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This prospectus is a translation into English of the original "Folleto" drafted in Spanish language and registered with the "Comisión Nacional del Mercado de Valores" (the Spanish Securities Market Commission, "CNMV") on 4 December, 2014.

FONDO DE TITULIZACION DEL DÉFICIT DEL SISTEMA ELÉCTRICO, F.T.A.



RENEWAL PROSPECTUS BASE PROSPECTUS

BOND ISSUE FACILITY

(with State Bank Guarantee)

for a maximum outstanding balance of up to

EUR 26,000,000,000

backed by revenue deficit receivables of the regulated settlements of the electricity sector ("Tariff Deficit Receivables") sold by:

IBERDROLA, S.A.	GAS NATURAL SDG, S.A.	HIDROELÉCTRICA DEL CANTÁBRICO, S.A.
ENDESA, S.A.	ENDESA GENERACIÓN, S.A.	ELCOGÁS, S.A.
E.ON GENERACIÓN, S.L.	E.ON ESPAÑA, S.L.	GAS Y ELECTRICIDAD GENERACIÓN, S.A.
UNIÓN ELÉCTRICA DE CANARIAS GENERACIÓN, S.A.		

Financial Agent and Liquidity Provider of the Credit Line



Coordinated by



Fund administered by



Prospectus filed with the CNMV on 4 December 2014

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This document constitutes a prospectus (the "**Prospectus**" or "**Renewal Prospectus**"), that renews the prospectus regarding the incorporation of the Fund and Bond issue Facility filed with the CNMV (Comisión Nacional del Mercado de Valores - Spanish Securities and Exchange Commission) on 23 November 2010, in line with Regulation (EC) N° 809/2004 dated 29 April 2004 ("**Regulation 809/2004**"), as amended by Commission Regulation (EU) 486/2012 of 30 March 2012 ("**Regulation 486/2012**"), and by Commission Delegated Regulation (EU) 862/2012 of 4 June 2012 ("**Regulation 862/2012**") and comprises:

- a) A description of the main risk factors associated with the issuer, with the Bonds and with the assets backing the issue ("**Risk Factors**");
- b) A registration document, set out in accordance with Annex VII of Regulation 809/2004 (the "**Registration Document**");
- c) A Securities Note, set out in accordance with Annex XIII of Regulation 809/2004 (the "**Securities Note**");
- d) An additional building block to the Securities Note, set out in accordance with Annex VIII of Regulation 809/2004 (the "**Additional Building Block**");
- e) A glossary of terms (the "**Glossary of Terms**");
- f) An appendix with the model information regarding the special terms and conditions of each Bond Issue (the "**Final Terms and Conditions**"), and
- g) An appendix with the calculation methodology applicable to the debt issued by the Treasury.

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RISK FACTORS

1. RISKS DERIVING FROM THE LEGAL STATUS AND BUSINESS OF THE ISSUER.

1.1 Nature of the Fund and obligations of the Sociedad Gestora.

The Fund constitutes a separate fund, devoid of legal status that was incorporated pursuant to the provisions of the 21st Additional Provision of Ley 54/1997 of 27 November ("**21st AP of Ley 54/1997**"), as currently worded, amended by the First Final Provision of the Electricity Sector Act 24/2013 of 26 December (the "**Electricity Sector Act 24/2013**"), Royal Decree 437/2010 of 9 April, developing the regulations governing the electricity system deficit securitization process, as currently worded ("**Royal Decree 437/2010**") and Royal Decree 926/1998, of 14 May, regulating asset securitization funds and securitization fund managers ("**Royal Decree 926/1998**"), among other regulations.

The Fund lacks legal status, and therefore is managed by Titulización de Activos, S.G.F.T., S.A, as the securitization fund manager.

The Fund is an open vehicle in terms of its assets and liabilities, such that it can add successive Tariff Deficit Receivables and arrange successive Issues of Series of Bonds, so that all the Tariff Deficit Receivables pooled in the Fund from time to time will serve to secure the payment of all the obligations derived from all the Bonds issued by the Fund and that form part of its liabilities at that time.

In any case, the Fund will only be liable for its obligations vis-à-vis its creditors with its assets.

The Sociedad Gestora performs for the Fund those duties attributed to it in Royal Decree 437/2010 and in Royal Decree 926/1998, as well as safeguarding the interests of the Bondholders as the manager of third party funds, without there being any Bondholder syndicate. Therefore the capacity to defend the Bondholders' interests depends on the means and resources of the Sociedad Gestora.

1.2 Mandatory substitution of the Sociedad Gestora.

In accordance with article 19 of Royal Decree 926/1998, if the Sociedad Gestora is declared insolvent, and without prejudice to the effects of such insolvency as described below, or its authorisation to operate as a sociedad gestora has been cancelled, or because the Interministerial Committee formed pursuant to article 16 of Royal Decree 437/2010 (the "**Interministerial Committee**") resolves for any reason to dismiss the Sociedad Gestora, it will find another sociedad gestora to substitute it. Whenever in this case four (4) months have elapsed since the event requiring the substitution occurs and a new sociedad gestora that is prepared to service and represent the Fund has not been found, or within that period of time the Comisión Nacional del Mercado de Valores (Spanish Securities and Exchange Commission or "**CNMV**") or the Interministerial Committee considers that the proposal is not suitable, the Fund will be liquidated early and the Bonds will be redeemed, in accordance with the provisions of this Prospectus.

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1.3 Bankruptcy of the Sociedad Gestora and of the Seller.

The bankruptcy of any of the parties involved (whether it be either of the Sellers, the Sociedad Gestora or any other counterparty of the Fund) could affect their contractual relations with the Fund as provided in the Ley Concursal 22/2003 of 9 July (Spanish Bankruptcy Act - the "**Ley Concursal**") as currently worded.

Bankruptcy of the Sociedad Gestora

If the Sociedad Gestora is declared bankrupt, it must be substituted by another Sociedad Gestora in accordance with the provisions of section 1.2 of this Prospectus. In the event of the insolvency of the Sociedad Gestora, any assets of the Fund that are in the possession of the Sociedad Gestora and with respect where to the latter has no right of use, surety or retention -except for money due to its fungible nature- and that form part of the latter's assets will be construed as belonging to the Fund, and the receivers in bankruptcy must deliver them when requested to do so by the Sociedad Gestora (or the sociedad gestora that replaces it) on behalf of the Fund. Due to the nature of the asset securitization transaction in question, and except in the event of a breach by the parties, no cash amounts will become part of the assets of the Sociedad Gestora because the amounts that constitute the revenues of the Fund must be deposited, in the terms set forth in the Prospectus, in the accounts opened on behalf of the Fund by the Sociedad Gestora (which will be involved in opening such accounts not only as the agent of the Fund, but as its legal representative. Therefore the Fund would be entitled to absolute separation in this respect, in the terms set forth in articles 80 and 81 of the Ley Concursal) in the Financial Agent.

Bankruptcy of the Sellers

In the event of the bankruptcy of any of the Sellers, it must be taken into account that according to section 10 of the Mortgage Market Act 2/1981, which is referred to in the final paragraph of section 15 of the said Act (which in turn refers to paragraph 4 of the Fifth Additional Provision of Ley 3/1994, of 14 April ("**AP 5 3/1994**"), sales to securitization funds can only be cancelled if the sales have been made within the two (2) years before bankruptcy is declared and the receivers demonstrate that fraud has existed in that sale.

However, if AP 5 3/1994 were found not to apply, the sale to the Fund of the Deficit Tariff Receivables could be cancelled according to the general system set forth in section 71 of the Ley Concursal.

However, subsection 5 of section 71 stipulates, as a special circumstance, that under no circumstances may "the ordinary acts of the professional or business activity of the debtor, carried out under normal conditions", be terminated. There is no case law regarding this issue, but the recognition of the Tariff Deficit Receivable, the terms, price and form of the sale made by the Sellers to the Fund are regulated by AP 21 Act 54/1997 and Royal Decree 437/2010, so it seems unlikely that it can be proved that the sale to the Fund has not been carried out under "*normal conditions*". Therefore, in such circumstances a creditor would only be able to have recourse to the revocatory action referred to in section 71.7 of the Ley Concursal, which can only be taken in the event of fraud and damage or loss.

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In any case, the possible cancellation referred to in the previous paragraphs would only apply to the sale/s made by the bankrupt Seller.

Finally, the collection of the Sold Receivables will not be tied in any way to the Sellers, because they will be paid to the Fund Accounts by the National Markets and Competition Commission ("CNMC") (the body that has taken over the duties of the National Energy Commission ("CNE")), or by the respective settlement body in the future, according to the provisions of section 2.2. E) of the Additional Building Block, pursuant to the provisions of Royal Decree 437/2010.

1.4 Restricted actions against the Sociedad Gestora.

The Bondholders and the Fund's other ordinary creditors will not be entitled to take any other action against the Sociedad Gestora as a result of the existence of delinquency in the collection of the Sold Receivables or early redemptions of the Bonds unless such existence is derived from the non-fulfilment or non-observance of the obligations of the Sociedad Gestora.

The Sociedad Gestora is the sole authorized representative of the Fund vis-à-vis third parties and in any legal proceedings, in accordance with the law.

1.5 Administrative licences and regulatory developments.

According to article 6.3 of Royal Decree 437/2010, prior to the sale of the Tariff Deficit Receivables to the Fund, the CNE (whose duties were taken over by the CNMC from 7 October 2013) must issue a certificate stating that the information furnished by the Seller to such CNE is correct and complete.

The CNE issued that certificate for all the Tariff Deficit Receivables subject to a commitment from the sellers through the CNE resolutions dated 30 July 2010, 17 September 2010, 1 March 2012, 8 March 2012 and 25 July 2013.

Any other information required from the CNMC (replacing the CNE) about the Fund will be processed at the request of the Ministry of Industry, Energy and Tourism (previously the "Ministry of Industry, Tourism and Commerce").

The respective increases of the additional 2010 Deficit Receivables, the 2011 Deficit Receivables and the 2012 Deficit Receivables were recognized, respectively, in Order ITC/2585/2011, of 29 September and Order ITC/3353/2010, of 28 December and in Order IET/3586/2011, of 30 December, in development of the provisions of AP 21 of Law 54/1997. The maximum amount of the increase in the 2010 Deficit Receivables was also determined in section 4 of the said AP 21 of Law 54/1997. Since 8 November 2013, all the 2010 Deficit Receivables, 2011 Deficit Receivables and 2012 Deficit Receivables had already been sold to the Fund. Subsequently, Article 1, paragraph 5 of Royal Decree-Law 9/2013, of 12 July, which adopted urgent measures to ensure the financial stability of the electricity system ("**Royal Decree-Law 9/2013**") amended paragraph 4 of AP 21 of Law 54/1997, the law that establishes the revenue deficit for 2009, 2010, 2011 and 2012, and by virtue of such change, the 2012 Deficit Receivables increased by 4,109,213,000 Euros ("**Additional 2012 Deficit Receivables**"), such amount being

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deemed definitive for the purposes of the sale. Since 8 November 2013, all the additional 2012 Deficit Receivables have already been sold to the Fund.

Prior to the registration of the pertinent Final Terms and Conditions of each Issue of the Fund, the Monitoring Committee will issue a certificate with the final conditions set for the Issue in question.

In accordance with the provisions of the State Guarantee, prior to the registration of the pertinent Final Terms and Conditions of each Issue, the Secretariat General of the Treasury and Financial Policy will issue confirmation of the compliance with the necessary requirements of that Issue in order to be guaranteed by the State Guarantee.

According to articles 3.1 and 9.1 of Royal Decree 437/2010, for the purposes of calculating the outstanding amount of the receivables that can be or already have been sold to the Fund (that is, the Receivable Nominal Balance of the Sold Receivables), the CNMC (replacing the CNE) will inform the Directorate General of Energy Policy and Mines of the Ministry of Industry, Energy and Tourism (and the Sociedad Gestora, with regard to the receivables sold) the amount outstanding on 31 December, with respect to each of the Tariff Deficit Receivables not sold at the end of each financial year (which would no longer be applicable, taking into account that all the Tariff Deficit Receivables have already been sold to the Fund) and the Receivables Sold, which must be published in a Resolution by the Directorate General before 31 January of the next financial year.

Likewise, according to article 8.2 of Royal Decree 437/2010, the differential accrued by the Receivables Sold to the Fund may be raised or lowered in a resolution issued by the Interministerial Committee and, as appropriate, in a resolution issued by the Monitoring Committee upon which the Interministerial Committee delegates part of its duties in accordance with the provisions of article 18 *in fine* of Royal Decree 437/2010 and Ministerial Order PRE number 2037/2010 of 26 July 2010 (the "**Monitoring Committee**"). Under no circumstances can it be less than thirty (30) basis points.

Additionally, the Interministerial Committee or the Monitoring Committee must approve the methodology for determining the internal rate or return of the related financial instruments issued by the Fund that cannot be classified in the category of financial instruments with a fixed coupon.

Accordingly and, in general, according to the provisions of Royal Decree 437/2010 and of this Prospectus, the operation of the Fund, the determination of the remuneration of its assets and its other present and future characteristics depend on the regulatory provisions and resolutions to be decided upon by the respective competent body, as explained earlier. In particular, it must be taken into account that, among other issues, the Ministry of Industry, Energy and Tourism will review the Access Tolls, in accordance with the provisions of section 2.2. of the Additional Building Block.

1.6 State Guarantee.

Pursuant to section 9 of the 21st AP of Ley 54/1997, the State Administration is authorized to grant bank guarantees to guarantee the economic obligations binding the Fund, derived from the Bond Issues.

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On the Fund Incorporation Date, a bank guarantee that was charged to the 2011 State Budget by virtue of the Order of the Minister for the Economy and Finance of 14 January 2011 ("**Ministerial Order of 14 January 2011**") was granted for a maximum outstanding balance of TWENTY-TWO BILLION euros, this maximum outstanding balance matching the figure stipulated in section 49.2 of the 2011 State Budget Act 39/2010, of 22 December ("**Ley 39/2010**"), although the Issues that are guaranteed can be arranged after the year 2011.

Subsequently, on 27 August 2013, a new bank guarantee that was charged to the 2013 State Budget by virtue of the Order of the Minister for the Economy and Competitiveness of 27 August 2013 (the "**Ministerial Order of 27 August 2013**") was granted and, together with the Ministerial Order of 14 January 2011, the "**Orders**"), for a maximum outstanding balance of FOUR BILLION (4,000,000,000) EUROS, this maximum outstanding balance matching the figure stipulated in section 54.2 of the 2013 State Budget Act 17/2012, of 27 December ("**Law 17/2012**"), although the Issues that are guaranteed can be arranged after the year 2011.

The maximum outstanding balance of FOUR BILLION (4,000,000,000) EUROS of the bank guarantee granted in the new Ministerial Order of 27 August 2013 was added to the bank guarantee granted for the amount of TWENTY-TWO BILLION (22,000,000,000) EUROS, in the Ministerial Order of 14 January 2011, which remains in force for these purposes. Therefore both Orders result in a granted bank guarantee with a maximum outstanding balance of TWENTY-SIX BILLION (26,000,000,000) EUROS.

Accordingly, all the references made to the "**Bank Guarantee**" or to the "**State Bank Guarantee**" in the Prospectus will be construed as referring to the two bank guarantees granted under the Ministerial Order of 14 January 2011 and the Ministerial Order of 27 August 2013, which refer, jointly, to a maximum outstanding balance amount of TWENTY-SIX BILLION (26,000,000,000) EUROS.

The Bonds of all the Series issued by the Fund will be guaranteed by the State Guarantee.

The Rating Agencies take account of the State Bank Guarantee when assigning the Bond ratings, as described in section 7.5.2 of the Securities Note, and therefore any action that the Rating Agencies may take with respect to the rating of the Kingdom of Spain may have an impact on the rating assigned to the Bonds.

1.7 Termination of a Bond Issue.

As a condition for the registration of the pertinent Final Terms and Conditions of each of the Bond Issues, the Bonds that are issued under this Facility must have been assigned provisional ratings by at least one of the Rating Agencies. These provisional ratings must be confirmed before the start of the pertinent Subscription Period of each Bond Issue.

If:

- (a) one of the Rating Agencies, who were to assign ratings to that specific Bond Issue, fails to confirm that the provisional rating they have assigned is the definitive rating, before the start of the pertinent Subscription Period of the Bonds of that Issue, pursuant to the provisions of the pertinent Final Terms and Conditions, (each one of them the "**Subscription Period**"), or

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- (b) Moody's or Fitch do not confirm, before the start of the pertinent Subscription Period, that the new Issue will not impair the ratings assigned to the Bonds already issued by the Fund, or
- (c) in the event of the occurrence, before the start of the pertinent Subscription Period, of an event that could not be foreseen or that, despite being foreseeable, could not be avoided and makes it impossible to perform the Fund's Contracts pursuant to the provisions of section 1,105 of the Civil Code,

the Sociedad Gestora will terminate the sale of the pertinent Tariff Deficit Receivables (if that Issue entails the acquisition of additional Tariff Deficit Receivables), the Issue of Bonds of the Series in question and, where applicable, the contracts entered into by the Fund in connection with that Series.

2. RISK DERIVED FROM THE SECURITIES.

2.1 Liquidity.

There is no guarantee that a minimum volume or frequency of Bond transactions will be forthcoming in the market.

Unless indicated otherwise in the pertinent Final Terms and Conditions, there is no commitment that any entity is going to intervene in the secondary market, providing liquidity to the Bonds by offering itself as counterparty.

Furthermore, under no circumstances will the Fund be able to repurchase the Bonds from their holders, although the Bonds can be redeemed early in full in the case of early liquidation, under the terms established in section 4.4.3. of the Registration Document.

