering such Note to the specified office of any Paying, Transfer and Conversion Agent in accordance with Condition 6(b) whereupon the Issuer shall (subject as provided in these Conditions) procure the delivery, to or as directed by the relevant Noteholder of Ordinary Shares credited as paid up in full as provided in this Condition 6.

Subject to, and as provided in these Conditions, the Conversion Right in respect of a Note may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) from and including the date that falls twenty-four (24) months after the Implementation Date (the "Conversion Period Start Date") to 5.00 p.m. (Madrid time) (at the place where the relevant Note is delivered for conversion) on the date falling five (5) business days prior to the Final Maturity Date (both days inclusive) or, if the Notes shall have been called for redemption pursuant to Condition 7(b) or 7(c) prior to the Final Maturity Date, then up to the close of business (at the place aforesaid) on the fifth business day before the date fixed for redemption thereof pursuant to Condition 7(b) or 7(c), unless there shall be default in making payment in respect of such Note on such date fixed for redemption, in which event the Conversion Right shall extend up to the close of business (at the place aforesaid) on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 15 or, if earlier, the Final Maturity Date; provided that, in each case, if the final such date for the exercise of Conversion Rights is not a business day at the place aforesaid, then the period for exercise of the Conversion Right by Noteholders shall end on the immediately preceding business day at the place aforesaid.

If any of the following events has occurred:

- (i) there has been an increase of the Issuer's capital by means of capitalization of reserves, profits or premia by distribution of Ordinary Shares, or a sub-division or consolidation of Ordinary Shares;

- (ii) there has been an issue of Ordinary Shares or Other Securities to Shareholders by way of conferring subscription or purchase rights;
- (iii) there has been a non-preemptive issue of Ordinary Shares or Other Securities to third parties;
- (iv) there has been a spin-off or capital distribution other than a cash distribution;
- (v) there has been a cash distribution; or
- (vi) any other corporate event has occurred which results in an increase or decrease in the number of Ordinary Shares outstanding from time to time,

then Conversion Rights may not be exercised in respect of a Note until fifteen (15) calendar days after announcement of such event.

Conversion Rights may not be exercised in respect of a Note which the relevant holder has either (i) given notice pursuant to Condition 10; or (ii) exercised its right to require the Issuer to redeem pursuant to Condition 7(e).

Conversion Rights may not be exercised by a Noteholder in circumstances where the relevant Conversion Date would fall during the period commencing on the Record Date in respect of any payment of interest on the Notes and ending on the relevant Interest Payment Date (both days inclusive).

The period during which Conversion Rights may (subject as provided below) be exercised by a Noteholder is referred to as the "Conversion Period".

Conversion Rights may only be exercised in respect of an Authorised Denomination. Where Conversion Rights are exercised in respect of part only of a Note, the old Note shall be cancelled and a new Note for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within 7 (seven) business days, in the place of the specified office of the Registrar, following the relevant Conversion Date deliver such new Note to the Noteholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Noteholder otherwise than by ordinary mail, at the expense of the Noteholder) mail the new Note by uninsured mail to such address as the Noteholder may request.

Fractions of Ordinary Shares will not be delivered on conversion. However, and except where any individual entitlement would be less than euro one (1.00), a cash payment shall be made by the Issuer in respect of any such fraction determined by reference to the volume-weighted average trading price per Ordinary Share (to be determined based on the price quoted on the Madrid Stock Exchange) over the 15 calendar days immediately preceding the relevant Conversion Date and the Issuer shall make payment of the relevant amount to the relevant holder not later than 5 (five) Madrid business days (as defined in Condition 3) following the relevant Conversion Date.

The Issuer will procure that Ordinary Shares to be delivered or transferred on conversion will be delivered or transferred to the holder of the Notes completing the relevant Conversion Notice or his nominee.