2.2 Rate of Return and duration of the Bonds.

The calculation of the term, average life and internal rate of return ("IRR") of the Bonds is subject, inter alia, to redemption and interest rate performance hypotheses that might not be fulfilled, especially in the Series of Bonds subject to a redemption system with a predefined repayment schedule and/or with a floating interest rate.

However, these risks will be mitigated by the existence of the State Guarantee and the Credit Line.

A calculation of the IRR, average life and term of the Bonds will be given in the Final Terms and Conditions of each Bond Issue.

2.3 New issues of Series.

In accordance with the open nature of the Fund, it may arrange successive issues of Series of Bonds and increases of Series already issued, until the maximum outstanding balance of the Facility is reached.

The Issues may refer to (a) the Issue of a new Series of Bonds and/or (b) the increase of the amount of a series of Bonds already issued. The Issues may be issued during the Issue

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Period, provided that the conditions established for the Issue Period in section 4.4.2 of the Registration Document are met.

The investors who purchase Bonds of this Series waive, by the mere fact of subscribing such Bonds and as a legal characteristic inherent thereto, any right of priority to which they might be entitled under Spanish law with respect to other holders of Bonds that the Fund issues in subsequent Issues.

2.4 Limited protection.

The Bonds issued by the Fund do not represent or constitute an obligation of the Sociedad Gestora or of the Sellers. The cash flow used to meet the obligations derived from the Bonds is only guaranteed under the specific circumstances and to the extent stated in this Prospectus and in the pertaining Final Terms and Conditions, including to this end the State Guarantee and the credit line to meet potential treasury shortfalls in the Fund granted by the Official Credit Institute (hereinafter, the "ICO") (hereinafter, the "Credit Line") and, if applicable, one or several interest rate swap agreements (hereinafter, each will be termed an "Interest Swap"), if so determined in the pertaining Final Terms and Conditions.

2.5 Risk of refinancing of the issued Bonds.

Since the Date of Incorporation of the Fund, the Fund structure envisages the issue of different Series of Bonds with a Final Maturity Date that falls earlier than the Final Maturity Date of the Fund, in which case it might be necessary to issue new Series of Bonds to refinance the Series of Bonds that mature.

Since 8 November 2013, all the Tariff Deficit Receivables have been sold to the Fund, and therefore from now on the new Issues of the Fund will only be used to refinance Series of Bonds issued earlier, as described in sections 5.1.1 D) of the Registration Document and 4.2.1 C) of the Securities Note.

If they cannot be refinanced at that time due to specific market circumstances, there is a risk that the collectible amounts generated by the Sold Receivables will not be enough to meet such maturity payments.

Potential investors must assess these risks, always taking into account the protection offered by the credit enhancement mechanisms, and, especially, the existence of the State Guarantee, as set forth in section 3.4.2.1 of the Additional Building Block and the Credit Facility, as set forth in section 3.4.2.2 of the Additional Building Block, and in the pertinent Final Terms and Conditions, where applicable.

3. RISKS DERIVED FROM THE ASSETS BACKING THE ISSUE

3.1 Risks ensuing from the electricity system revenue.

The recovery of the Sold Receivables and, therefore, the Bond redemption is linked to income generation by the Spanish Electricity System, given that, as is explained in detail in the Additional Building Block, the Receivables Sold to the Fund will be collected by

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including them as a permanent system cost in the pertinent system access tolls, by way of annual instalments allowing for their recovery over fifteen (15) instalments as of the Date of Sale of each of the Receivables Sold to the Fund, in accordance with the formula established in article 10 of Royal Decree 437/2010.

The generation of income by the Spanish Electricity System is affected by many factors of a regulatory, structural, operational, technical and economic nature and, overall, by the number of electricity consumers and by the price of electricity. However, these risks are limited by the very configuration of the Sold Receivables in accordance with Royal Decree 437/2010 and the inclusion of their collection as a permanent system cost in the pertinent Access tolls.

3.2 Risk of non-payment of the Tariff Deficit Receivables.

The holders of the Bonds issued by the Fund will bear the risk of default on the Sold Receivables and pertaining to them, and taking into account the protection offered by the credit enhancement mechanisms, and in particular the State Guarantee.

Each of the Sellers will only be accountable to the Fund for the representations and warranties that each relevant Seller has made in the Deed of Incorporation and, where necessary, in the relevant Set of Supplementary Articles, only with respect to itself and to each of the Tariff Deficit Receivables that it has sold on the Date of Sale to which that Deed of Incorporation or Set of Supplementary Articles refers, which were construed as having been repeated by each Seller in question on the respective Date of Sale, and that are detailed in section 2.2.8. of the Additional Building Block.

Notwithstanding the above, the pertinent Seller does not assume any liability for the non-payment of the sold Tariff Deficit Receivables; such that the Fund has assumed the risk inherent to their purchase, and will not be entitled to take any action against the pertinent Seller in this respect.

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REGISTRATION DOCUMENT FOR MORTGAGE-BACKED SECURITIES

(ANNEX VII OF COMMISSION REGULATION 809/2004)

1. PERSONS RESPONSIBLE.

1.1 Persons responsible for the information given in the Registration Document.

Mr. Ramón Pérez Hernández, acting in his capacity as General Director, by virtue of the power of attorney of 18 April 2002 granted before the Notary Public of Madrid Mr. Manuel Richi Alberti under number 737 of his Official Record, and by virtue of the resolutions adopted by the Board of Directors of the Sociedad Gestora on 27 July 2010 and by the Board of Directors on 20 June 2013, and for and on behalf of TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A., with registered office at number 69, calle Orense, in Madrid (Spain), acting in turn as the sociedad gestora (the "**Sociedad Gestora**") of the asset securitization fund FONDO DE TITULIZACIÓN DEL DÉFICIT DEL SISTEMA ELÉCTRICO, FONDO DE TITULIZACIÓN DE ACTIVOS (the "**Fund**").

1.2 Declarations by the persons responsible for the information contained in the Registration Document

Mr. Ramón Pérez Hernández, on behalf of the Sociedad Gestora, declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to his knowledge, consistent with the facts and contains no omission likely to affect its contents.

2. STATUTORY AUDITORS.

2.1 Fund Auditors

Throughout the duration of the transaction, the Fund Accounts will be subject to verification and annual review by the auditors. The annual accounts of the Fund and the audit report will be filed with the CNMV.

At the Board meeting held by the Board of Directors of the Sociedad Gestora on 27 July 2010 (whose resolutions were amended by such Board of Directors at the meeting it held on 20 June 2013), the Board of Directors designated KPMG Auditores ("**KPMG**" or the "**Auditores**"), whose details are given in section 5.2. of the Registration Document, as the statutory auditors of the Fund without specifying the number of accounting periods for which it has been appointed.

2.2 Accounting principles used by the Fund

The Fund's income and expense will be reported in accordance with the accounting principles in force pursuant to CNMV Circular 2/2009 of 25 March, on accounting standards, annual financial statements, public financial statements and confidential statistical information statements of Securitization Funds, as currently worded ("**Circular 2/2009**") or in the regulations applicable from time to time.

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The Fund accounting periods will start on 1 January and will end on 31 December each year. However, and by way of exception, the first accounting period started on the Date of Incorporation (in other words, 14 January 2011) and the last accounting period will end on the Legal Maturity Date or on the date of the extinguishment of the Fund, if it is earlier.

The annual accounts of the Fund for the financial year ended 31 December 2013 have been audited with a favourable opinion, approved, and filed at the CNMV. The financial statements are available for consultation on the Sociedad Gestora's website (www.tda-sgft.com) and on the website of the CNMV (www.cnmv.es), and are hereby included in the Prospectus by reference.

3. RISK FACTORS ASSOCIATED WITH THE FUND

The Fund risk factors are detailed in section 1 of the Risk Factors.

4. INFORMATION ABOUT THE ISSUER.

4.1 Statement that the issuer has been incorporated as a securitization fund.

The Fund constitutes a separate fund devoid of legal status, regulated in accordance with Spanish legislation.

The Fund was incorporated by virtue of public deed and is an open vehicle that can be increased in terms of its assets and liabilities, due to the increase of the assets and consequent of bond issues, pursuant to the provisions of articles 4.1.a) and 4.1.c) of Royal Decree 926/1998.

4.2 Legal and commercial name of the issuer.

The Fund's legal name is **"FONDO DE TITULIZACIÓN DEL DÉFICIT DEL SISTEMA ELÉCTRICO, FONDO DE TITULIZACIÓN DE ACTIVOS"**.

The Fund is also known commercially by the name of **"FONDO DE AMORTIZACIÓN DEL DÉFICIT ELÉCTRICO** (Electricity Deficit Amortization Fund) or **"FADE"**.

Each of the new Series issued by the Fund will be named with a number, **"Series 1"**, **Series 2"**, **"Series 3"**, etc. and so on.

4.3 Place of registration of the Fund and registration number.

The country of registration of the Fund is Spain.

It is hereby declared that neither the incorporation of the Fund, nor the Prospectus, nor the Bonds issued against its assets, will be inscribed in any Spanish Mercantile Registry, pursuant to the exemption set forth in article 5.4 of Royal Decree 926/1998, without detriment to the registration on 23 November 2010 of the prospectus regarding the incorporation of the Fund by the CNMV (**"Base Prospectus"**) and its supplements, of the First Renewal Prospectus and its supplements, of the Second Renewal Prospectus and its supplements, of the Third Renewal Prospectus and its supplements, of this Facility Renewal Prospectus (the **"Renewal Prospectus"**), and to the filing with the CNMV, for

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incorporation into the public register, of a copy of the deed of incorporation of the Fund, of the sale of the Tariff Deficit Receivables and Issue of Bonds, and their amendments (the "**Deed of Incorporation**"), that have been executed by the Sociedad Gestora, for and on behalf of the Fund and by the Sellers.

This Prospectus was registered by the CNMV on 4 December 2014.

A copy of the Deed of Incorporation and the amendments thereto have been filed with the CNMC (replacing the CNE) and the Directorate General of Energy Policy and Mining.

The incorporation of the Issues of the successive Series (or increases of Series already issued) will be instrumented through Sets of Supplementary Articles of the Deed of Incorporation (the "**Sets of Supplementary Articles**" and each of them a "**Set of Supplementary Articles**"), which will be granted by the Sociedad Gestora, for and on behalf of the Fund, and that will not represent an amendment of the said Deed of Incorporation.

The Deed of Incorporation and the Sets of Supplementary Articles will serve as supplementary certificates similar to those stipulated in article 6 of Royal Decree 112/1992 for the purposes of the provisions of article 6.3 of Royal Decree 926/1998.

The Deed of Incorporation and the Sets of Supplementary Articles of the successive Issues will be filed with the CNMV prior to the respective Disbursement Date of the pertinent Series. A copy of the Set of Supplementary Articles through which each sale is instrumented will be filed with the CNMC (replacing the CNE) and the Directorate General of Energy Policy and Mining.

The contents of the relevant Sets of Supplementary Articles will match the draft copy of each Set of Supplementary Articles that are filed with the CNMV, and under no circumstances will the terms of that Set of Supplementary Articles contradict, modify, alter or void the contents of this Prospectus and of the relevant Final Terms and Conditions.

The Deed of Incorporation and the Sets of Supplementary Articles may be amended in the terms set out in section 7 of Act 19/1992, of 7 July, regulating Real Estate Investment Companies and Funds and Mortgage Securitization Funds ("**Ley 19/1992**"), provided that the authorization of the General State Administration and of the Interministerial Committee is also obtained, through the Monitoring Committee. The Deed of Incorporation and the Sets of Supplementary Articles also may be amended at the request of the CNMV. The Rating Agencies will be notified of the amendments to the Deed of Incorporation or the Sets of Supplementary Articles.

The Deed of Incorporation and First Issue and the Set of Supplementary Articles of the Second Issue were amended on 11 May 2011 in order to adapt the definition of the Interest Accrual Periods of Series 1 and 2, as described in Supplement N° 3 to the Base Prospectus registered by the CNMV on 13 May 2011.

Additionally, the Deed of+ Incorporation was amended on:

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- 28 October 2011, to include the amendments to made to Royal Decree 437/2010 by Royal Decree 1307/2011 regarding the inclusion of the outright sale transactions, as was described in Supplement N° 5 to the Base Prospectus registered by the CNMV on 4 October 2011;
- 27 March 2012, in order to remove the references to the actions to be taken in the event of the ICO's credit rating being downgraded by the Rating Agencies Moody's and Fitch, that had been included in the Deed of Incorporation, as well as to amend the references to the courses of action to be taken in the event of the downgrading of the credit rating of the counterparties to any possible Interest Swaps that might be signed in the future, that were included in the Prospectus and in the Deed of Incorporation, as was described in the Supplement n° 2 to the First Base Prospectus Renewal Prospectus registered by the CNMV on 30 March 2012.
- On 18 September 2013, in order to (i) amend the references to the State Bank Guarantee, so as to include the Ministerial Order of 27 August 2013, and the references to the Maximum Outstanding Balance of the Facility, that was set at TWENTY-SIX BILLION (26,000,000,000) and (ii) add DBRS Ratings Limited ("DBRS") as a Fund Rating Agency, and also adding the DBRS rating of the First Issue.

Moreover, the thirty-nine (39) Sets of Supplementary Articles regarding the Bond issues arranged by the Fund since (but excluding) the First Issue and until (and including) issue number forty were amended on 18 September 2013, in order to include the DBRS rating of such issues.

4.4 Date of Incorporation and length of life of the Issuer.

4.4.1 Date of Incorporation of the Fund and First Issue.

On 7 October 2010, the Ministry of Economy and Finance issued a prior favourable report on the incorporation of the Fund, as referred to in section 5.3 *in fine* of 21st AP Ley 54/1997.

On 22 November 2010, the Monitoring Committee resolved to accept the contents of the draft Base Prospectus sent to the CNMV on 19 November 2010, and in particular considered that the information on the structure of the Fund, the Tariff Deficit Receivables, the Facility and the credit enhancements is correct.

The Base Prospectus was filed with the CNMV on 23 November 2010 and, subsequently, on 24 November 2011, the first Base Prospectus Renewal Prospectus (the "**First Renewal Prospectus**") was registered and, on 27 November 2012, the second Base Prospectus Renewal Prospectus (the "**Second Renewal Prospectus**") was registered and, on 28 November 2013, the third Base Prospectus Renewal Prospectus (the "**Third Renewal Prospectus**") was registered.

The Fund was incorporated on 14 January 2011 (the "**Date of Incorporation**") by virtue of the public deed granted before the Notary Public of Madrid Mr.

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Manuel Richi Alberti under number 55 of his Official Record, arranging the First Issue and the relevant acquisition of Tariff Deficit Receivables.

On 23 November 2011, the Monitoring Committee resolved to accept the contents of the draft of the First Renewal Prospectus sent to the CNMV on 23 November 2011 and, in particular, considered that the information on the structure of the Fund, the Tariff Deficit Receivables, the Facility and the credit enhancements was correct.

On 26 November 2012, the Monitoring Committee accepted the contents of the draft of the Second Renewal Prospectus circulated to the Monitoring Committee on 23 November 2012 and, in particular, considered that the information on the structure of the Fund, the Tariff Deficit Receivables, the Facility and the credit enhancements was correct.

On 22 November 2013, the Monitoring Committee accepted the contents of the draft of the Third Renewal Prospectus circulated to the Monitoring Committee on 21 November 2013 and, in particular, considered that the information on the structure of the Fund, the Tariff Deficit Receivables, the Facility and the credit enhancements was correct.

Furthermore, on 28 November 2014, the Monitoring Committee accepted the contents of the draft of this Renewal Prospectus circulated to the Monitoring Committee on 28 November 2014 and, in particular, considered that the information on the structure of the Fund, the Tariff Deficit Receivables, the Facility and the credit enhancements is correct.

4.4.2 Length of life of the Fund.

The length of life of the Fund runs from the Date of Incorporation until the Legal Maturity Date, which will not be later than the date on which twenty-three (23) years have passed since the Date of Disbursement Date of the First Issue of the Fund (which took place on 25 January 2011), or, if this day is not a Business Day, the next Business Day (the "**Legal Maturity Date**"), unless beforehand the Fund is liquidated in advance in accordance with the provisions of section 4.4.3 of this Registration Document below.

Purchase Period.

The Fund may acquire Tariff Deficit Receivables until the date on which five (5) years have passed since the Date of Disbursement of the First Issue of the Fund (which took place on 25 January 2011), or until the other earlier date on which the Sociedad Gestora decides that no more Tariff Deficit Receivables can be sold under the Fund, because the Fund has already been sold all the Tariff Deficit Receivables (the "**Purchase Period**"), and provided that (i) there is a current Prospectus registered at the Official Registers of the CNMV, (ii) the Sellers have had their annual financial statements for the last three (3) financial years audited, and (iii) the Sociedad Gestora has not initiated the proceedings for the Early Liquidation of the Fund pursuant to section 4.4.3 of this Registration Document.

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On the date of registration of this Prospectus, all the Tariff Deficit Receivables had already been sold to the Fund.

Issue Period.

In accordance with the provisions of the Securities Note, (i) issues of new Series of Bonds not already issued by the Fund and (ii) successive increases of the Series of Bonds already issued by the Fund, may be arranged under this Prospectus, or any updates thereof. The last of such Issues on the date on which twenty (20) years have passed since the Disbursement Date of the First Issue of the Fund (which took place on 25 January 2011), (the "**Issue Period**"), provided that the following conditions are met:

- (i) the Bond Payable Principal Balance does not exceed the Maximum Outstanding Balance of the Facility from time to time and that, pursuant to the provisions of this Prospectus, all the Bonds are guaranteed;
- (ii) calculated from its Disbursement Date, the minimum maturity of the Bonds will be one (1) year, and the maximum maturity of the Bonds will be sixteen (16) years, and under no circumstances, the final maturity date of the Bonds of each Series, which is determined in the relevant Final Terms and Conditions ("**Final Maturity Date**"), will occur later than the Payment Date following the date on which twenty-one (21) years have passed since the Disbursement Date of the First Issue of the Fund (the "**Final Maturity Date of the Fund**"),
- (iii) no Event of Early Liquidation of the Fund, as they are defined in section 4.4.3 below, has occurred, and
- (iv) there is a current Prospectus registered at the Official Registers of the CNMV.