(b) Procedure for exercise of Conversion Rights

The Conversion Right may be exercised by a Noteholder during the Conversion Period by delivering the relevant Note to the specified office of any Paying, Transfer and Conversion Agent, during its usual business hours, accompanied by a duly completed and signed notice of conversion (a "Conversion

Notice”) in the form (for the time being current) obtainable from any Paying, Transfer and Conversion Agent. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying, Transfer and Conversion Agent to whom the relevant Conversion Notice is delivered is located. If such delivery is made after the end of normal business hours or on a day which is not a business day in the place of the specified office of the relevant Paying, Transfer and Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day. If such delivery is made at a time when Conversion Rights may not be exercised, such delivery shall be deemed for all purposes of these Conditions to have been made on the first following business day on which Conversion Rights may be exercised.

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Note (the “Conversion Date”) shall be the Madrid business day immediately following the date of the delivery of the Notes and the Conversion Notice and, if applicable, the making of any payment to be made as provided below.

A Noteholder exercising a Conversion Right must pay directly to the relevant authorities any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital duties or stamp duties payable in the United Kingdom, Luxembourg, Belgium or the Kingdom of Spain in respect of the allotment and issue and/or transfer of any Ordinary Shares on such conversion, which shall be paid by the Issuer) and such Noteholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Note or interest therein in connection with such conversion.

The Issuer may, in its own discretion, decide to fulfil its obligations, in connection with any Conversion Notice received, by either the allotment and issue of new Ordinary Shares or the transfer of Treasury Ordinary Shares. Pursuant to the authority granted by the Shareholders of the Issuer to the Board of Directors of the Issuer and a delegation from such Board of Directors to its members, each such member is authorised to allot and issue new Ordinary Shares or transfer Treasury Ordinary Shares in connection with conversions of the Notes. Conversion Notices will be acted upon by the Issuer on the first day of each calendar month or, if such day is not a Madrid business day, the following Madrid business day, in relation to Conversion Notices in respect of which the Conversion Dates occurred at least 2 (two) Madrid business days prior to such day. Any Conversion Notice in respect of which the Conversion Date falls after the second Madrid business day prior to the first day of a calendar month or if such day is not a Madrid business day, the following Madrid business day, will be acted upon on the first day of the immediately following calendar month or if such day is not a Madrid business day, the following Madrid business day.

Notwithstanding the provisions of the preceding paragraph, in the case of Conversion Notices delivered in the context of final redemption pursuant to Condition 7(a), redemption at the option of the Issuer pursuant to Condition 7(b) or 7(c) or following a Relevant Event pursuant to Condition 7(e), the Issuer shall act upon any such Conversion Notice not later than the Madrid business day prior to the Final Maturity Date, Optional Redemption Date, Tax Redemption Date or last day of the Relevant Event Period, respectively.

The date upon which any member of the Board of Directors of the Issuer acts upon the relevant Conversion Notice will be the date upon which the Notes are converted into Ordinary Shares and shall be the date from which the relevant Noteholder shall be entitled to the economic rights of a holder of Ordinary Shares and is referred to herein as the “Share Record Date”. On the Share Record Date, subject to the next following sentence, the relevant Noteholder will become entitled to the economic rights of a Shareholder for the purposes of dividend entitlement and otherwise. However, the relevant Noteholder will not be able to transfer newly-issued Ordinary Shares until they have been registered in Iberclear or Treasury Ordinary Shares until they have been credited to the account of the relevant Noteholder or its nominee with Iberclear. The date that the newly-issued Ordinary Shares are registered in, or Treasury Ordinary Shares are credited to, Iberclear, is referred to herein as the “Registry Date”.

The Issuer shall use its reasonable endeavours to register newly-issued Ordinary Shares and have these Ordinary Shares listed on the Spanish Stock Exchanges or credit Treasury Ordinary Shares (as applicable) in Iberclear as soon as practicable but in no event later than 15 (fifteen) Trading Days, in the case of new Ordinary Shares, and 5 (five) Trading Days, in the case of Treasury Ordinary Shares, after the relevant Share Record Date.