Accordingly, the Purchase Period, Issue Period, Final Maturity Date of the Fund and the Legal Maturity Date will were stated in the Deed of Incorporation and in the Final Terms and Conditions of the First Issue:

- Purchase Period: until 25 January 2016, although it may end earlier in accordance with the provisions of this section.
- Issue Period: until 25 January 2031, although it may end earlier in accordance with this provisions of this section.
- Fund Final Maturity Date: 17 March 2032.
- Fund Legal Maturity Date: 25 January 2034.

On the date of registration of this Prospectus, all the Tariff Deficit Receivables had already been sold to the Fund.

4.4.3 Early Liquidation of the Fund.

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The Sociedad Gestora will be authorized to proceed to the Early Liquidation of the Fund ("**Early Liquidation of the Fund**") and consequently to the early redemption on a Payment Date of all the Bonds ("**Early Redemption of the Bonds**") in the following events ("**Events of Early Liquidation of the Fund**"), after notifying the CNMV, the Interministerial Committee, the Monitoring Committee, and the Rating Agencies and coinciding with a Payment Date:

- (i) When, in the opinion of the Sociedad Gestora and the Interministerial Committee, exceptional circumstances occur which make it impossible, or extremely difficult, to maintain the Fund's financial equilibrium.
- (ii) When, in the opinion of the Sociedad Gestora and of the Interministerial Committee, there occurs a non-payment indicative of a serious and permanent imbalance in relation to the securities issued or it is foreseen that it is going to occur.
- (iii) In the circumstances set forth in article 19 of Royal Decree 926/1998, whereby the Fund must be liquidated early if four (4) months have elapsed since the date on which an event giving rise to the mandatory substitution of the Sociedad Gestora has occurred, because the latter has been declared bankrupt and another sociedad gestora willing to take over the administration of the Fund has not been found, or within that period of time the CNMV or the Interministerial Committee does not consider the proposal suitable. The Fund will also be liquidated early if the Interministerial Committee resolves for any reason to dismiss the Sociedad Gestora and no substitute sociedad gestora has been appointed within four (4) months.
- (iv) When one (1) and a half years have passed since the Final Maturity Date of the Fund, and in any case, six (6) months before the Legal Maturity Date.
- (v) If all the Bondholders and the counterparties to the Fund contracts notify the Sociedad Gestora of their interest in the full redemption of the Bonds and the relevant authorization has been obtained from the State, according to the provisions of the State Guarantee, and from the Interministerial Committee.

If, at the time of the Early Liquidation of the Fund, any outstanding obligations remain to be paid by the Fund to any of the Bondholders, and even, as the case may be, the Credit Facility has been drawn down in the terms set forth in section 3.4.2.2 of the Additional Building Block, the Sociedad Gestora will proceed to enforce the State Bank Guarantee, in the terms set forth in section 3.4.2.1 of the Additional Building Block.

After the State Guarantee has been enforced and, therefore, all the Bonds have been redeemed, the Sociedad Gestora will proceed to sell the Sold Receivables that the Fund holds. For these purposes, the Sociedad Gestora will offer the sale of the Sold Receivables and any other assets of the Fund to at least three (3) entities, whose identity must be reported to the CNMV, the Interministerial Committee and the Monitoring Committee, and must not sell such assets at a price lower than the best bid received. In any case, the Sociedad Gestora may

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offer the Sold Receivables for sale all together or separately. The amount received from such sales will be notified for information purposes to the CNMV, the Interministerial Committee, the Monitoring Committee and the Rating Agencies, will be considered Available Funds and will be applied by the Sociedad Gestora, in the Liquidation Priority of Payment Order, according to the rules set forth in section 3.4.6.3 of the Additional Building Block.

In accordance with the provisions of the fourth additional provision of Royal Decree 437/2010, the cash left in the Treasury Account or in the Collection Account, after applying the Liquidation Priority of Payment Order, will be transferred to the CNMC (replacing the CNE) or, as the case may be, the agency responsible for making the settlements, on a deposit basis, in the account indicated by the latter, and will be a Payable Revenue of the system for the current financial year, as this is defined in section 3.4.1 of the Additional Building Block.

4.4.4 Extinction of the Fund.

The Fund will be extinguished on the grounds set forth in Royal Decree 926/1998 and Ley 19/1992, and in particular, in the following circumstances:

- (i) When all the Sold Receivables acquired by the Fund have been received.
- (ii) When all the Bonds issued by the Fund are repaid in full.
- (iii) When the Fund Early Liquidation process ends.
- (iv) In any event, on the Legal Maturity Date.

Six (6) months after the liquidation of all the Sold Receivables and the distribution of the Available Funds, the Sociedad Gestora will grant a notary deed that it will send to the CNMV, to the Interministerial Committee, to the Monitoring Committee and to the CNMC, declaring (i) the extinction of the Fund, and the reasons, as set forth in the Deed of Incorporation and in this Prospectus, for the termination, (ii) the procedure for followed in notifying the Bondholders and the CNMV, and (iii) the distribution of the Available Funds according to the Liquidation Priority of Payment Order set forth in section 3.4.6.3. of the Additional Building Block.

4.4.5 Termination of a Bond Issue.

If:

- (a) one of the Rating Agencies, that were to assign ratings to that specific Bond Issue, does not confirm that the provisional rating assigned to one of the relevant Series is the final rating, before the start of the relevant Subscription Period of the Bonds of that Issue, pursuant to the provisions of the relevant Final Terms and Conditions, or
- (b) Moody's or Fitch do not confirm, before the start of the pertinent Subscription Period, that the new Issue will not impair the ratings assigned to the Bonds already issued by the Fund, or

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- (c) in the event of the occurrence, before the start of the relevant Subscription Period, of an event that could not be foreseen or that, despite being foreseeable, could not be avoided and makes it impossible to perform the Fund's Contracts pursuant to the provisions of section 1,105 of the Civil Code, the Sociedad Gestora will terminate the sale of the relevant Tariff Deficit Receivables (if that Issue entails the acquisition of additional Tariff Deficit Receivables), the Issue of Bonds of the Series in question and any contracts entered into by the Fund in connection with that Series.

The termination of an Issue will be reported to the CNMV, the Interministerial Committee, the Monitoring Committee and the CNMC as soon as it is confirmed and will be published using the procedure set forth in section 4 of the Additional Building Block.

Within a maximum of one (1) month from the grounds for termination occurring, the Sociedad Gestora will issue an affidavit stating that the Fund's obligations with respect to that Series have been liquidated and settled, and that that Series has been extinguished.

If an Issue is terminated in the terms set forth in this section, the relevant Issue Expenses will be charged to the Fund as Extraordinary Expense.

4.5 Domicile and legal form of the issuer, the legislation applicable to the issuer.

The Fund will be regulated in accordance with (i) this Prospectus, (ii) the Deed of Incorporation and any amendments thereto, (iii) the 21st AP of Ley 54/1997, as currently worded, (iv) Royal Decree 437/2010, as currently worded, (v) Royal Decree 926/1998 and the provisions developing them; (vi) Ley 19/1992, for those aspects not covered by Royal Decree 926/1998 and insofar as applicable; (vii) the Ley del Mercado de Valores 24/1988, of 28 July, and the regulations in development thereof, as currently worded, (the "**Ley del Mercado de Valores**"), (viii) Law 3/1994, of 14 April, adapting Spanish legislation regarding credit institutions to the Second Banking Coordination Directive, as currently worded, ("**Ley 3/1994**"), (ix) the Ministry of the Presidency Order PRE 2037/2010, dated 26 July creating the electricity system deficit securitization process Monitoring Committee, ("**Order PRE 2037/2010**") and (x) any other legal provisions prevailing from time to time.

This Prospectus has been drawn up in accordance with the models set forth in Regulation 809/2004, as amended by Regulation 486/2012 and by Regulation 862/2012.

Any dispute that may arise with respect to the provisions of this Prospectus will be submitted to the courts of the City of Madrid, and the Sellers, the Bondholders and Sociedad Gestora waive any other jurisdiction to which they may be entitled.

The Fund constitutes a separate fund devoid of legal status, and an open vehicle in terms of its assets and liabilities.

The registered office of the Fund is number 69, calle Orense, in Madrid (Spain), and its telephone number is +34 91 702 08 08.

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4.6 Fund tax system.

Pursuant to the provisions of section 2 of article 1 of Royal Decree 926/1998; section 5.10 of Ley 19/1992; section 7.1.h) of the consolidated text of the Corporate Tax Act approved by Legislative Royal Decree 4/2004, of 5 March; article 20.One.18-e of the Value Added Tax Act 37/1992 of 28 December ("*Ley del IVA*"), article 59) k of the Corporate Income Tax (Impuesto sobre Sociedades) Regulations, approved by Royal Decree 1777/2004, of 30 July, and article 45-I.B of Royal Decree 1/1993, of 24 September, approving the Consolidated Text of the Capital Transfer Tax and Stamp Duty Act and the fifth additional provision of Ley 3/1994, the following tax system is applicable to the Fund:

4.6.1 The Tariff Deficit Receivable.

The payments made to the Fund as the return on the Tariff Deficit Receivable sold to the Fund will not be subject to withholding as provided for in article 59 k) of the Corporate Income Tax Regulations approved by Royal Decree 1777/2004.

The sale to the Fund of the Tariff Deficit Receivable will be subject to and exempt from Value Added Tax.

4.6.2 The Fund.

Asset Securitization Funds are autonomously liable to Corporate Income Tax, subject to the general rules for determining the tax base, and to the general rate of 30%, and to the common rules for deductions, set-off of losses and other substantive elements of the tax.

The Fund will be exempt from all the transactions subject to the corporate transactions category, under Transfer Tax and Stamp Duty.

The acquisition by the Fund of the Tariff Deficit Receivables is a transaction subject to yet exempt from Value Added Tax and it is not subject to other indirect taxes in Spain.

The issue, subscription, transfer, redemption and reimbursement of the Bonds will be subject and exempt from or not subject to, as the case may be, VAT and Capital Transfer Tax and Stamp Duty (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*).

With regard to Value Added Tax, the Fund will be subject to the general rules, with the sole particularity that the management services provided for the Fund by the Sociedad Gestora will be exempt from Value Added Tax.

The Fund is subject to general information obligations and to the obligations set forth in the provisions of Royal Decree 1065/2007, dated 27 July, as reworded by Royal Decree 1145/2011, of 29 July.

4.6.3 The Sociedad Gestora

The management services provided to the Fund by the Sociedad Gestora will be exempt from Value Added Tax.

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4.7 Description of the issuer's authorized and issued capital and the amount of any capital agreed to be issued, the number and classes of the securities it comprises.

Not applicable.

5. BUSINESS OVERVIEW.

5.1 Brief description of the issuer's main activities.

5.1.1. Description of the issuer's activities

This Prospectus refers to the issue facility (the "**Facility**") of securitization bonds (the "**Bonds**") that are issued by the Fund backed by Tariff Deficit Receivables.

The Facility will be used to arrange successive issues ("**Issues**") of Bonds, arranged in Series up to the Maximum Outstanding Balance of the Facility from time to time.

The Issues may refer to (a) the Issue of a new Series of Bonds and/or (b) the increase of the amount of a series of Bonds already issued. The Issues may be issued during the Issue Period, provided that the conditions established for the Issue Period in section 4.4.2 of the Registration Document are met.

A) Maximum Outstanding Balance of the Facility

The Maximum Outstanding Balance of the Facility is TWENTY-SIX BILLION (26,000,000,000) euros, which is the maximum outstanding amount guaranteed by the State Bank Guarantee in accordance with the Orders, as indicated in section 3.4.2.1. of the Additional Building Block..

Even if, in accordance with the provisions of Royal Decree 437/2010, the Sellers have sale commitments, the Fund may only acquire additional Tariff Deficit Receivables when, following a decision by the Interministerial Committee, or where applicable, the Monitoring Committee, it is so agreed, provided that the Fund obtains the financing necessary to pay the price of the sale, all pursuant to article 6 of Royal Decree 437/2010, and respecting the Maximum Outstanding Balance of the Facility.

On the date of registration of this Prospectus, all the Tariff Deficit Receivables had already been sold to the Fund.

B) Issues of new Series

If there is an agreement for an Issue to be arranged by the Sociedad Gestora, with the prior confirmation of the Interministerial Committee, or the Monitoring Committee, that Issue will be arranged taking into account that it cannot exceed the Maximum Outstanding Balance of the Facility.

The Bond Issues will be conducted during the Issue Period.

Subscribing or holding of Bonds of one series does not imply subscribing or holding Bonds of other Series.

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In any case, it is stated that investors who purchase Bonds of a given Series will not be entitled to object to the Issue of Bonds of additional Series or of increases thereof, and therefore the consent of the holders of the Bonds already issued will not be required.

C) Increase of existing Series

Additionally, provided that this is stated in the Final Terms and Conditions of the Issues, the values of one same Series (due to the increase of the Series) with identical terms and conditions will be considered fungible with each other, from the time of the Issue of the Series increase. To this end, they will be described as fungible and from the Disbursement Date of the pertinent Issue they will have the same characteristics, as set forth throughout this Prospectus and pursuant to article 17 of Royal Decree 116/1992. Therefore, in this event, the Bonds of each Series issued on the occasion of each Issue, will be registered in IBERCLEAR from the date on which they become fungible, under the same ISIN (*International Securities Identification Number*) assigned by the National Coding Agency.

In this respect, the investors who purchase Bonds of a given Series, waive, for the mere fact of subscribing such Bonds and as a legal characteristic inherent thereto, any right of priority to which they might be entitled under Spanish law with respect to other holders of Bonds of that same Series that the Fund issues in successive Issues.

D) Purpose of the Issues

On the date of registration of this Prospectus, all the Tariff Deficit Receivables have been sold to the Fund, and therefore any new Issues that are arranged from the date of registration of this Renewal Prospectus, will be used, in full, to refinance Series of Bonds issued earlier.

E) Backing of all the Bonds

All the Sold Receivables pooled in the Fund from time to time will serve to secure the payment of all the obligations derived from all the Bonds issued by the Fund and that form part of its liabilities at that time.

Accordingly, the Fund turns the Tariff Deficit Receivables that it is sold by the Sellers into different fixed interest securities that are homogeneous, standardized and, therefore, tradable on organized or regulated stock markets.

On the occasion of each Issue, and before the Issue takes place, a draft of the Set of Supplementary Articles, in each of the subsequent Issues, will be filed with the CNMV.

Prior to the formalization of the pertinent Set of Supplementary Articles, the pertinent Final Terms and Conditions of the issued Bonds will be submitted to the CNMV, for registration.

The Sets of Supplementary Articles of the successive Issues will be filed with the CNMV prior to the respective Disbursement Date of the pertinent Series. A copy of the Set of Supplementary Articles through which each sale is instrumented will be filed with the CNMC and the Directorate General of Energy Policy and Mining.

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F) Issues arranged until the date of registration of this Prospectus,

The Fund has arranged the following issues from the Date of Incorporation until the date of registration⁽¹⁾ of this Prospectus:

Series	Issue Date	Nominal Amount	Outstanding Nominal Balance on 04/12/2014 (euros)
Series 1 ⁽¹⁾	14/01/2011	2,000,000,000.00	0.00
Series 2	18/02/2011	2,000,000,000.00	2,000,000,000.00
Series 3	25/03/2011	2,000,000,000.00	2,000,000,000.00
Series 4	16/05/2011	1,000,000,000.00	1,000,000,000.00
Series 5 ⁽¹⁾	30/09/2011	1,500,000,000.00	0.00
Series 4 Increase	18/11/2011	325,000,000.00	325,000,000.00
Series 6	18/11/2011	125,000,000.00	125,000,000.00
Series 2 Increase	30/11/2011	125,000,000.00	125,000,000.00
Series 7	09/12/2011	125,000,000.00	125,000,000.00
Series 5 Increase ⁽¹⁾	20/12/2011	566,000,000.00	0.00
Series 1 Increase ⁽¹⁾	20/12/2011	140,000,000.00	0.00
Series 2 Increase	31/01/2012	235,000,000.00	235,000,000.00
Series 1 Increase ⁽¹⁾	31/01/2012	212,000,000.00	0.00
Series 2 Increase	03/02/2012	340,000,000.00	340,000,000.00
Series 1 Increase ⁽¹⁾	07/02/2012	153,000,000.00	0.00
Series 2 Increase	07/02/2012	150,000,000.00	150,000,000.00
Series 8	07/02/2012	200,000,000.00	200,000,000.00
Series 9	10/02/2012	236,100,000.00	236,100,000.00
Series 10	15/02/2012	580,000,000.00	580,000,000.00
Series 9 Increase	15/02/2012	133,700,000.00	133,700,000.00
Series 11	22/02/2012	125,000,000.00	125,000,000.00
Series 12	29/02/2012	844,000,000.00	844,000,000.00
Series 9 Increase	31/10/2012	122,500,000.00	122,500,000.00
Series 4 Increase	07/11/2012	75,000,000.00	75,000,000.00
Series 3 Increase	07/11/2012	76,000,000.00	76,000,000.00
Series 4 Increase	16/11/2012	110,000,000.00	110,000,000.00
Series 13	07/12/2012	1,750,000,000.00	1,750,000,000.00
Series 12 Increase	14/12/2012	100,000,000.00	100,000,000.00
Series 4 Increase	21/12/2012	155,000,000.00	155,000,000.00
Series 4 Increase	28/12/2012	160,000,000.00	160,000,000.00
Series 14	16/01/2013	1,000,000,000.00	1,000,000,000.00
Series 15	08/02/2013	89,000,000.00	89,000,000.00
Series 3 Increase	13/02/2013	154,800,000.00	154,800,000.00

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Series 6 Increase	13/02/2013	75,000,000.00	75,000,000.00
Series 3 Increase	22/02/2013	87,000,000.00	87,000,000.00
Series 3 Increase	13/03/2013	83,200,000.00	83,200,000.00
Series 16	15/03/2013	1,500,000,000.00	1,500,000,000.00
Series 16 Increase	03/04/2013	75,000,000.00	75,000,000.00
Series 17	30/04/2013	1,800,000,000.00	1,800,000,000.00
Series 3 Increase	08/05/2013	248,000,000.00	248,000,000.00
Series 18	02/10/2013	2,000,000,000.00	2,000,000,000.00
Series 16 Increase	16/10/2013	250,000,000.00	250,000,000.00
Series 4 Increase	16/10/2013	400,000,000.00	400,000,000.00
Series 17 Increase	16/10/2013	300,000,000.00	300,000,000.00
Series 19	06/11/2013	1,500,000,000.00	1,500,000,000.00
Series 20	19/02/2014	1,500,000,000.00	1,500,000,000.00
Series 18 Increase	28/02/2014	125,000,000.00	125,000,000.00
Series 17 Increase	28/02/2014	225,000,000.00	225,000,000.00
TOTAL		27,075,300,000.00	22,504,300,000.00

⁽¹⁾ The Series 1 and 5 have been fully redeemed by the date of registration of this Prospectus.

5.1.2. Institutional supervision

The objective of the Fund is to finance and amortize the cumulative amount of a debt owed by the public electricity settlements system to the electricity sector's generating utilities, who are the Sellers to the Fund.

The debt to be financed is acknowledged and classified in the Electricity Sector Act 54/1997, of 27 November, including its amendments and regulatory implementation and in the records of the CNMC.

The debt is financed by charging it to the electricity access tariff that all consumers must pay and that is set at regularly intervals by the Government.

The issues and all of the Fund's decisions will be supervised by an official public body: the Interministerial Committee, supported by another public body, which is the Monitoring Committee, in accordance with the provisions of section 2.2 of the Additional Building Block. Furthermore, the amounts that must be paid into the Fund and accrued from the Sold Receivables are settled by a public regulatory authority, namely the CNMC. According to the Eighth Additional Provision of Law 3/2013, this duty, which was initially attributed to the CNE, will be transferred to the Ministry of Industry, Energy and Tourism. However, this obligation has been taken on temporarily and on a transitional basis by the CNMC until the Ministry has the means necessary to exercise it effectively (Fourth Transitory Provision of Law 3/2013). The actual date on which these functions are transferred to the Ministry of Industry, Energy and Tourism will be determined in a ministerial order, according to the provisions of Royal Decree 657/2013, of 30 August, approving the Organic Statute of the CNMC (the "Royal Decree 657/2013").

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The Bonds issued by the Fund of all the Series will be guaranteed by the State Guarantee, whose authorized maximum balance on the date of registration of this Prospectus is TWENTY-SIX BILLION (26,000,000,000) euros.

The Fund has the Credit Line for an amount on the date of registration of this Prospectus of TWO BILLION (2,000,000,000) euros, as well as the Sold Receivables adjustment mechanisms described in Royal Decree 437/2010, that are set forth in section 2.2.2 of the Additional Building Block.

5.1.3. Fund Highlights

5.1.3.1. Highlights from the registration of the Base Prospectus until the first Renewal Prospectus

Summarized below are the highlights that have taken place with respect to the Fund since the date of registration of the Base Prospectus, on 23 November 2010, to the date of registration of the first Renewal Prospectus:

1. Royal Decree-Law 14/2010 amended the 2011 State Budget Act 39/2010, reserving an amount of 22,000,000,000 euros to guarantee the economic obligations binding the Fund and derived from the issues of financial instruments arranged by the Fund.
2. Additionally, Royal Decree-Law 14/2010 established an increase in the 2010, 2011 and 2012 Deficit Receivables, the amounts of each one of them now being as follows:
 - 2010 Deficit Receivables: the maximum amount of the Receivables for 2010, previously set at 3 billion euros, may be increased by the temporary mismatches of electricity system settlements by a maximum amount of 2.5 billion euros.
 - 2011 Deficit Receivables: the revenue deficit specified in the provision approving the access tolls for 2011 will not exceed 3 billion euros.
 - 2012 Deficit Receivables: the revenue deficit specified in the provision approving the access tolls for 2012 will not exceed 1.5 billion euros.

All this information was added to the Base Prospectus by filing the Supplement n° 1 to the Base Prospectus, dated 4 January 2011, with the CNMV.

3. The Ministerial Order ITC/3353/2010, of 28 December, establishing the access tolls from 1 January 2011 and the rates and premiums of the special regime installations (hereinafter, "**Order 3353/2010**") recognized the amount of the 2011 Tariff Deficit Receivable.

Supplement n° 2 to the Base Prospectus, registered by the CNMV on 12 January 2011, added to the Base Prospectus the information about the recognition of the 2011 Receivable Deficit.

4. On 14 January 2011, the Deed of Incorporation of the Fund was executed and the First Issue was arranged.

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5. Order ITC/688/2011, of 30 March, establishing the access tolls from 1 April 2011 and certain rates and premiums of the special regime installations (hereinafter, "Order ITC/688/2011") established that the rate of interest that the 2010 Deficit Receivables will accrue from 1 January 2011 will provisionally be 2% until a definitive calculation methodology is developed.
6. On 11 May 2011, the Sociedad Gestora, together with the Sellers, granted the Deeds Amending the Deed of Incorporation and the Set of Supplementary Articles of the Second Issue in order to adapt the Series 1 and 2 interest accrual periods.

Both the amendments to the aforementioned Deeds and the rate of interest of the 2010 Deficit Receivables were added to the Base Prospectus on 13 May 2011, by registering Supplement n° 3 to the Base Prospectus with the CNMV.

7. On 7 July 2011, the Interministerial Committee issued a resolution in which it resolved that, in accordance with the provisions of section 5.2 of Royal Decree 437/2010, exceptional circumstances have occurred on the market that justify the Fund not having been able to purchase all the committed Tariff Deficit Receivables before 7 July 2011. In relation thereto, each and every one of the Sellers of the Fund waived their right to terminate the irrevocable sale commitment acquired, at least until 7 July 2012, and repeated, therefore, their commitment to sell to the Fondo de Titulización del Déficit del Sistema Eléctrico the receivables identified in their relevant sale commitments, in accordance with the provisions of articles 5 and 7 of Royal Decree 437/2010, of 9 April. All of which was added to the Base Prospectus through the registration of Supplement n° 4, dated 7 July 2011.
8. On 11 October 2011 Royal Decree 1307/2011 of 26 September was published, which amends Royal Decree 437/2010, according to Order ITC/2585/2011 of 29 September, reviewing the access tolls from 1 October 2011 and that refers to article 4 of the CNE report on the results of the 14th settlement of 2010, for the determination of the total amount of the 2010 Deficit Receivables, which determines:
 - The definitive amount of the 2010 Deficit Receivables and its recognition. This modification appears in section 1.1.3) of the Additional Building Block of the first Renewal Prospectus,
 - The placement and subscription agent selection procedure, that was added to the Base Prospectus through the registration of Supplement n° 5 to the Base Prospectus, and
 - The inclusion in the Interministerial Committee's functions of the approval of the price of the financial instruments in the outright sale transactions. This was also included in the aforementioned Supplement n° 5.
9. On 4 November 2011, the Interministerial Committee published the Resolution in which it delegated to the Monitoring Committee the function regarding the approval of the price of the financial instruments in the outright sale transactions, this issue being described in sections 2.2.C) and 2.2.D) of the Additional Building Block of the First Renewal Prospectus.

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10. On 24 November 2011, the First Renewal Prospectus was registered by the CNMV.

5.1.3.2. Highlights from the registration of the Base Prospectus until the Second Renewal Prospectus

1. The Ministerial Order ITC/3586/2011, of 30 December, establishing the access tolls from 1 January 2012 and the rates and premiums of the special regime installations (hereinafter, "**Order 3586/2011**") recognized the amount of the 2012 Tariff Deficit Receivable.

Supplement n° 1 to the First Renewal Prospectus, registered by the CNMV on 31 January 2012, added to the Base Prospectus the information about the recognition of the 2012 Receivable Deficit.

2. As a result of the ratings of the Kingdom of Spain being downgraded in January and February 2012 and, consequently, the credit ratings of the ICO being downgraded, by the Rating Agencies, on 30 March 2012 the CNMV registered Supplement n° 2 to the First Renewal Prospectus with the following purposes:

- (i) To include in the Prospectus the mention of the considerations regarding the rating of the Kingdom of Spain being directly linked to the rating of the Series of Bonds issued by the Fund and
- (ii) To remove the references to the actions to be taken if the credit rating of the ICO was downgraded by the Rating Agencies Fitch and Moody's, that were included in the Base Prospectus and in the First Renewal Prospectus, in the Deed of Incorporation, in the Financial Services Contract and in the Credit Line Contract, and to amend the references to the courses of action to be taken in the event of the downgrading of the credit rating of the counterparties to any possible Interest Swaps that were signed in the future, that were included in the Prospectus and in the Deed of Incorporation.

Moreover, and in line with the provisions of the aforementioned Supplement n° 2, on 27 March 2012, the Sociedad Gestora together with the Sellers, granted the Deed Amending the Deed of Incorporation to include such amendments.

3. Order ITC/843/2012, of 25 March, establishing the access tolls from 1 April 2012 and certain rates and premiums of the special regime installations (hereinafter, "**Order ITC/843/2012**") established that the rate of interest that the 2011 Deficit Receivables will accrue from 1 January 2012 will provisionally be 2% until a definitive calculation methodology is developed.

4. On 10 July 2012, Supplement n° 3 to the First Renewal Prospectus was registered to include by reference to the Prospectus the annual financial statements of the Fund for the financial year ended 31 December 2011, audited with favourable opinion, approved and filed at the CNMV.

5. As was described in Supplement n°4 to the First Renewal Prospectus, registered by the CNMV on 4 October 2012, the Sociedad Gestora and the CNE received sale commitments from each of the Sellers of the additional 2010 Receivables, the 2011

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Receivables and the 2012 Receivables, in letters dated between 1 December 2011 and 22 February 2012, as was specified in the table in section 4.12.1 of the Securities Note of the Second Renewal Prospectus and in response to the letters received, the CNE confirmed, in accordance with the relevant certification date, as was specified in the table in section 4.12.1 of the Securities Note of the Second Renewal Prospectus, that the information about the sale commitments was correct and complete.

6. Furthermore, as indicated in the minutes of the Monitoring Committee meeting held on 25 October 2012, once the Monitoring Committee had obtained and the pertinent Sellers and the Fund had issued their relevant acceptances, the provisional settlement 5/2012 of the electricity sector, settled by the CNE, included the settlement of part of the receivables outstanding after the 22nd issue of the Fund, of the categories "2006 Peninsular Receivables", "2009 Deficit Receivables" and "2010 Deficit Receivables" (without mismatches), charged to the annual instalments of the revenue mismatches for 2012 established in Order IET/3586/2011. In this respect, these categories of Receivables can no longer be sold to the Fund, except for the 2003-2005 Off-Peninsula Receivables, owned by Endesa and its subsidiaries, that had not been settled, their owners having renewed their sale commitment, to take effect from 1 December 2012 and for the term of one year, in a letter sent to the CNE and the Sociedad Gestora.
7. At the meeting held on 26 November 2012, the Monitoring Committee resolved that the Fund had to acquire the Receivables subject to a commitment made from 1 December 2012, within six months from that date in the case of Iberdrola and one year from that date for all the other Sellers.
8. On 26 November 2012, the Interministerial Committee issued a resolution in which it stated that, far from being resolved, the exceptional market conditions that were already declared to exist at the Committee meeting held on 6 July 2011, had grown stronger, if not aggravated, in the sense described in article 5.2 of Royal Decree 437/2010. This circumstance justifies the fact that the Fund had not been able to acquire all the receivable subject to a sale commitment on the pertinent dates.
9. On 27 November 2012, the Second Renewal Prospectus was registered by the CNMV.

5.1.3.3. Highlights between the registration of the Second Renewal Prospectus and the Third Renewal Prospectus

1. As stated in Supplement n° to the Second Renewal Prospectus, on 20 December 2012 the Monitoring Committee held a meeting at which it resolved to clarify the wording of the resolution recorded in the minutes of the meeting it held on 26 November 2012, and whose wording had been included in section 5.1.3.2. of the Second Renewal Prospectus, that the Fund had to acquire the Receivables subject to a commitment, from 1 December 2012, applying the sale procedure set forth in article 6 of Royal Decree 437/2010, taking into account the time limits set out in such commitments. These time limits do not imply the existence of unequal treatment between the Sellers, because the rights to be sold in each issue will be allocated by applying the apportionment among the Receivables subject to a commitment as provided in Article 6.4 of Royal Decree 437/2010.

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2. On 23 May 2013, Supplement n° 2 to the Second Renewal Prospectus was registered to include, by reference to the Prospectus, the Fund's annual financial statements for the financial year ended 31 December 2012, audited, with a favourable opinion, approved and filed with the CNMV.
3. Article 1.5 of Royal Decree-law 9/2013 amended paragraph 4 of the 21st AP Ley 54/1997, which establishes the revenue deficit for 2009, 2011 and 2012. According to this amendment, the 2012 Deficit Receivables will be increased by the amount of 4,109,213,000 euros, such amount being deemed definitive for the purposes of the sale.

Between 29 April 2013 and 17 May 2013, the Sociedad Gestora and the CNE received sale commitments from each of the Sellers of the additional 2012 Deficit Receivables pertaining to the temporary mismatch for 2012, and, in response to the letters received from the Sellers, the CNE confirmed that the information about the sale commitments was correct and complete, concerning these additional 2012 Deficit Receivables. Additionally, and taking into account that the sale commitment dates were prior to the publication of Royal Decree-Law 9/2013, each of the Sellers, for clarification purposes, ratified its pertinent sale commitments with the CNE issuing the pertinent acknowledgement of receipt.

In this respect, at the meeting it held on 16 September 2013, the Monitoring Committee resolved that:

- (i) Since the Sellers had issued their respective commitments to sell the Additional 2012 Deficit Receivables, the period of time for reporting such commitments, as referred to in article 6.2 of Royal Decree 437/2010, was deemed to have ended; and
- (ii) The date to be taken into account to start calculating the year during which the Fund must acquire the Receivables subject to a commitment is the date of each of the sale commitments issued by the Sellers, as described in article 5.2 of Royal Decree 437/2010.

Accordingly, the additional 2012 Tariff Deficit Receivables for the amount of FOUR BILLION, ONE HUNDRED AND NINE MILLION TWO HUNDRED AND THIRTEEN THOUSAND (4,109,213,000) EUROS could be acquired by the Fund.

All of this information was set out in Supplement n° 3 to the Second Renewal Prospectus, registered by the CNMV on 19 September 2013.

4. The State Bank Guarantee of TWENTY-TWO BILLION (22,000,000,000) EUROS did not envisage the additional financing needs ensuing from the possibility of the additional 2012 Deficit Receivables for the amount of 4,109,213,000 euros being sold to the Fund. Taking into account the remainder of the State Bank Guarantee available, a new bank guarantee had to be granted for an additional amount to have sufficient margin to cover the additional issue needs.

Accordingly, article 2 of Royal Decree-Law 9/2013 amended section 54 of the 2013 State Budget Act 17/2012, of 27 December ("**Ley 17/2012**"), by adding FOUR

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BILLION (4,000,000,000) EUROS to the maximum amount of the bank guarantees to be granted by the Spanish Administration during financial year 2013 and adding a paragraph d) to section two of article 2, in which the amounts of bank guarantees are reserved for certain purposes, regarding the economic obligations binding upon the Fund ensuing from the bond issues arranged and charged to the receivables that constitute its assets.

Subsequently, on 27 August 2013, a Ministerial Order was issued, in which a new bank guarantee was issued from the 2013 State Budget, by virtue of which the State Administration guarantees, waiving the benefit of surety set forth in Article 1830 of the Spanish Civil Code, and up to the maximum outstanding balance of FOUR BILLION (4,000,000,000) EUROS, the payment of the economic obligations binding upon the Fund ensuing from the bond issues arranged and charged to the receivables that constitute its assets, and that meet the requirements set out in the Ministerial Order, although the Issues that are guaranteed can be arranged after the year 2013. The characteristics of the new bank guarantee granted under the Ministerial Order of 27 August 2013 are the same as those of the bank guarantee granted under the Ministerial Order of 14 January 2011.

The maximum outstanding balance of FOUR BILLION (4,000,000,000) EUROS of the bank guarantee granted in the new Ministerial Order of 27 August 2013 HAS BEEN Therefore both orders result in a granted bank guarantee with a maximum outstanding balance of TWENTY-SIX BILLION (26,000,000,000) EUROS and the Maximum Outstanding Balance of the Facility has been increased to the amount of TWENTY-SIX BILLION (26,000,000,000) EUROS.

5. At the meeting held on 17 June 2013, the Monitoring Committee resolved to engage DBRS as new Rating Agency so that it could assign ratings to the Fund's issues. Therefore the Sociedad Gestora, for and on behalf of the Fund, asked DBRS Ratings Limited to rate all the Bond issues arranged by the Fund until the said date, adding the agency to the Fund Rating Agencies, as determined in section 7.5 of the Securities Note.
6. As a result of the highlights mentioned in sections 3, 4 and 5 above, on 18 September 2013, the Sociedad Gestora and the Original Sellers executed a deed amending the Deed of Incorporation of the Fund and another deed amending the thirty-nine (39) sets of supplementary articles signed until that date, to reflect the changes made to the Fund and to the issues arranged until that date on the occasion of such highlights.