The Registry Date for newly-issued Ordinary Shares and for Treasury Ordinary Shares is generally expected to occur between one and two weeks after the relevant Share Record Date.

On or as soon as reasonably practicable after the Share Record Date with respect to any Notes in respect of which the Conversion Right has been exercised, the Issuer, through the Fiscal Agent, will notify the relevant Noteholder of the Share Record Date and the number of newly-issued Ordinary Shares and/or Treasury Ordinary Shares (as the case may be) to be issued and/or transferred upon such conversion.

On or as soon as reasonably practicable after the Registry Date, the Issuer, through the Fiscal Agent, will notify the relevant Noteholder of the Registry Date and in the event that any newly-issued Ordinary Shares are issued, the Issuer will also notify the relevant Noteholder of the date of listing. In the relevant Conversion Notice the Noteholder is required to designate, inter alia, details of the Iberclear account and the name or names in which the newly-issued Ordinary Shares shall be issued and registered (or in the case of Treasury Ordinary Shares, credited).

Notwithstanding delivery by a Noteholder of a Conversion Notice with respect to any Notes, such Noteholder shall remain a Noteholder for the purposes of these Conditions until the relevant Share Record Date, provided that once Conversion Rights with respect to a Note have been exercised, such Note will not be redeemable, subject to this Condition 6(g), on the Final Maturity Date or otherwise.

(c) *Ordinary Shares*

- (i) Ordinary Shares issued or delivered upon conversion of the Notes will be fully paid and will in all respects rank pari passu with the fully paid Ordinary Shares in issue on the relevant Share Record Date, except that such Ordinary Shares will not rank for any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Share Record Date.
- (ii) Save as provided in Condition 6(d), no payment shall be made on conversion for any interest which otherwise would have accrued on the relevant Notes since the last Interest Payment Date preceding the Conversion Date relating to such Notes (or, if such Conversion Date falls before the first Interest Payment Date, since the Closing Date).

(d) *Interest on Conversion*

If any notice requiring the redemption of any Notes is given pursuant to Condition 7(b) or 7(c) on or after the fifteenth Madrid business day prior to a record date which has occurred since the last Interest Payment Date in respect of any Distribution payable in respect of the Ordinary Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 (fourteen) days after the Interest Payment Date next following such record date, interest shall accrue at the rate provided in Condition 5 on Notes in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in respect of such Distribution, in each case from and including the preceding Interest Payment Date to but excluding such Conversion Date. The Issuer shall pay any such interest by not later than 14 (fourteen) days after the relevant Conversion Date by transfer to, a euro account with a bank in a city in which banks have access to the TARGET System and in accordance with instructions given by the relevant Noteholder in the relevant Conversion Notice.

(e) *Purchase or Redemption of Ordinary Shares*

The Issuer may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back its own shares (including Ordinary Shares) or any depositary or other receipts representing the same without the consent of the Noteholders.

(f) *Consolidation, Amalgamation or Merger*

In the case of any consolidation, amalgamation or merger of the Issuer with any other corporation (other than a consolidation, amalgamation or merger in which the Issuer is the continuing corporation), or in the case of any sale or transfer of all, or substantially all, of the assets of the Issuer, the Issuer will forthwith notify the Noteholders of such event and take such steps as shall be required to ensure that each Note then outstanding will (during the period in which Conversion Rights may be exercised) be converted into the class and amount of shares and other securities property and cash receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Ordinary Shares which would have become liable to be issued or delivered if the Conversion Rights had been exercised immediately prior to such consolidation, amalgamation, merger, sale or transfer. The above provisions of this Condition 6(f) will apply, mutatis mutandis to any subsequent consolidations, amalgamations, mergers, sales or transfers.

7. Redemption, Purchase and Relevant Event Protections

(a) *Final Redemption*

Unless previously purchased and cancelled, redeemed or converted as herein provided, on the Final Maturity Date the Notes will be redeemed at their Amortised Principal Amount. The Notes may not be redeemed at the option of the Issuer other than in accordance with Condition 7(b) or 7(c).