All the highlights referred to in sections 3 to 6 above were included in Supplement n° 3 to the Second Renewal Prospectus, registered on 19 September 2013.

5.1.3.4. Highlights between the registration of the Third Renewal Prospectus and the Fourth Renewal Prospectus

1. On 10 June 2014, Supplement n° 1 to the Third Renewal Prospectus was registered to include by reference to the Prospectus the annual financial statements of the Fund for

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the financial year ended 31 December 2013, audited with a favourable opinion, approved and filed at the CNMV.

2. On 15 July 2014, Supplement n° 2 to the Third Renewal Prospectus was registered to include by the amendments made by Royal Decree 417/2014, by virtue of which:
 - (i) The placement agent selection procedure for issues arranged at an agreed or estimated price, with the main aim of speeding up such procedure; and
 - (ii) The duties of the Interministerial Committee were modified.
3. Order IET/2176/2014, of 20 November, developing the calculation methodology and fixing the final interest rate accrued by the electricity system revenue deficit receivables and any temporary mismatches prior to 2013 (hereinafter "**Order IET/2176/2014**"), has established a methodology for determining the final interest rate to be applied to the electricity system deficits and mismatches prior to 2013 (which was provisionally set to 2%). In particular, it will apply (i) to the 2010 Deficit Receivables, 2011 Deficit Receivables and 2012 Deficit Receivables and (ii) to the temporary mismatches from 2009 to 2012, both inclusive.

5.1.3.5. Issues arranged by the Fund

The most significant information about the Bond Issues arranged by the Fund until the date of registration of this Prospectus is shown below:

Series	ISIN	Issue Date	Nominal Amount	Outstanding Nominal Balance on 04/12/2014 (euros)	Interest Rate	I.R.R.	Interest payment dates	Repayment System	Final Maturity Date
Series 1 ⁽¹⁾	ES0378641007	14/01/2011	2,000,000,000	0	4.800%	4.883%	17 March each year	On maturity	17/03/2014
Series 2	ES0378641015	18/02/2011	2,000,000,000	2,000,000,000	5.000%	5.086%	17 June of each year	On maturity	17/06/2015
Series 3	ES0378641023	25/03/2011	2,000,000,000	2,000,000,000	5.900%	5.988%	17 March each year	On maturity	17/03/2021
Series 4	ES0378641031	16/05/2011	1,000,000,000	1,000,000,000	5.600%	5.626%	17 September each year	On maturity	17/09/2018
Series 5 ⁽¹⁾	ES0378641049	30/09/2011	1,500,000,000	0	4.400%	4.483%	17 September each year	On maturity	17/09/2013
Series 4 Increase	ES0378641031	18/11/2011	325,000,000	325,000,000	5.600%	6.420%	17 September each year	On maturity	17/09/2018
Series 6	ES0378641056	18/11/2011	125,000,000	125,000,000	5.000%	7.701%	17 December of each year	On maturity	17/12/2026
Series 2 Increase	ES0378641015	30/11/2011	125,000,000	125,000,000	5.000%	6.715%	17 June of each year	On maturity	17/06/2015
Series 7	ES0378641064	09/12/2011	125,000,000	125,000,000	5.000%	7.805%	17 June of each year	On maturity	17/06/2026
Series 5 Increase ⁽¹⁾	ES0378641049	20/12/2011	566,000,000	0	4.400%	4.930%	17 September each year	On maturity	17/09/2013
Series 1 Increase ⁽¹⁾	ES0378641007	20/12/2011	140,000,000	00	4.800%	4.717%	17 March each year	On maturity	17/03/2014
Series 2 Increase	ES0378641015	31/01/2012	235,000,000	235,000,000	5.000%	4.110%	17 June of each year	On maturity	17/06/2015

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Series	ISIN	Issue Date	Nominal Amount	Outstanding Nominal Balance on 04/12/2014 (euros)	Interest Rate	I.R.R.	Interest payment dates	Repayment System	Final Maturity Date
Series 1 Increase ⁽¹⁾	ES0378641007	31/01/2012	212,000,000	0	4.800%	3.750%	17 March each year	On maturity	17/03/2014
Series 2 Increase	ES0378641015	03/02/2012	340,000,000	340,000,000	5.000%	3.670%	17 June of each year	On maturity	17/06/2015
Series 1 Increase ⁽¹⁾	ES0378641007	07/02/2012	153,000,000	0	4.800%	3.360%	17 March each year	On maturity	17/03/2014
Series 2 Increase	ES0378641015	07/02/2012	150,000,000	150,000,000	5.000%	3.734%	17 June of each year	On maturity	17/06/2015
Series 8	ES0378641072	07/02/2012	200,000,000	200,000,000	3.400%	3.463%	17 December of each year	On maturity	17/12/2014
Series 9	ES0378641080	10/02/2012	236,100,000	236,100,000	6.250%	6.370%	17 March each year	On maturity	17/03/2025
Series 10	ES0378641098	15/02/2012	580,000,000	580,000,000	6.460%	6.553%	17 March each year	On maturity	17/03/2027
Series 9 Increase	ES0378641080	15/02/2012	133,700,000	133,700,000	6.250%	6.488%	17 March each year	On maturity	17/03/2025
Series 11	ES0378641106	22/02/2012	125,000,000	125,000,000	6.500%	6.610%	17 March each year	On maturity	17/03/2026
Series 12	ES0378641114	29/02/2012	844,000,000	844,000,000	4.875%	4.917%	17 December of each year	On maturity	17/12/2017
Series 9 Increase	ES0378641080	31/10/2012	122,500,000	122,500,000	6.250%	6.781%	17 March each year	On maturity	17/03/2025
Series 4 Increase	ES0378641031	07/11/2012	75,000,000	75,000,000	5.600%	5.486%	17 September each year	On maturity	17/09/2018
Series 3 Increase	ES0378641023	07/11/2012	76,000,000	76,000,000	5.900%	6.244%	17 March each year	On maturity	17/03/2021
Series 4 Increase	ES037641031	16/11/2012	110,000,000	110,000,000	5.600%	5.441%	17 September each year	On maturity	17/09/2018
Series 13	ES0378641122	07/12/2012	1,750,000,000	1,750,000,000	4.000%	4.120%	17 December of each year	On maturity	17/12/2015
Series 12 Increase	ES0378641114	14/12/2012	100,000,000	100,000,000	4.875%	5.059%	17 December of each year	On maturity	17/12/2017
Series 4 Increase	ES0378641031	21/12/2012	155,000,000	155,000,000	5.600%	5.211%	17 September each year	On maturity	17/09/2018
Series 4 Increase	ES0378641031	28/12/2012	160,000,000	160,000,000	5.600%	4.978%	17 September each year	On maturity	17/09/2018
Series 14	ES0378641130	16/01/2013	1,000,000,000	1,000,000,000	4.125%	4.241%	17 March each year	On maturity	17/03/2017
Series 15	ES0378641148	08/02/2013	89,000,000	89,000,000	5.750%	5.957%	17 December of each year	On maturity	17/12/2026
Series 3 Increase	ES0378641023	13/02/2013	154,800,000	154,800,000	5.900%	5.347%	17 March each year	On maturity	17/03/2021
Series 6 Increase	ES0378641056	13/02/2013	75,000,000	75,000,000	5.000%	6.169%	17 December of each year	On maturity	17/12/2026
Series 3 Increase	ES0378641023	22/02/2013	87,000,000	87,000,000	5.900%	5.107%	17 March each year	On maturity	17/03/2021
Series 3 Increase	ES0378641023	13/03/2013	83,200,000	83,200,000	5.900%	5.044%	17 March each year	On maturity	17/03/2021
Series 16	ES0378641155	15/03/2013	1,500,000,000	1,500,000,000	3.875%	3.920%	17 March each year	On maturity	17/03/2018
Series 16 Increase	ES0378641155	03/04/2013	75,000,000	75,000,000	3.875%	3.853%	17 March each year	On maturity	17/03/2018

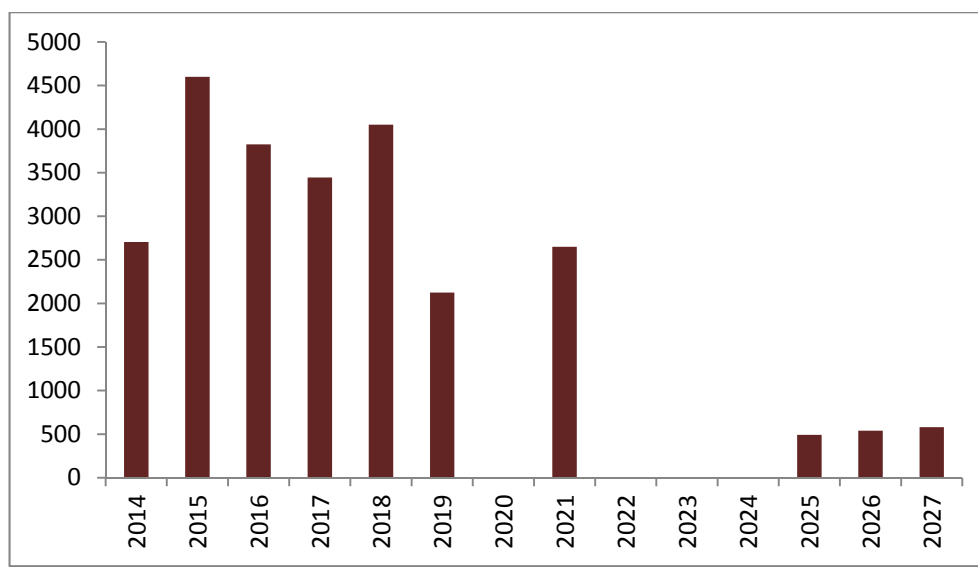
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Series	ISIN	Issue Date	Nominal Amount	Outstanding Nominal Balance on 04/12/2014 (euros)	Interest Rate	I.R.R.	Interest payment dates	Repayment System	Final Maturity Date
Series 17	ES0378641163	30/04/2013	1,800,000,000	1,800,000,000	2.875%	2.887%	17 September each year	On maturity	17/09/2016
Series 3 Increase	ES0378641023	08/05/2013	248,000,000	248,000,000	5.900%	4.221%	17 March each year	On maturity	17/03/2021
Series 18	ES0378641171	02/10/2013	2,000,000,000	2,000,000,000	3.375%	3.406%	17 March each year	On maturity	17/03/2019
Series 16 Increase	ES0378641155	16/10/2013	250,000,000	250,000,000	3.875%	2.964%	17 March each year	On maturity	17/03/2018
Series 4 Increase	ES0378641031	16/10/2013	400,000,000	400,000,000	5.600%	3.243%	17 September each year	On maturity	17/09/2018
Series 17 Increase	ES0378641163	16/10/2013	300,000,000	300,000,000	2.875%	2.386%	17 September each year	On maturity	17/09/2016
Series 19	ES0378641189	06/11/2013	1,500,000,000	1,500,000,000	2.250%	2.286%	17 December of each year	On maturity	17/12/2016
Series 20	ES0378641197	19/02/2014	1,500,000,000	1,500,000,000	1.875%	1.946%	17 September each year	On maturity	17/09/2017
Series 18 Increase	ES0378641171	28/02/2014	125,000,000	125,000,000	3.375%	2.363%	17 March each year	On maturity	17/03/2019
Series 17 Increase	ES0378641163	28/02/2014	225,000,000	225,000,000	2.875%	1.456%	17 September each year	On maturity	17/09/2016
Totals			27,075,300,000	22,504,300,000					

(1) The Series 1 and 5 have been fully redeemed by the date of registration of this Prospectus.

Annual total nominal Maturity of the Fund Issues per year



Millions of euros / Years

- (1) During 2014, and as at the Prospectus Registration Date, a nominal total of €2,505 billion has matured.
- (2) The figure for 2016 includes the nominal amount of the Issue dated 28 February 2014.
- (3) The figure for 2017 includes the nominal amount of the Issue dated 19 February 2014.
- (4) The figure for 2019 includes the nominal amount of the Issue dated 28 February 2014.

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5.2 General description of the parties to the securitization program.

- a) **TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A.** is the Sociedad Gestora and has arranged the financial design of the Fund.

TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A. is a Spanish public limited company (sociedad anónima), that manages securitization funds, with registered office at Calle Orense, 69, Madrid (Spain) and with Tax Identification Number (C.I.F.) A-80352750.

It holds no credit ratings from any rating agency.

C.N.A.E. (National Classification of Economic Activities): 6630.

- b) The sellers that have sold Tariff Deficit Receivables to the Fund ("**Sellers**"). Other entities that, in any future statutory provisions, are recognized as being entitled to sell Tariff Deficit Receivables to the Fund may the join the Facility as potential Sellers, provided that they adhere to the Deed of Incorporation of the Fund, by formalizing a Set of Supplementary Articles, and that their information is stated in the relevant supplement to the Prospectus.

Although the respective Seller's liability in connection with this Programme is limited to the liability for the representations and warranties described in section 2.2.8. of the Additional Building Block, and only in connection with the Tariff Deficit Receivables that it has sold on each date, given below for information purposes are their identification details.

On the date of registration of this Prospectus, all the Tariff Deficit Receivables have been sold to the Fund by the Sellers in the past (up to November 2013), and therefore their pertinent details are still included in this Registration Document.

IBERDROLA, S.A. ("Iberdrola")

Registration Data: registered at Vizcaya Companies House, in volume BI-233, folio 156, sheet number BI-167A. Address: Plaza Euskadi number 5, 48009 Bilbao

TAX IDENTIFICATION NUMBER: A-48010615

C.N.A.E. (National Classification of Economic Activities): 3519

GAS NATURAL SDG, S.A. ("Gas Natural Fenosa")

Registration Data: Registered at Barcelona Companies House, in volume 41512, folio 145, Section 8, Sheet B-33,172.

Address: Plaça Del Gas 1, 8ª Planta, Edif. B. 08003 Barcelona

TAX IDENTIFICATION NUMBER: A08015497

C.N.A.E. (National Classification of Economic Activities): 3522

HIDROELÉCTRICA DEL CANTÁBRICO, S.A. ("Hidroeléctrica")

Registration Data: registered at the Companies House of Madrid in volume 2907, folio 189, section 8, Sheet AS-14614, entry nº 31.

Address: Plaza de la Gesta, nº 2, Oviedo.

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TAX IDENTIFICATION NUMBER: A-33473752

C.N.A.E. (National Classification of Economic Activities): 3515

ENDESA, S.A. ("Endesa")

Registration Data: registered at Madrid Companies House in volume 323, Folio 1, Sheet M-6405.

Address: Ribera del Loira, 60, 28042, Madrid.

TAX IDENTIFICATION NUMBER: A - 28/023430

C.N.A.E. (National Classification of Economic Activities): 3519

UNIÓN ELÉCTRICA DE CANARIAS GENERACIÓN, S.A. ("Unión Eléctrica de Canarias Generación")

Registration Data: Registered at Las Palmas Companies House on Folio 62, Volume 1417, Sheet GC-20698.

Address: Calle Albareda, nº 38, Plaza Woermann, Las Palmas de Gran Canaria.

TAX IDENTIFICATION NUMBER: A-35543263

C.N.A.E. (National Classification of Economic Activities): 3519

GAS Y ELECTRICIDAD GENERACIÓN, S.A. ("Gas y Electricidad Generación")

Registration Data: Registered at Majorca Companies House on folio 179, Volume 1609, Sheet MS-30626.

Address: Calle San Juan de Diós, 1 Palma de Mallorca.

TAX IDENTIFICATION NUMBER: A079924079

C.N.A.E. (National Classification of Economic Activities): 3519

ENDESA GENERACIÓN, S.A. ("Endesa Generación")

Registration Data: Registered at Seville Companies House, on folio 1, Volume 3841, Sheet SE-55559.

Address: Avenida Borbolla, 5, Seville.

TAX IDENTIFICATION NUMBER: A-82434697

C.N.A.E. (National Classification of Economic Activities): 3519

ELCOGAS, S.A. ("Elcogas")

Registration Data: Registered at Ciudad Real Companies House, Volume 504, Folio 159, (section 8), Sheet number CR-19907.

Address: Ctra. Calzada de Calatrava, P.K. 27 13500 Puertollano (Ciudad Real).

TAX IDENTIFICATION NUMBER: A.80316672

C.N.A.E. (National Classification of Economic Activities): 3519

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E.ON GENERACIÓN, S.L. ("E.ON Generación")

Registration Data: Registered at Cantabria Companies House, Volume 783, Folio 108, Sheet number S-13885.

Address: Calle Isabel Torres, 25 Santander (Cantabria).

TAX IDENTIFICATION NUMBER: B62733126

C.N.A.E. (National Classification of Economic Activities): 3519

E.ON ESPAÑA, S.L. ("EON España")

Registration Data: registered at Cantabria Companies House, in Volume 1056, folio 143, Sheet S-28162.

Address: Calle Isabel Torres, 25 Santander (Cantabria).

TAX IDENTIFICATION NUMBER: B-85304558

C.N.A.E. (National Classification of Economic Activities): 3519

- c) The Rating Agencies DBRS, Fitch, Moody's and/or S&P:

DBRS RATINGS LIMITED ("DBRS") is a rating agency with registered office at 1 Minster Court, 10th floor, Mincing Lane, London, EC3R 7AA, (UK).

FITCH RATINGS ESPAÑA, S.A.U. ("Fitch") is a Spanish corporation which forms part of and operates under the methodology, criteria and quality control of Fitch Ratings Limited, with business address at number 85, Paseo de Gracia, in Barcelona, (Spain), and with Tax Identification Number (C.I.F.) A-58090655.