(b) *Redemption at the Option of the Issuer*

On giving not less than 30 (thirty) nor more than 90 (ninety) days' notice (an "Optional Redemption Notice") to the Noteholders in accordance with Condition 15, the Issuer may redeem all but not some only of the Notes on the date (the "Optional Redemption Date") specified in the Optional Redemption Notice at the price set out below, together with accrued and unpaid interest to such date (the "Optional Redemption Price"):

- (i) at the Amortised Principal Amount if, at any time prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in nominal amount of the Notes originally issued including any Optional Notes; or
- (ii) at any time from and including the date that falls twenty-four (24) months after the Implementation Date, at a redemption price equal to 120 per cent. of the Amortised Principal Amount of the Notes, together with any accrued and unpaid interest to the date of redemption.

(c) *Redemption for Taxation Reasons*

At any time the Issuer may, having given not less than 30 (thirty) nor more than 90 (ninety) days' notice (a "Tax Redemption Notice") to the Noteholders (which notice shall be irrevocable) redeem (subject to the second following paragraph) all, and not some only, of the Notes on the date (the "Tax Redemption Date") specified in the Tax Redemption Notice at their Amortised Principal Amount, together with accrued but unpaid interest to such date (the "Tax Redemption Price"), if (i) the Issuer has or will become obliged to pay additional amounts in respect of principal or interest pursuant to Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of

Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised international standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of a Tax Redemption Notice, the Issuer shall (subject to the next following paragraph) redeem the Notes at their Tax Redemption Price. On or prior to the giving of any Tax Redemption Notice, the Issuer shall procure the determination of the Tax Redemption Price by the Calculation Agent.

If the Issuer gives a notice of redemption pursuant to this Condition 7(c), each Noteholder will have the right to elect that his Note(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of interest to be made on such Note(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the Kingdom of Spain or any authority thereof or therein having power to tax. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of any Paying, Transfer and Conversion Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying, Transfer and Conversion Agent together with the relevant Notes on or before the day falling 10 (ten) days prior to the Tax Redemption Date.

(d) *Optional and Tax Redemption Notices*

Any Optional Redemption Notice or Tax Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Optional Redemption Date or, as the case may be, the Tax Redemption Date and the Optional Redemption Price or, as the case may be, the Tax Redemption Price, (ii) the Conversion Price, the aggregate nominal amount of the Notes outstanding and the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice or, as the case may be, the Tax Redemption Notice and (iii) the last day on which Conversion Rights may be exercised by Noteholders.

(e) *Redemption at the option of Noteholders following a Relevant Event*

Following the occurrence of a Relevant Event, the holder of each Note will have the right to require the Issuer to redeem that Note on the Put Date at its Amortised Principal Amount, together with accrued interest to the Put Date (the "Put Redemption Price"). To exercise such right, the holder of the relevant Note must present such Note at the specified office of any Paying, Transfer and Conversion Agent together with a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying, Transfer and Conversion Agent (a "Put Exercise Notice") at any time in the Relevant Event Period. The "Put Date" shall be, the fourteenth calendar day after the expiry of the Relevant Event Period.

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

Within 14 (fourteen) calendar days following the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Noteholders in accordance with Condition 15 (a “Relevant Event Notice”). Such notice shall contain a statement informing Noteholders of their entitlement to exercise their Conversion Rights as provided in these Conditions, or to exercise their rights to require redemption of their Notes pursuant to this Condition 7(e).

The Relevant Event Notice shall also specify:

- (i) all information material to Noteholders concerning the Relevant Event;
- (ii) the Conversion Price immediately prior to the occurrence of the Relevant Event during the Relevant Event Period;
- (iii) the Closing Price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Relevant Event Notice;
- (iv) the last day of the Relevant Event Period; and
- (v) the Put Date and the relevant Put Redemption Price (as defined above).

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

(f) *Purchase*

Subject to the requirements (if any) of any stock exchange on which the Notes may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer may at any time purchase Notes in the open market or otherwise at any price. Any purchase by tender shall be made available to all Noteholders alike.