MOODY'S INVESTORS SERVICE LTD. ("Moody's") is an English limited liability company which forms part of and operates under the methodology, criteria and quality control of Moody's Investors Service Limited, with English Tax Identification Number 1950192 and registered address at One Canada Square, Canary Wharf, London (United Kingdom) E145FA.

STANDARD & POOR'S CREDIT MARKET SERVICES EUROPE LIMITED ("S&P") is an English limited liability company which forms part of and operates under the methodology, criteria and quality control of Standard & Poor's Rating Services, with Tax Identification Number (C.I.F.) W-8261162E. The registered address of the branch is number 5, Calle Marqués de Villamejor, in Madrid (Spain) and the registered address of the company is 20 Canada Square, Canary Wharf, London (United Kingdom), E14 5LH.

On 31 October 2011, the European Securities and Market Authority ("ESMA") registered the four (4) Rating Agencies as credit rating agencies authorized to operate in the European Union.

- d) **INSTITUTO DE CRÉDITO OFICIAL ("ICO" or "Financial Agent")** is acting as Financial Agent of the Fund and provider of the Credit Line or Liquidity Provider.

The ICO is a State-owned enterprise of the kind described under section 43.1.b) of Act 6/1997, of 14 April, on the Organization and Operation of the General Government Administration, which reports to the Ministry of the Economy and the

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Competitiveness through the Secretary of State for the Economy and Support for Enterprises, which has the legal form of a financial institution, and the consideration of a Government Financial Agent, having its own legal personality, assets and funds, and independent authority to act with a view to achieving its ends. Its registered office is located at number 4, Paseo del Prado, in Madrid (Spain).

The current ratings assigned by the rating agencies to the short-term and long-term non-subordinated and unsecured debt of ICO are as follows:

	DBRS Ratings Limited		Standard & Poor's Credit Market Services Europe Limited		Fitch Ratings España S.A.U.		Moody's Investors Service España, S.A.	
	Rating	Date	Rating	Date	Rating	Date	Rating	Date
Short Term	R-1 (low)	April 2014	A-2	May 2014	F2	April 2014	P-2	Feb-2014
Long Term	A (low)	April 2014	BBB	May 2014	BBB+	April 2014	Baa2	Feb-2014
Outlook	Negative		Stable		Stable		Positive	

- e) The **State Administration**, through the Ministry of Economy and Competitiveness (previously the Ministry of Economy and Finance), hereinafter, the "**Spanish State**", is acting as the entity granting the State Guarantees.

The current ratings assigned by the rating agencies to the short-term and long-term non-subordinated and unsecured debt of the Kingdom of Spain are as follows:

	DBRS Ratings Limited		Standard & Poor's Credit Market Services Europe Limited		Fitch Ratings España S.A.U.		Moody's Investors Service España, S.A.	
	Rating	Date	Rating	Date	Rating	Date	Rating	Date
Short Term	R-1 (low)	April 2014	A-2	May 2014	F2	April 2014	P-2	Feb-2014
Long Term	A (low)	April 2014	BBB	May 2014	BBB+	April 2014	Baa2	Feb-2014
Outlook	Negative		Stable		Stable		Positive	

- f) **J&A GARRIGUES, S.L.P.** ("Garrigues") as an independent legal advisor, has provided the legal advice regarding the design of the transaction, drafted the legal documents of the transaction and reviewed its fiscal aspects. Its registered office is number 3, calle Hermosilla, in Madrid (Spain), and its Tax Identification Number (C.I.F.) is B-81709081.
- g) **ROMERO REY ABOGADOS, S.L.**, with registered office at Conde del Valle de Suchil, 12-5° izq, in Madrid, and Tax Identification Number (C.I.F.) B-84186972, has provided legal advice to the Sociedad Gestora for the incorporation of the Fund.
- h) **KPMG AUDITORES, S.L.** ("KPMG") is acting as auditor of the Fund Accounts.

KPMG is a Spanish private limited company, registered in the ROAC Register (Registro Oficial de Auditores de Cuentas) with number S-0702 and with registered office at Paseo de la Castellana 95, in Madrid (Spain), and with Tax Identification Number (CIF) B-78510153.

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It holds no credit ratings from any rating agency.

- i) The Underwriting Agents and/or Placement Agents of each Issue and their corporate data will be as specified in the pertinent Final Terms and Conditions.

No control relationship is known to exist between the bodies corporate that are participating in the securitization transaction, except for the following relations between the sellers, on the date of registration of this Prospectus:

- E ON España owns 100% of the share capital of E ON Generación.
- Endesa, Iberdrola (through Iberdrola Generación, S.A.) and Hidroeléctrica (through Hidroeléctrica and EDP Cogeneración, S.L.U., owned by the former) own 40.99%, 12.00%, and 8.64%, respectively, of the share capital of Elcogás.
- Endesa, S.A. owns 100% of the share capital of Unión Eléctrica de Canarias Generación, Gas y Electricidad Generación and Endesa Generación.

Should, with regard to each specific Issue, any control relationship exist between the parties involved in that Issue, that relationship will be stated in the pertinent Final Terms and Conditions.

6. ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES.

6.1 Management, administration and representation of the issuer.

As provided by Royal Decree 926/1998, the Fund is legally represented and managed by its Sociedad Gestora, TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A.

The Sociedad Gestora is a Spanish public limited company (sociedad anónima), incorporated on 12 May 1992, with registered office at number 69, calle Orense in Madrid (Spain), (Tel: +34 91 702 08 08), and registered in the Mercantile Registry of Madrid, Volume 4280, book 0, folio 183, Section 8, Sheet M-71066, Entry nº 5, on 4 June, 1993, and also registered under number 3 in the Registro Especial de Sociedades Gestoras de Fondos de Titulización Hipotecaria (Special Register of Securitization Fund Management Companies) kept by the CNMV.

The Sociedad Gestora was appointed the sociedad gestora of the Fund by virtue of the resolution issued by the Interministerial Committee for the appointment of the Fund's sociedad gestora, on 14 October 2009, by virtue of the provisions of Royal Decree 1301/2009, of 31 July, which created the Interministerial Committee for the appointment of the Fund's sociedad gestora.

The Sociedad Gestora has been incorporated for an indefinite period of time, unless any of the grounds stipulated by law for its winding-up occurs.

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6.2 Audit of the financial statements of the Sociedad Gestora.

The Sociedad Gestora has audited accounts for 2011, 2012 and 2013, which have been filed at the CNMV.

Ernst & Young, S.L. is a Spanish limited liability company, registered in the ROAC Register (Registro Oficial de Auditores de Cuentas) with number S0530, with registered office at Plaza Pablo Ruiz Picasso, s/n (no number), Madrid, and with Tax Identification Number (CIF) B-78970506.

The audit reports on the annual financial statements for 2011, 2012 and 2013 contained no qualifications.

6.3 Principal activities

The sole purpose of the Sociedad Gestora is the incorporation, management and legal representation of Fondos de Titulización de Activos and Fondos de Titulización Hipotecaria, in accordance with the provisions of Royal Decree 926/1998, as well as the management and administration of Banking Asset Funds, Banking Asset Funds, in accordance with the provisions of Law 9/2012 of 14 November on the restructuring and resolution of credit institutions.

The Sociedad Gestora is subject to supervision by the CNMV, pursuant to the provisions of Royal Decree 926/1998.

TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A., will be responsible for the administration and legal representation of the Fund, in accordance with the provisions of Royal Decree 926/1998 and Ley 19/1992 vis-à-vis any aspects not covered by Royal Decree 926/1998, when applicable, and the rest of the applicable legal regulations, as well as the provisions of the Deed of Incorporation and of this Prospectus. The Sociedad Gestora performs for the Fund those duties attributed to it in Royal Decree 926/1998. As the manager of third party funds, the Sociedad Gestora is also responsible for representing and safeguarding the interests of the Bondholders and the other ordinary creditors of the Fund. Consequently, the Sociedad Gestora must subordinate its actions to safeguarding the interests of such persons, abiding by the applicable provisions in this regard prevailing from time to time. The Bondholders and remaining ordinary creditors of the Fund will have no recourse against the Sociedad Gestora, other than from non-performance of its duties or non-compliance with the provisions of the Deed of Incorporation and this Prospectus.

Additionally, the Sociedad Gestora will be responsible for all the actions, calculations and notifications referred to in Royal Decree 437/2010, as described in section 3.7.2 of the Additional Building Block.

6.4 Existence or non-existence of holdings in other companies

The Sociedad Gestora does not hold equity interests in any company.

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6.5 Lenders of the Sociedad Gestora.

The Sociedad Gestora has not been granted any financing by third parties.

6.6 Litigation of the Sociedad Gestora.

At the date of registration of this Prospectus, there are no disputes, litigation or bankruptcy-related situation liable to have a material effect on the economic and financial situation of the Sociedad Gestora or on its future capacity to perform the Fund management and administration duties stipulated in this Prospectus.

6.7 Board of Directors of the Sociedad Gestora.

Pursuant to the provisions of the articles of association of the Sociedad Gestora, and at the date of registration of this Prospectus, the Sociedad Gestora has no governing bodies other than the Shareholders' Meeting and the Board of Directors.

The members of the Board of Directors of the Sociedad Gestora, as at the date of registration of the Prospectus, are as follows:

Shareholder	Chairman	
Unicorp Corporación Financiera, S.L. (Unicaja)	Mrs. María Teresa SAEZ PONTE	
Shareholder	Vice-Chairman	
Ibercaja Banco, S.A.	Mrs. Raquel MARTÍNEZ CABAÑERO	
Shareholder	Directors	Representative
Unicorp Corporación Financiera, S.L. (Unicaja)	Mr. Miguel Ángel TROYA ROPERO	
Unicorp Corporación Financiera, S.L. (Unicaja)	Unicorp Corporación Financiera, S.L. (Unicaja)	Mr. Rafael MORALES ARCE
Ibercaja Banco, S.A.	Mr. Pedro DOLZ TOMEY	
Ibercaja Banco, S.A.	Mr. Antonio MARTÍNEZ MARTÍNEZ	
EBN Banco de Negocios, S.A. (EBN)	EBN BANCO DE NEGOCIOS SA	Mr. Teófilo JIMENEZ FUENTES
Aldermanbury Investments Limited (J.P. Morgan)		

Mr. Luis Vereterra Gutiérrez-Maturana is the Secretary (non-Director) of the Board of Directors.

Mr. Ramón Pérez Hernández was appointed the Company's General Director by virtue of the deed dated 18 April 2002, granted before the Notary Public of Madrid Mr. Manuel Richi Alberti, and at the present time there is no Chief Executive Officer (Consejero Delegado).

The professional address of all these people is the registered office of the Sociedad Gestora (number 69, calle Orense, Madrid), and they do not engage outside the Sociedad Gestora in any activity liable to enter into conflict with the Fund.

The Sociedad Gestora is subject to supervision by the CNMV, pursuant to the provisions of Royal Decree 926/1998.

In compliance with the provisions of the Ley 24/1988 and of Royal Decree 629 /1993, of May 3 on rules of conduct in securities market and mandatory recordkeeping, at the

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Board Meeting held on 7 December 1993, the Board of Directors of the Sociedad Gestora approved an Internal Code of Conduct containing the rules of conduct in relation to securities managed by the Sociedad Gestora for and on behalf of securitization funds that are traded on organized markets.

The Internal Code of Conduct has been filed with the CNMV and contains, among other items, the rules on confidentiality of information, dealings with persons subject to the Code, disclosure of material information and conflicts of interest.

The Sociedad Gestora has not approved any regulations of the Board of Directors and is not subject to the application of any Code of Good Corporate Governance, except the Internal Code of Conduct approved by the Sociedad Gestora.

The individual persons appointed as Directors and Chairman of the Sociedad Gestora pursue the following significant activities outside the company:

Name	Office in listed and/or material companies
Mrs. Raquel MARTÍNEZ CABANERO	Head of Capital Markets of Ibercaja Banco, S.A.
	Member of the Board of the Inversis Group Collective Investment Company, Oportunidad Bursátil.
	Board Member of Plataforma Logística de Zaragoza, PLAZA, S.A.
Mr. Rafael MORALES-ARCE SERRANO	Head of Syndicated Operations of Unicaja
Mr. Teófilo JIMÉNEZ FUENTES	Chairman of the Company EBN Capital, SGEGR, S.A.
	Board Member of the Company J. GARCIA CARRION, S.A.
Mr. Pedro DOLZ TOMEY	Head of Market Risk Management - Capital Markets Department (Ibercaja)
Mrs. María Teresa SAEZ PONTE	Board Member of AVALUNIÓN S.G.R. (Unión Andaluza de Avaluadores, S.G.R.)
	Director of Equity of Unicaja Banco S.A.U.
	Board Member of Ingeniería e Integración Avanzadas, S.A. (INGENIA)
	Board Member of ALESTIS AEROSPACE, S.L.
Mr. Antonio MARTÍNEZ MARTÍNEZ	Board Member of the venture capital firm Capital Innovación y Crecimiento SA SCR.
Mr. Miguel Ángel TROYA ROPERO	Managing Director of Alteria Corporación Unicaja, S.L.U.
	Managing Director of Unicorp Corporación Financiera, S.L.
	Chairman of Corporación Uninser, S.A.U.
	Chairman and Managing Director of Uniwindet, S.A.U.
	Chairman and Managing Director of Uniwindet Parque Eólico Las Lomillas, S.L.
	Chairman and Managing Director of Uniwindet Parque Eólico Loma de Ayala, S.L.
	Chairman and Managing Director of Uniwindet Parque Eólico Los Jarales, S.L.
	Chairman and Managing Director of Uniwindet Parque Eólico Tres Villas, S.L.
	Chairman of Unigest, S.G.I.I.C., S.L.
	Chairman of Gestión Actividades y Servicios Empresariales, S.A.
	Joint Director of Hidrocartera, S.L.
Board Member of Unicartera Internacional S.L.U. (ETVE)	

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6.8 Funds Managed

As at 31 October 2014, the Sociedad Gestora had eighty-two (82) securitization funds under management:

Fund	Date of Incorporation	Issued	Bond Balance 31 October 2014
Mortgage Securitization Funds			
TDA IBERCAJA ICO-FTVPO - F.T.H	14-Jul-09	€447,200,000	€300,299,983.10
Asset Securitization Funds			
TDA 13-MIXTO - F.T.A.	5-Dec-00	€89,500,000	€6,949,187.70
TDA 14-MIXTO - F.T.A.	20-Jun-01	€61,100,000	€7,592,381.88
TDA 15-MIXTO - F.T.A.	4-Nov-02	€50,900,000	€2,880,857.04
TDA 16-MIXTO - F.T.A.	26-May-03	€32,000,000	€6,534,025.14
TDA 17-MIXTO - F.T.A.	24-Oct-03	€55,000,000	€5,020,306.74
TDA 18-MIXTO - F.T.A.	14-Nov-03	€21,000,000	€9,426,620.71
TDA 19-MIXTO - F.T.A.	27-Feb-04	€60,000,000	€140,604,136.65
TDA 20-MIXTO - F.T.A.	25-Jun-04	€21,000,000	€105,371,033.94
TDA 22-MIXTO - F.T.A.	1-Dec-04	€30,000,000	€138,893,076.87
TDA 23 - F.T.A.	17-Mar-05	€60,000,000	€230,188,588.68
TDA 24- F.T.A.	28-Nov-05	€85,000,000	€177,265,763.34
TDA 25- F.T.A.	29-Jul-06	€65,000,000	€140,075,745.57
TDA 26-MIXTO - F.T.A.	5-Jul-06	€98,100,000	€92,199,014.66
TDA 27- F.T.A.	20-Dec-06	€30,600,000	€433,811,053.91
TDA 28- F.T.A.	18-Jul-07	€51,350,000	€296,655,174.00
TDA 29- F.T.A.	25-Jul-07	€14,900,000	€85,886,272.00
TDA 30- F.T.A.	12-Mar-08	€88,200,000	€34,252,368.64
TDA 31- F.T.A.	19-Nov-08	€60,000,000	€143,120,753.85
TDA PASTOR 1 - F.T.A.	25-Feb-03	€94,600,000	€1,570,357.80
TDA CAM 1 - F.T.A.	13-Mar-03	€1,000,000,000	€164,412,921.85
TDA CAM 2 - F.T.A.	27-Jun-03	€1,100,000,000	€186,481,190.72
TDA CAM 3 - F.T.A.	16-Jan-04	€1,200,000,000	€200,475,901.44
TDA CAM 4 - F.T.A.	9-Mar-05	€2,000,000,000	€22,309,648.00
TDA CAM 5 - F.T.A.	5-Oct-05	€2,000,000,000	€27,312,772.00
TDA CAM 6 - F.T.A.	29-Mar-06	€1,300,000,000	€485,012,632.20
TDA CAM 7 - F.T.A.	13-Oct-06	€1,750,000,000	€750,477,732.90
TDA CAM 8 - F.T.A.	7-Mar-07	€1,712,800,000	€767,820,415.88
TDA CAM 9 - F.T.A.	3-Jul-07	€1,515,000,000	€700,499,455.25
TDA CAM 10 - F.T.A.	5-Dec-07	€1,423,500,000	€625,470,913.14
TDA CAM 11 - F.T.A.	12-Nov-08	€1,716,000,000	€1,024,320,742.03
TDA CAM 12 - F.T.A.	6-Feb-09	€1,976,000,000	€1,213,092,813.80
TDA IBERCAJA 1 - F.T.A.	8-Oct-03	€600,000,000	€129,768,850.56
TDA IBERCAJA 2 - F.T.A.	13-Oct-05	€94,500,000	€32,511,771.96
TDA IBERCAJA 3 - F.T.A.	12-May-06	€1,007,000,000	€422,601,981.50
TDA IBERCAJA 4 - F.T.A.	18-Oct-06	€1,410,500,000	€635,533,301.67
TDA IBERCAJA 5 - F.T.A.	11-May-07	€1,207,000,000	€619,364,471.20
TDA IBERCAJA 6 - F.T.A.	20-Jun-08	€1,521,000,000	€11,826,864.00

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Fund	Date of Incorporation	Issued	Bond Balance
TDA IBERCAJA 7 - F.T.A.	18-Dec-09	€2,070,000,000	€1,575,487,380.00
TDA CAJAMAR 2 - F.T.A.	18-May-05	€1,000,000,000	€303,012,478.50
TDA TARRAGONA 1, F.T.A.	30-Nov-07	€97,400,000	€193,078,278.11
CAIXA PENEDES 1 TDA - F.T.A.	18-Oct-06	€1,000,000,000	€403,567,475.00
CAIXA PENEDES 2 TDA - F.T.A.	26-Sep-07	€750,000,000	€21,132,403.50
MADRID RMBS I, F.T.A.	15-Nov-06	€2,000,000,000	€73,727,478.00
MADRID RMBS II, F.T.A.	12-Dec-06	€1,800,000,000	€774,381,283.20
MADRID RMBS III, F.T.A.	11-Jul-07	€3,000,000,000	€1,479,583,550.00
MADRID RMBS IV - F.T.A.	19-Dec-07	€2,400,000,000	€1,109,898,156.24
MADRID RESIDENCIAL I - F.T.A.	26-Dec-08	€805,000,000	€17,566,639.78
MADRID RESIDENCIAL II - F.T.A.	29-Jun-10	€456,000,000	€19,789,790.40
MADRID ICO-FTVPO I - F.T.A.	19-Dec-08	€260,300,000	€125,741,741.41
SOL-LION, F.T.A.	18-May-09	€4,500,000,000	€2,788,486,416.00
CAJA INGENIEROS TDA 1 - F.T.A.	30-Jun-09	€70,000,000	€87,490,818.76
TDA PASTOR CONSUMO 1 - F.T.A.	26-Apr-07	€300,000,000	€13,945,881.27
MADRID FTPYME I, - F.T.A.	16-Dec-10	€50,000,000	€2,846,372.00
FTPYME TDA 6 - F.T.A.	24-Nov-05	€150,000,000	€12,405,570.00
FTPYME TDA 7 - F.T.A.	21-Dec-07	€90,400,000	€3,987,658.13
FTPYME TDA CAM 2 - F.T.A.	17-Nov-04	€750,000,000	€8,201,504.82
FTPYME TDA CAM 4 - F.T.A.	13-Dec-06	€1,529,300,000	€279,807,953.00
FTPYME TDA CAM 7 - F.T.A.	1-Aug-08	€1,000,000,000	€45,871,013.90
FTPYME TDA CAM 9, F.T.A.	15-Dec-10	€20,000,000	€1,935,520.00
CIBELES III FTPYME - F.T.A.	18-Dec-03	€500,000,000	€23,408,737.50
CM BANCAJA 1 - F.T.A.	28-Sep-05	€56,200,000	€8,472,127.56
EMPRESAS HIPOTECARIO TDA CAM 3 - F.T.A.	7-Jul-06	€750,000,000	€124,179,804.44
CAIXA PENEDES PYMES 1 - F.T.A.	22-Jun-07	€790,000,000	€139,475,177.80
CAIXA PENEDES FTGENCAT 1 TDA - F.T.A.	5-Aug-08	€70,000,000	€161,356,457.55
TDA SA NOSTRA EMPRESAS 1 - F.T.A.	5-Aug-08	€250,000,000	€12,373,479.56
TDA SA NOSTRA EMPRESAS 2 - F.T.A.	27-Mar-09	€355,000,000	€7,586,403.05
FONDO DE TITULIZACION DEL DÉFICIT DEL SISTEMA ELÉCTRICO, F.T.A.	14-Jan-11	€6,000,000,000	€2,504,300,000.00
DRIVER ESPAÑA ONE - F.T.A.	8-Jun-11	€28,900,000.00	€2,817,714.26
PRIVATE DRIVER ESPAÑA 2013-1 - F.T.A.	13-Nov-14	€86,200,000.00	€12,513,945.07
AUTO ABS 2012 -3 - F.T.A.	23-Nov-12	€800,000,000	€800,000,000.00
CÉDULAS TDA 3 - F.T.A.	25-Feb-04	€2,000,000,000	€2,000,000,000.00
CÉDULAS TDA 5 - F.T.A.	24-Nov-04	€1,500,000,000	€1,500,000,000.00
CÉDULAS TDA 6 - F.T.A.	18-May-05	€3,000,000,000	€3,000,000,000.00
CÉDULAS TDA 7 - F.T.A.	10-Jun-05	€2,000,000,000	€2,000,000,000.00
CÉDULAS TDA 18 - F.T.A.	7-Apr-10	Maximum €20,000,000,000	€450,000,906.00
CÉDULAS TDA 21 - F.T.A.	22-Dec-10	€3,450,000,000	€1,400,001,030.00
PROGRAMA CEDULAS TDA - F.T.A.	2-Mar-06	Maximum €30,000,000,000	€10,160,000,000.00
SOFINLOC ESPAÑA TDA Nº 1, F.T.A.	3-Feb-09	Maximum €34,000,000	-
CAP-TDA 2, F.T.A.	19-May-10	Maximum €300,000,000	-

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Fund	Date of Incorporation	Issued	Bond Balance
FONDO DE TITULIZACION DE ACTIVOS RESULTANTES DE LA MORATORIA NUCLEAR	25-Apr-96	€4,297,236,546	-
TDA FS1 - F.T.A.	18-Dec-07	Maximum €450,000,000	-

Some of the funds do not include a balance as at 31 October 2014 because they are private funds that do not issue Bonds that are traded on an official secondary market.

6.9 Share Capital and Equity

The share capital of the Sociedad Gestora at the time of registering the Fund Prospectus was Euros 903,000, fully paid in.

All the shares issued by the Sociedad Gestora up until the date of registration of this Prospectus (150,000 shares with a face value of €6.02 each) are ordinary shares and offer identical voting, financial and non-financial rights. All the shares are of the same class and series.

The equity of the Sociedad Gestora is as shown below (Figures in €000's).

Equity	30/09/2014 (*)	31/12/2013	31/12/2012	31/12/2011
(€000's)				
Capital	903	903	903	903
Reserves				
Legal Reserve	180.6	180.6	180.6	180.6
Other reserves	4,981.15	4,981.15	7,980.04	7,980.04
Profit and Loss				
Net income for the year	2,717.69	3,926.49	3,979.10	4,614.97
TOTAL	8,782.44	9,991.24	13,042.74	13,678.61

* Unaudited information

6.10 Principal transactions with related parties and conflicts of interest.

There are no dealings with related parties or conflicts of interest, although several shareholders of the Sociedad Gestora, described in section 7 infra, have participated as sellers and/or leads managers in some of the Funds managed by the Sociedad Gestora, among other actions.

6.11 Shareholders with a holding of more than 10% in the Sociedad Gestora

The next section gives information about all the shareholders of the Sociedad Gestora, and their percentage shareholdings.

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7. MAJOR SHAREHOLDERS.

The Sociedad Gestora does not form part of any group of companies.

Notwithstanding the foregoing, the shareholding structure of the Sociedad Gestora on the date of registration of the Prospectus is as shown below

	Percentage	Nº. shares
Ibercaja Banco, S.A.	38.57%	57,857
Unicorp Corporación Financiera, S.L. (Unicaja)	38.57%	57,857
EBN Banco de Negocios, S.A. (EBN)	12.86%	19,286
Aldermanbury Investments Limited (J.P. Morgan)	10.00%	15,000
TOTAL	100.00%	150,000

8. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL SITUATION, AND PROFITS AND LOSSES.

8.1 Declaration on commencement of operations and financial statements of issuer prior to the date of the Registration Document.

The Fund's Balance Sheet and Income Statement as of 30 September 2014 are displayed below.

General Balance Sheet (30/09/2014) in euros*				
ASSETS		LIABILITIES		
(i)	A) NON-CURRENT ASSETS	19,726,121,519.00	(vi)	
	A) NON-CURRENT LIABILITIES	19,436,346,526.83		
	Receivable Sale 1	1,495,483,321.01	Series 1 Bonds	0
	Receivable Sale 2	1,503,105,630.65	Series 2 Bonds	0
	Receivable Sale 3	1,510,371,487.85	Series 3 Bonds	2,672,617,585.52
	Receivable Sale 4	764,798,825.88	Series 4 Bonds	2,255,984,932.44
	Receivable Sale 5	1,171,866,409.79	Series 5 Bonds	0
	Receivable Sale 6	247,802,971.94	Series 6 Bonds	166,437,114.88
	Receivable Sale 7	75,407,423.76	Series 7 Bonds	98,656,859.10
	Receivable Sale 8	95,965,789.82	Series 8 Bonds	0
	Receivable Sale 9	75,446,744.67	Series 9 Bonds	482,816,864.37
	Receivable Sale 10	449,195,536.64	Series 10 Bonds	575,203,398.29
	Receivable Sale 11	115,282,540.97	Series 11 Bonds	123,854,153.00
	Receivable Sale 12	199,255,438.73	Series 12 Bonds	942,247,490.39
	Receivable Sale 13	180,284,618.10	Series 13 Bonds	1,747,326,194.27
	Receivable Sale 14	292,023,972.35	Series 14 Bonds	997,131,893.12
	Receivable Sale 15	131,148,067.50	Series 15 Bonds	87,407,846.56
	Receivable Sale 16	128,692,877.76	Series 16 Bonds	1,829,962,840.39

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General Balance Sheet (30/09/2014) in euros*			
ASSETS		LIABILITIES	
Receivable Sale 17	159,733,839.88	Series 17 Bonds	2,333,480,273.04
Receivable Sale 18	188,804,910.05	Series 18 Bonds	2,127,477,852.48
Receivable Sale 19	465,155,256.20	Series 19 Bonds	1,498,787,035.08
Receivable Sale 20	106,021,054.49	Series 20 Bonds	1,496,954,193.90
Receivable Sale 21	100,246,666.40		
Receivable Sale 22	679,911,638.75		
Receivable Sale 23	0.00		
Receivable Sale 24	0.00		
Receivable Sale 25	64,821,182.66		
Receivable Sale 26	93,970,469.57		
Receivable Sale 27	1,468,631,620.27		
Receivable Sale 28	83,647,789.38		
Receivable Sale 29	135,345,909.89		
Receivable Sale 30	142,287,490.38		
Receivable Sale 31	592,205,338.86		
Receivable Sale 32	74,837,975.27		
Receivable Sale 33	144,438,880.67		
Receivable Sale 34	58,031,665.58		
Receivable Sale 35	82,482,676.75		
Receivable Sale 36	75,387,110.75		
Receivable Sale 37	1,281,753,423.52		
Receivable Sale 38	64,557,200.22		
Receivable Sale 39	1,546,508,045.54		
Receivable Sale 40	54,541,813.87		
Receivable Sale 41	1,759,806,563.79		
Receivable Sale 42	233,769,549.74		
Receivable Sale 43	392,048,630.49		
Receivable Sale 44	268,907,035.08		
Receivable Sale 45	972,136,123.56		
B) CURRENT ASSETS	3,272,562,416.90	B) CURRENT LIABILITIES	3,562,337,409.07
(ii) Short-term financial assets	2,453,356,976.61	Short-term financial liabilities	3,462,842,496.85
Receivable Sale 1	140,683,353.65	Series 2 Bonds	2,852,569,245.40 (vi)
Receivable Sale 2	141,400,400.84	Series 8 Bonds	199,954,112.77 (vi)
Receivable Sale 3	142,083,915.74	Series 1 Bonds	0 (vii)
Receivable Sale 4	71,946,281.30	Series 2 Bonds	40,993,150.79 (vii)
Receivable Sale 5	110,240,010.20	Series 3 Bonds	84,354,320.59 (vii)
Receivable Sale 6	23,311,362.05	Series 4 Bonds	4,437,808.27 (vii)

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General Balance Sheet (30/09/2014) in euros*			
ASSETS		LIABILITIES	
Receivable Sale 7	7,093,739.61	Series 5 Bonds	0 (vii)
Receivable Sale 8	9,027,709.61	Series 6 Bonds	7,863,013.72 (vii)
Receivable Sale 9	7,097,438.61	Series 7 Bonds	1,797,945.22 (vii)
Receivable Sale 10	42,256,796.62	Series 8 Bonds	5,346,849.39 (vii)
Receivable Sale 11	10,844,878.21	Series 9 Bonds	16,606,695.19 (vii)
Receivable Sale 12	17,132,682.01	Series 10 Bonds	20,222,454.77 (vii)
Receivable Sale 13	15,501,504.27	Series 11 Bonds	4,385,273.92 (vii)
Receivable Sale 14	25,109,246.15	Series 12 Bonds	36,185,589.08 (vii)
Receivable Sale 15	11,276,571.17	Series 13 Bonds	55,041,095.88 (vii)
Receivable Sale 16	11,065,465.34	Series 14 Bonds	22,263,698.65 (vii)
Receivable Sale 17	13,734,476.22	Series 15 Bonds	4,023,897.28 (vii)
Receivable Sale 18	16,234,108.87	Series 16 Bonds	38,168,749.99 (vii)
Receivable Sale 19	39,995,681.63	Series 17 Bonds	2,380,736.31 (vii)
Receivable Sale 20	9,116,062.40	Series 18 Bonds	38,708,476.04 (vii)
Receivable Sale 21	8,619,560.24	Series 19 Bonds	26,537,671.25 (vii)
Receivable Sale 22	58,461,189.20	Series 20 Bonds	1,001,712.34 (vii)
Receivable Sale 23	0.00		
Receivable Sale 24	0.00		
Receivable Sale 25	5,573,552.81		
Receivable Sale 26	8,079,910.81		
Receivable Sale 27	126,278,101.63		
Receivable Sale 28	7,192,330.54		
Receivable Sale 29	11,637,516.40		
Receivable Sale 30	11,263,269.14		
Receivable Sale 31	46,878,106.42		
Receivable Sale 32	5,924,064.41		
Receivable Sale 33	11,433,570.04		
Receivable Sale 34	4,593,701.57		
Receivable Sale 35	6,529,207.77		
Receivable Sale 36	5,967,533.16		
Receivable Sale 37	101,461,721.88		
Receivable Sale 38	5,110,253.32		
Receivable Sale 39	122,419,309.61		
Receivable Sale 40	4,317,450.02		
Receivable Sale 41	139,303,707.61		
Receivable Sale 42	18,504,854.84		
Receivable Sale 43	31,033,994.82		
Receivable Sale 44	21,286,286.66		
Receivable Sale 45	76,952,870.33		

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General Balance Sheet (30/09/2014) in euros*	
ASSETS	LIABILITIES
Receivable Annual Instalment 1	63,551,596.65
Receivable Annual Instalment 2	63,534,663.12
Receivable Annual Instalment 3	63,462,313.92
Receivable Annual Instalment 4	31,842,233.51
Receivable Annual Instalment 5	47,626,531.92
Receivable Annual Instalment 6	9,990,543.67
Receivable Annual Instalment 7	3,040,161.93
Receivable Annual Instalment 8	3,859,540.27
Receivable Annual Instalment 9	3,030,606.97
Receivable Annual Instalment 10	18,010,743.61
Receivable Annual Instalment 11	4,622,317.28
Receivable Annual Instalment 12	7,877,675.15
Receivable Annual Instalment 13	7,127,653.16
Receivable Annual Instalment 14	11,538,403.96
Receivable Annual Instalment 15	5,178,795.47
Receivable Annual Instalment 16	5,081,844.55
Receivable Annual Instalment 17	6,307,594.94
Receivable Annual Instalment 18	7,451,094.21
Receivable Annual Instalment 19	18,346,147.72
Receivable Annual Instalment 20	4,181,567.12
Receivable Annual Instalment 21	3,949,099.59
Receivable Annual Instalment 22	26,736,495.25
Receivable Annual Instalment 23	0.00
Receivable Annual Instalment 24	0.00
Receivable Annual Instalment 25	2,451,403.71
Receivable Annual Instalment 26	3,549,837.21
Receivable Annual Instalment 27	55,295,938.20
Receivable Annual Instalment 28	3,145,993.88
Receivable Annual Instalment 29	5,082,003.10
Receivable Annual Instalment 30	5,303,273.03
Receivable Annual Instalment 31	22,024,364.14
Receivable Annual Instalment 32	2,772,722.38
Receivable Annual Instalment 33	5,348,526.78
Receivable Annual Instalment 34	2,148,894.51
Receivable Annual Instalment 35	3,051,019.04
Receivable Annual Instalment 36	2,779,593.09
Receivable Annual Instalment 37	47,234,184.06
Receivable Annual Instalment 38	2,372,679.80
Receivable Annual Instalment 39	56,658,522.09

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General Balance Sheet (30/09/2014) in euros*			
ASSETS		LIABILITIES	
Receivable Annual Instalment 40	1,996,107.85		
Receivable Annual Instalment 41	63,054,211.42		
Receivable Annual Instalment 42	8,363,305.15		
Receivable Annual Instalment 43	14,025,874.35		
Receivable Annual Instalment 44	9,620,378.68		
Receivable Annual Instalment 45	34,674,044.54		
(iii) Adjustment Receivables 46-47-48	-14,191,402.72		
(iv) Adjustment Series 1 redemption	-3,725,869.39		
		Credit Line	0.00
Interest accrued from the Accounts	0.00	Credit Line Interest	0.00
(v) Treasury	819,205,440.29	Accruals and prepayments	99,494,912.22 (viii)
Treasury Account	2,371,527.10		
Collection Account	816,833,913.19		
TOTAL ASSETS	22,998,683,935.90	TOTAL LIABILITIES	22,998,683,935.90

* Unaudited information

- (i) Shows the Receivable Balance of the Receivables sold to the Fund that are classified as long-term, calculated in accordance with the provisions of paragraph 2.2.2 of the Additional Building Block.
- (ii) Shows the Receivable Balance of the Sold Receivables classified as short-term, the annual instalment accrued and not yet paid into the Collection Account for each of the Receivables sold to the Fund and the interest accrued and not yet collected from the Fund Collection Account.
- (iii) Shows the adjustment made to the Receivables Sold to the Fund, on the occasion of new Issues not associated with new sales of Tariff Deficit Receivables (Series 20 arranged on 19/02/2014, Series 18 increase, arranged on 28/02/2014 and Series 17 increase, arranged on 28/02/2014), according to the provisions of article 10 of Royal Decree 437/2010.
- (iv) Shows the adjustment made to the Receivables Sold to the Fund, on the occasion of Bond redemptions (Series 1 arranged on 17/03/2014), according to the provisions of article 10 of Royal Decree 437/2010.
- (v) Shows the balance of the Fund's Treasury and Collections Accounts.
- (vi) Shows the actually disbursed value of the Bonds plus the implicit returns scheduled until the date of the difference between the nominal value of the Bonds and their actually disbursed value.
- (vii) Shows the scheduling of the Bond interest accrued to date and not paid, and the withholdings made and not settled.
- (viii) Shows the withholdings in the Collection Account of the Available Funds surpluses, which are calculated as the positive difference between the income and expenses accrued by the Fund in the period. It also includes unpaid management and administration fees, sundry creditors and the accrued Credit Line fee, which has not been paid yet.