(g) *Cancellation*

All Notes which are redeemed or in respect of which Conversion Rights are exercised will be cancelled and may not be reissued or resold. Notes purchased by the Issuer or any of its Subsidiaries shall be surrendered to the Fiscal Agent for cancellation and may not be reissued or re-sold.

(h) *Multiple Notices*

If more than one notice of redemption is given pursuant to this Condition 7, the first of such notices to be given shall prevail.

8. Payments

(a) *Principal and Premium*

Payment of principal, premium and amortisation payments in respect of the Notes and accrued interest payable on a redemption of the Notes other than on an Interest Payment Date will be made to the persons shown in the Register at the close of business on the Record Date and subject to the surrender of the Notes at the specified office of the Registrar or of any of the Paying, Transfer and Conversion Agents.

(b) *Interest and other Amounts*

- (i) Payments of interest due on an Interest Payment Date will be made to the persons shown in the Register at close of business on the Record Date.
- (ii) Payments of all amounts other than as provided in Condition 8(a) and (b)(i) will be made as provided in these Conditions.

(c) *Record Date*

“Record Date” means the seventh business day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

(d) *Payments*

Each payment in respect of the Notes pursuant to Condition 8(a) and (b)(i) will be made by euro cheque drawn on a bank in a city in which Banks have access to the TARGET System mailed to the holder of the relevant Note at his address appearing in the Register. However, upon application by the holder to the specified office of the Registrar or any Paying, Transfer and Conversion Agent not less than 15 (fifteen) days before the due date for any payment in respect of a Note, such payment may be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.

Where payment is to be made by cheque, the cheque will be mailed, on the business day preceding the due date for payment or, in the case of payments referred to in Condition 8(a), if later, on the business day on which the relevant Note is surrendered as specified in Condition 8(a) (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder).

(e) *Payments subject to fiscal laws*

Without prejudice to the application of the provisions of Condition 9, all payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(f) *Delay in payment*

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due (i) as a result of the due date not being a business day, (ii) if the Noteholder is late in surrendering the relevant Note or (iii) if a cheque mailed in accordance with this Condition arrives after the date for payment.

(g) *Business days*

In this Condition, “business day” means a day (other than a Saturday or Sunday) which is a TARGET Business Day and in the case of presentation or surrender of a Note on which commercial bank and foreign exchange markets are open for business in the place of the specified office of the Registrar or relevant Paying, Transfer and Conversion Agent, to whom the relevant Note is presented or surrendered.

(h) *Paying, Transfer and Conversion Agents, etc.*

The initial Paying, Transfer and Conversion Agents (including the Calculation Agent) and the Registrar and their initial specified offices are listed below. The Issuer reserves the right under the Fiscal Agency Agreement (as amended and restated by the Supplemental Fiscal Agency Agreement) at any time to vary or terminate the appointment of any Paying, Transfer and Conversion Agent (including the Calculation Agent) or the Registrar and appoint additional or other Fiscal Agents, provided that it will (i) maintain a Fiscal Agent, (ii) maintain Paying, Transfer and Conversion Agents (including a Calculation Agent) having specified offices in at least two major European cities including, so long as the Notes are admitted to the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, a Paying, Transfer and Conversion Agent having a specified office in Luxembourg, (iii) a

Paying, Transfer and Conversion Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, (iv) maintain a Registrar with a specified office outside the United Kingdom. Notice of any change in the Paying, Transfer and Conversion Agents (including the Calculation Agent) or the Registrar or their specified offices will promptly be given by the Issuer to the Noteholders in accordance with Condition 15. In addition, at any time when a determination is required to be made by the Calculation Agent, the Issuer shall promptly appoint and maintain such a Calculation Agent.

(i) *Fractions*

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

9. Taxation

All payments of principal, premium and interest made by or on behalf of the Issuer in respect of the Notes will be made free from any restriction or condition and will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Spain or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.

In the event that any such withholding or deduction is required to be made, the Issuer will pay such additional amounts as will result in the receipt by the Noteholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of interest on any Note:

(a) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Kingdom of Spain otherwise than merely by holding the Note; or

(b) (in the case of a payment of principal or premium) if the Note is surrendered more than 30 (thirty) days after the Relevant Date except to the extent that the holder would have been entitled to such additional amount on surrendering the Note for payment on the last day of such period of 30 (thirty) days; or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) to, or to a third party on behalf of, a holder in respect of whom the Issuer does not receive such information (which may include a tax residence certificate) concerning such holder's identity and tax residence as it may require in order to comply with Law 13/1985 (as defined below) and any implementing legislation; or

(e) to, or to a third party on behalf of, individuals resident for tax purposes in the Kingdom of Spain or individuals or any other entity resident in, or obtaining income through, a tax haven (as defined in Spain's Royal Decree 1080/1991 of 5 July 1991, as amended from time to time); or

(f) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish corporation tax or a non-Spanish resident person subject to Spanish non-resident income tax acting with relation to the Notes through a permanent establishment in Spain if the Spanish tax authorities determine that the Notes do not comply with exemption requirements specified in the Reply to a Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made; or

(g) where such withholding tax or deduction is imposed on a payment to an individual resident of Luxembourg pursuant to the Luxembourg Law dated 23 December 2005 introducing a withholding tax in full discharge of income tax on certain interest income.

For the purposes of this Condition 9, “Law 13/1985” means Spain’s Law 13/1985 of 25 May 1985 on investment ratios, capital adequacy and information requirements for financial intermediaries (Ley 13/1985, de 25 de mayo, de coeficientes de inversion, recursos propios y obligaciones de información de los intermediarios financieros) as amended by Law 19/2003 of 4 July 2003 on foreign capital movements and financial transactions and on certain measures to prevent money laundering (Ley 19/2003, de 4 de julio, sobre el régimen jurídico de los movimientos de capitales y de las transacciones económicas con el exterior y sobre determinadas medidas del blanqueo de capitales) and Law 23/2005 of 18 November 2005 on certain tax measures to promote the productivity (Ley 23/2005, de 18 de noviembre, de reformas en materia tributaria para el impulso a la productividad).

References in these Conditions to principal or premium and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition.

10. Events of Default

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

(a) default is made in the payment on the due date of principal, premium or interest or any other amount in respect of any of the Notes and such failure continues for a period of 5 (five) days in the case of principal or premium and 7 (seven) days in the case of interest; or

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

(c)
(i) any other present or future indebtedness of the Issuer or any Material Subsidiary for or in respect of moneys borrowed or raised becomes, or becomes capable of being declared, due and payable prior to its stated maturity otherwise than at the option of the Issuer or the relevant Material Subsidiary; or

(ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period; or

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

provided that the aggregate amount of the indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds euro 15,000,000 or its equivalent; or

(d) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues or any Material Subsidiary and is not discharged or stayed within 30 (thirty) days provided that the aggregate amount of property, assets and/or revenues involved in any such distress, attachment, execution or legal process equals or exceeds euro 15,000,000 or its equivalent; or

(e) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person); or

(f) the Issuer or any Material Subsidiary is (or is deemed by law or a court to be) insolvent or bankrupt (*concurso*) or unable to pay its debts, or is declared or a request has been submitted to a relevant court for the declaration of insolvency or bankruptcy, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of the debts of the Issuer or any Material Subsidiary; or

(g) an order is made or an effective resolution passed for the winding-up (*liquidación*) or dissolution (*disolución*) of any Material Subsidiary, or the Issuer or any Material Subsidiary ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by a resolution of the Syndicate of Noteholders; or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another Material Subsidiary; or

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

(i) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or

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

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

11. Undertakings

Whilst any Conversion Right remains exercisable, the Issuer will, save with the approval of a resolution of the Syndicate of Noteholders:

(a) not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:

- (i) by the issue of fully paid Ordinary Shares to Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Ordinary Shares or other shares or securities on a capitalisation of profits or reserves; or
 - (ii) by the issue of Ordinary Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend; or
 - (iii) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or
 - (iv) by the issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Issuer or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them;
- (b) not modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 11(b) shall prevent:
- (i) any consolidation, reclassification or subdivision of the Ordinary Shares; or
 - (ii) any issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Issuer or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any or more of them; or
 - (iii) any modification of such rights which is not, in the opinion of the Calculation Agent (acting as an expert), materially prejudicial to the interests of the holders of the Notes;
- (c) procure that no Securities (whether issued by the Issuer or any Subsidiary of the Issuer or procured by the Issuer or any Subsidiary of the Issuer to be issued or issued by any other person pursuant to any arrangement with the Issuer or any Subsidiary of the Issuer) issued without rights to convert into, or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 80 per cent. of the volume-weighted average trading price per Ordinary Share (to be determined based on the price quoted on the Madrid Stock Exchange) over the 15 calendar days preceding the date of the first public announcement of the proposed inclusion of such rights and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;
- (d) not make any issue, grant or distribution or any other action taken if the effect thereof would be that, on the exercise of Conversion Rights, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;

- (e) not reduce its issued share capital, share premium (*prima de emisión de acciones*) account or capital redemption reserve (*reserva por capital amortizado*) or any uncalled liability in respect thereof, or any non-distributable reserves, except:
- (i) pursuant to the terms of issue of the relevant share capital; or
 - (ii) a reduction of share premium (*prima de emisión de acciones*) account or capital redemption reserve to facilitate the writing off of goodwill arising on consolidation which does not involve the return, either directly or indirectly, of an amount standing to the credit of the share premium (*prima de emisión acciones*) account or capital redemption reserve (*reserva por capital amortizado*) of the Issuer and in respect of which the Issuer shall have tendered to the court of competent jurisdiction such undertaking as it may require (if any) limiting, so long as any of the Notes remains outstanding, the extent of any distribution (except by way of capitalisation issue) of any reserve which arise in the books of the Issuer as a result of such reduction; or
 - (iii) by way of transfer to reserves as permitted under applicable law;
 - (iv) where the reduction is permitted by applicable law and the Calculation Agent (acting as expert) advises that the interests of the Noteholders will not be materially prejudiced; or
 - (v) when a capital reduction is compulsory under Spanish law as a consequence of losses that have diminished the Company's net worth below two thirds of the capital figure of the Company (in accordance with Article 327 of the Spanish Companies Law (*Ley de Sociedades de Capital*), and when a capital reduction is necessary to avoid the Company undergoing a "dissolution event" as a consequence of losses that have diminished the Company's net worth below half the capital figure of the Company (in accordance with Article 363.1e of the Spanish Companies Law (*Ley de Sociedades de Capital*),

provided that, without prejudice to the other provisions of these Conditions, the Issuer may exercise such rights as it may from time to time enjoy pursuant to applicable law to purchase its Ordinary Shares and any depositary or other receipts or certificates representing Ordinary Shares without the consent of Noteholders;

(f) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associate (or affiliate) of the offeror) to acquire the whole or any part of the issued Ordinary Shares, or if any person proposes a scheme with regard to such acquisition, give notice of such offer or scheme to the Noteholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying, Transfer and Conversion Agents and, where such an offer or scheme has been recommended by the board of directors of the Issuer, or where such an offer has become or been declared unconditional in all respects, use all reasonable endeavours to procure that a like offer is extended to the holders of any Ordinary Shares issued during the period of the offer arising out of the exercise of the Conversion Rights by the Noteholders;

(g) use its reasonable endeavours to ensure that (i) the Ordinary Shares issued upon exercise of Conversion Rights will, as soon as is practicable, be admitted to listing and to trading on the Relevant Stock Exchange and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in and comply with such requirements and conditions as may be imposed by the managing companies of the Spanish Stock Exchanges (*Sociedades Rectoras de las Bolsas*) or the CNMV for the official admission to listing of shares and (ii) the Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF Market

and that such admissions are maintained for so long as any Notes remain outstanding, unless to do so proves unduly onerous, in which case, it shall use its reasonable endeavours to maintain a listing and admission to trading for the Notes on such other international stock exchange as it may reasonably decide;

(h) at all times keep available for issue free from pre-emptive rights out of its authorised but unissued capital sufficient authorised but unissued Ordinary Shares to enable the exercise of a Conversion Right, and all rights of subscription and conversion for Ordinary Shares, to be satisfied in full; and

(i) appoint (i) a firm of reputable international accountants if the auditors for the time being of the Issuer are unable or unwilling to carry out any action requested of them under the Notes, to duly perform any such action, and (ii) the Calculation Agent to carry out any action requested of it under the Notes.

12. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 (ten) years (in the case of principal or premium) or 5 (five) years (in the case of interest) from the appropriate Relevant Date in respect of such payment and thereafter any principal, premium interest or other sums payable in respect of such Notes shall be forfeited and revert to the Issuer.

13. Replacement of Notes

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

14. Syndicate of Noteholders, Modification and Waiver

(a) Syndicate of Noteholders

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

Deutsche Bank, Sociedad Anónima Española will be appointed as a temporary Commissioner for the Noteholders. Noteholders shall, by virtue of purchasing Notes, be deemed to have agreed to the appointment of the temporary Commissioner and to become a member of the Syndicate of Noteholders. Upon the subscription of the Notes, the temporary Commissioner will call a general meeting of the Syndicate of Noteholders to ratify or reject the acts of the temporary Commissioner, confirm his appointment or appoint a substitute Commissioner for him and to ratify the Regulations. Provisions for meetings of the Syndicate of Noteholders are contained in the Regulations and in the Fiscal Agency Agreement. Such provisions shall have effect as if incorporated herein.

The Issuer may, with the consent of the Fiscal Agent and the Commissioner, but without the consent of the holders of the Notes amend these Conditions insofar as they may apply to the Notes to correct a manifest error or which amendments are of a formal minor or technical nature or to comply with mandatory provisions of law. Subject as aforesaid, no other modification may be made to or waiver of

any breach or proposed breach of, these Conditions except with the sanction of a resolution of the Syndicate of Noteholders.

For the purposes of these Conditions,

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

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

(b) *Modification of Fiscal Agency Agreement*

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

(c) *Notification to the Noteholders*

Any modification, waiver or authorisation in accordance with this Condition 14 shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

15. Notices

All notices regarding the Notes will be valid if sent to the address of the relevant Noteholder as specified in the Register. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such notice. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Fiscal Agent may approve.

Notwithstanding the above, while all the Notes are represented by the Global Certificate and the Global Certificate is deposited with a common depository for Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream, Luxembourg, société anonyme (“Clearstream, Luxembourg”), notices to Noteholders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg and such notices shall be deemed to have been given to Noteholders on the seventh day after the day of delivery to Euroclear and/or Clearstream, Luxembourg; provided that for so long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, a notice will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *d’Wort*) or, alternatively on the website of the Luxembourg Stock Exchange (www.bourse.lu).

16. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding

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

17. Contracts (Rights of Third Parties) Act 1999

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

18. Governing Law and Jurisdiction

(a) Governing Law

The Fiscal Agency Agreement and the Notes are governed by, and shall be construed in accordance with, English law. The provisions of Condition 14 relating to the appointment of the Commissioner and the Syndicate of Noteholders are governed by, and shall be construed in accordance with, Spanish law.

(b) Jurisdiction

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

(c) Agent for Service of Process

The Issuer has appointed Capita Trust Secretaries Ltd. with its registered office for the time being, currently at 7th Floor, Phoenix House, 18 King William Street, London EC4N 7HE as its agent in England to receive service of process in any Proceedings in England. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.