Profit and Loss (30/09/2014) in euros*	
Interest and similar returns	770,146,163.36
(i) Credit rights	770,146,163.36
(ii) Other financial assets	0
Interest and similar charges	-724,776,559.65
(iii) Debentures and other marketable securities	-724,776,559.65
Series 1 Bonds	-25,036,273.97

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Profit and Loss (30/09/2014) in euros*	
Series 2 Bonds	-106,582,191.81
Series 3 Bonds	-117,428,914.69
Series 4 Bonds	-94,674,933.99
Series 5 Bonds	0.00
Series 6 Bonds	-7,479,452.07
Series 7 Bonds	-4,674,657.54
Series 8 Bonds	-5,086,027.42
Series 9 Bonds	-23,013,339.05
Series 10 Bonds	-28,024,010.95
Series 11 Bonds	-6,077,054.78
Series 12 Bonds	-34,420,438.37
Series 13 Bonds	-52,356,164.39
Series 14 Bonds	-30,852,739.74
Series 15 Bonds	-3,827,609.61
Series 16 Bonds	-55,762,907.05
Series 17 Bonds	-52,426,571.86
Series 18 Bonds	-54,658,835.79
Series 19 Bonds	-25,243,150.70
Series 20 Bonds	-17,029,062.34
(v) Cost of the bonds	19,877,776.47
(iv) Loans and other liabilities (Credit Line)	0
Other financial liabilities	0
<hr/>	
INTEREST MARGIN	45,369,603.71
<hr/>	
Other operating expenses	-45,369,603.71
(vi) External services	-4,339,319.44
(vii) Other operating expenses	-41,030,284.27
<hr/>	
EARNINGS AFTER TAX	0

* Unaudited information

- (i) Interest accrued by the Receivables in the period, calculated in accordance with the provisions of section 2.2.2 of the Additional Building Block.
- (ii) Interest accrued in the period by the balance of the Fund Collection Account.
- (iii) Amount of the interest accrued during the period by the different Series of Bonds.
- (iv) Interest accrued during the period by the Credit Line.
- (v) Difference between the face value of the Bonds and their value actually disbursed, and charged to income statement. This value is charged in terms of the life of each Series of Bonds.
- (vi) The main items are the fees accrued by the Placement Agents and Rating Agencies, and the Credit Line commission.
- (vii) Includes the amounts accrued during the period as the Sociedad Gestora's fee, the Paying Agent's fee and the Available Funds surpluses withheld in the Collection Account, the amount of the latter being 40.173.418,41 euros.

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Fund Information on the date of registration of this Prospectus :

There follows a list of the issues arranged by the Fund as of 4 December 2014:

Series	Issue Date	Final Maturity Date	Interest Rate	I.R.R.	Issue Price	Outstanding Nominal Balance on 4/12/2014 (euros)	Interest accrued as of 4/12/2014 (euros)
Series 1 ⁽¹⁾	14/01/2011	17/03/2014	4.800%	4.883%	99.777%	0	0.00
Series 2	18/02/2011	17/06/2015	5.000%	5.086%	99.701%	2,000,000,000	46,575,400.00
Series 3	25/03/2011	17/03/2021	5.900%	5.988%	99.360%	2,000,000,000	84,701,400.00
Series 4	16/05/2011	17/09/2018	5.600%	5.626%	99.880%	1,000,000,000	11,967,100.00
Series 5 ⁽¹⁾	30/09/2011	17/09/2013	4.400%	4.483%	99.853%	0	0
Series 4 Increase	18/11/2011	17/09/2018	5.600%	6.420%	96.584%	325,000,000	3,889,307.50
Series 6	18/11/2011	17/12/2026	5.000%	7.701%	76.385%	125,000,000	6,027,400.00
Series 2 Increase	30/11/2011	17/06/2015	5.000%	6.715%	97.056%	125,000,000	2,910,962.50
Series 7	09/12/2011	17/06/2026	5.000%	7.805%	76.187%	125,000,000	2,910,962.50
Series 5 Increase ⁽¹⁾	20/12/2011	17/09/2013	4.400%	4.930%	100.075%	0	0
Series 1 Increase ⁽¹⁾	20/12/2011	17/03/2014	4.800%	4.717%	103.837%	0	0.00
Series 2 Increase	31/01/2012	17/06/2015	5.000%	4.110%	105.879%	235,000,000	5,472,609.50
Series 1 Increase ⁽¹⁾	31/01/2012	17/03/2014	4.800%	3.750%	106.326%	0	0.00
Series 2 Increase	03/02/2012	17/06/2015	5.000%	3.670%	107.331%	340,000,000	7,917,818.00
Series 1 Increase ⁽¹⁾	07/02/2012	17/03/2014	4.800%	3.360%	107.191%	0	0.00
Series 2 Increase	07/02/2012	17/06/2015	5.000%	3.734%	107.148%	150,000,000	3,493,155.00
Series 8	07/02/2012	17/12/2014	3.400%	3.463%	99.839%	200,000,000	6,557,800.00
Series 9	10/02/2012	17/03/2025	6.250%	6.370%	98.971%	236,100,000	10,592,154.30
Series 10	15/02/2012	17/03/2027	6.460%	6.553%	99.139%	580,000,000	26,894,832.00
Series 9 Increase	15/02/2012	17/03/2025	6.250%	6.488%	98.042%	133,700,000	5,998,183.10
Series 11	22/02/2012	17/03/2026	6.500%	6.610%	99.023%	125,000,000	5,832,187.50
Series 12	29/02/2012	17/12/2017	4.875%	4.917%	99.812%	844,000,000	39,679,562.80
Series 9 Increase	31/10/2012	17/03/2025	6.250%	6.781%	99.592%	122,500,000	5,495,717.50
Series 4 Increase	07/11/2012	17/09/2018	5.600%	5.486%	101.353%	75,000,000	897,532.50
Series 3 Increase	07/11/2012	17/03/2021	5.900%	6.244%	101.653%	76,000,000	3,218,653.20
Series 4 Increase	16/11/2012	17/09/2018	5.600%	5.441%	101.737%	110,000,000	1,316,381.00
Series 13	07/12/2012	17/12/2015	4.000%	4.120%	99.665%	1,750,000,000	67,506,775.00
Series 12 Increase	14/12/2012	17/12/2017	4.875%	5.059%	99.218%	100,000,000	4,701,370.00
Series 4 Increase	21/12/2012	17/09/2018	5.600%	5.211%	103.419%	155,000,000	1,854,900.50

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Series	Issue Date	Final Maturity Date	Interest Rate	I.R.R.	Issue Price	Outstanding Nominal Balance on 4/12/2014 (euros)	Interest accrued as of 4/12/2014 (euros)
Series 4 Increase	28/12/2012	17/09/2018	5.600%	4.978%	104.666%	160,000,000	1,914,736.00
Series 14	16/01/2013	17/03/2017	4.125%	4.241%	99.578%	1,000,000,000	29,609,600.00
Series 15	08/02/2013	17/12/2026	5.750%	5.957%	98.107%	89,000,000	4,935,236.90
Series 3 Increase	13/02/2013	17/03/2021	5.900%	5.347%	109.004%	154,800,000	6,555,888.36
Series 6 Increase	13/02/2013	17/12/2026	5.000%	6.169%	90.174%	75,000,000	3,616,440.00
Series 3 Increase	22/02/2013	17/03/2021	5.900%	5.107%	110.716%	87,000,000	3,684,510.90
Series 3 Increase	13/03/2013	17/03/2021	5.900%	5.044%	105.537%	83,200,000	3,523,578.24
Series 16	15/03/2013	17/03/2018	3.875%	3.920%	99.800%	1,500,000,000	41,722,650.00
Series 16 Increase	03/04/2013	17/03/2018	3.875%	3.853%	100.286%	75,000,000	2,086,132.50
Series 17	30/04/2013	17/09/2016	2.875%	2.887%	99.971%	1,800,000,000	11,058,840.00
Series 3 Increase	08/05/2013	17/03/2021	5.900%	4.221%	111.884%	248,000,000	10,502,973.60
Series 18	02/10/2013	17/03/2019	3.375%	3.406%	99.862%	2,000,000,000	48,452,000.00
Series 16 Increase	16/10/2013	17/03/2018	3.875%	2.964%	105.942%	250,000,000	6,953,775.00
Series 4 Increase	16/10/2013	17/09/2018	5.600%	3.243%	111.021%	400,000,000	4,786,840.00
Series 17 Increase	16/10/2013	17/09/2016	2.875%	2.386%	101.603%	300,000,000	1,843,140.00
Series 19	06/11/2013	17/12/2016	2.250%	2.286%	99.896%	1,500,000,000	32,547,900.00
Series 20	19/02/2014	17/09/2017	1.875%	1.946%	99.762%	1,500,000,000	6,010,200.00
Series 18 Increase	28/02/2014	17/03/2019	3.375%	2.363%	106.162%	125,000,000	3,028,250.00
Series 17 Increase	28/02/2014	17/09/2016	2.875%	1.456%	104.839%	225,000,000	1,382,355.00
TOTALS						22,504,300,000	580,627,210.90

⁽¹⁾The Series 1 and 5 have been fully redeemed by the date of registration of this Prospectus.

Weighted average interest rate of the Bonds: 4.250%.

On the date of registration of this Renewal Prospectus, the State Guarantee had not been enforced.

On the date of registration of this Renewal Prospectus, the situation of the Credit Line is as described in the following table:

Situation of the Credit Line (euros)	
Maximum Limit	2,000,000,000.00
	168,984,522.89
Amounts drawn since Date of Incorporation*	
Undrawn outstanding balance	2,000,000,000.00

* The amounts drawn since the Date of Incorporation have been repaid in full.

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On the date of registration of this Renewal Prospectus, the Receivable Nominal Balance of the Sold Receivables is as follows:

Receivable	Receivable Nominal Balance on 4/12/2014	Rate of interest	Annual payments remaining from 31/12/2014	Maturity year
Receivable Sale 1 (25/01/2011)	1,617,124,623.23	4.768%	11	2026
Receivable Sale 2 (24/02/2011)	1,625,541,008.31	4.768%	11	2026
Receivable Sale 3 (31/03/2011)	1,633,592,513.23	4.768%	11	2026
Receivable Sale 4 (20/05/2011)	827,343,170.06	4.768%	11	2026
Receivable Sale 5 (5/10/2011)	1,268,294,689.59	4.768%	11	2026
Receivable Sale 6 (23/11/2011)	268,234,852.57	4.768%	11	2026
Receivable Sale 7 (23/11/2011)	81,624,925.79	4.768%	11	2026
Receivable Sale 8 (05/12/2011)	103,883,205.61	4.768%	11	2026
Receivable Sale 9 (15/12/2011)	81,673,178.49	4.768%	11	2026
Receivable Sale 10 (23/12/2011)	486,283,346.39	4.768%	11	2026
Receivable Sale 11 (23/12/2011)	124,800,838.90	4.768%	11	2026
Receivable Sale 12 (03/02/2012)	214,139,020.12	4.768%	12	2027
Receivable Sale 13 (03/02/2012)	193,751,155.35	4.768%	12	2027
Receivable Sale 14 (08/02/2012)	313,840,528.68	4.768%	12	2027
Receivable Sale 15 (10/02/2012)	140,947,476.75	4.768%	12	2027
Receivable Sale 16 (10/02/2012)	138,308,834.74	4.768%	12	2027
Receivable Sale 17 (10/02/2012)	171,669,183.63	4.768%	12	2027
Receivable Sale 18 (15/02/2012)	202,914,729.62	4.768%	12	2027
Receivable Sale 19 (20/02/2012)	499,922,971.82	4.768%	12	2027
Receivable Sale 20 (20/02/2012)	113,945,526.64	4.768%	12	2027
Receivable Sale 21 (27/02/2012)	107,741,946.67	4.768%	12	2027
Receivable Sale 22 (06/03/2012)	730,771,952.32	4.768%	12	2027
Receivable Sale 23 (05/11/2012)(1)	0	0.000%	N.A.	N.A.
Receivable Sale 24 (09/11/2012)(1)	0	0.000%	N.A.	N.A.
Receivable Sale 25 (12/11/2012)	69,719,928.93	4.768%	12	2027
Receivable Sale 26 (20/11/2012)	101,074,130.14	4.768%	12	2027
Receivable Sale 27 (11/12/2012)	1,579,745,828.34	4.768%	12	2027
Receivable Sale 28 (18/12/2012)	89,978,206.55	4.768%	12	2027
Receivable Sale 29 (28/12/2012)	145,593,079.86	4.768%	12	2027
Receivable Sale 30 (04/01/2013)	152,101,252.52	4.768%	13	2028
Receivable Sale 31 (21/01/2013)(2)	633,075,082.52	4.768%	13	2028
Receivable Sale 32 (14/02/2013)	80,008,132.53	4.768%	13	2028

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Receivable Sale 33 (18/02/2013)	154,418,868.03	4.768%	13	2028
Receivable Sale 34 (18/02/2013)	62,041,356.64	4.768%	13	2028
Receivable Sale 35 (26/02/2013)	88,183,487.24	4.768%	13	2028
Receivable Sale 36 (18/03/2013)	80,602,086.79	4.768%	13	2028
Receivable Sale 37 (21/03/2013)	1,370,432,853.20	4.768%	13	2028
Receivable Sale 38 (8/04/2013)	69,026,890.58	4.768%	13	2028
Receivable Sale 39 (3/05/2013)	1,653,674,459.21	4.768%	13	2028
Receivable Sale 40 (10/05/2013)(3)	58,322,406.20	4.768%	13	2028
Receivable Sale 41 (4/10/2013)	1,882,478,288.02	4.768%	13	2028
Receivable Sale 42 (18/10/2013)	250,071,529.72	4.768%	13	2028
Receivable Sale 43 (18/10/2013)	419,388,243.07	4.768%	13	2028
Receivable Sale 44 (18/10/2013)	287,659,336.68	4.768%	13	2028
Receivable Sale 45 (8/11/2013)(4)	1,039,981,891.53	4.768%	13	2028
Receivable Sale 46 (21/02/2014)(5)	0.00	0.000%	N.A.	
Receivable Sale 47 (06/03/2014)(5)	0.00	0.000%	N.A.	
Receivable Sale 48 (06/03/2014)(5)	0.00	0.000%	N.A.	
TOTAL	21,213,927,016.84			

⁽¹⁾ No Receivables were sold on this date because the purpose of the Issues was the refinancing of previously issued Series.

⁽²⁾ On this date, the amount allocated to the purchase of Receivables was 70% of the actual issue amount of the Series 14.

⁽³⁾ On this date, the amount allocated to the purchase of Receivables was 22.77% of the actual issue amount of the Series 3.

⁽⁴⁾ On this date, the amount allocated to the purchase of Receivables was 73.29% of the actual issue amount of the Series 19.

⁽⁵⁾ The purpose of the Issue is to refinance Series already issued.

Weighted average interest rate of the Sold Receivables: 4.768%

8.2 Audited historical financial information for the last two financial years.

The annual accounts of the Fund for the financial year ended 31 December 2012 and 31 December 2013 have been audited with a favourable opinion, approved, and filed at the CNMV and are as included below. The audit reports on the annual financial statements for 2012 and 2013 contained no qualifications or emphasis of matter.

General Balance Sheet (31/12/2012) in euros

ASSETS

LIABILITIES

(i)	A) NON-CURRENT ASSETS	13,691,879,941.83	A) NON-CURRENT LIABILITIES	13,354,432,313.40	(v)
	Receivable Sale 1	1,719,594,019.01	Series 1 Bonds	2,507,920,614.19	
	Receivable Sale 2	1,727,610,045.86	Series 2 Bonds	2,860,207,839.34	
	Receivable Sale 3	1,735,127,768.46	Series 3 Bonds	2,064,405,964.02	
	Receivable Sale 4	877,964,353.02	Series 4 Bonds	1,658,809,430.62	
	Receivable Sale 5	1,342,708,772.54	Series 5 Bonds	1,029,850.12	
	Receivable Sale 6	283,752,376.97	Series 6 Bonds	96,711,625.97	
	Receivable Sale 7	86,346,969.79	Series 7 Bonds	96,352,958.38	
	Receivable Sale 8	109,867,008.92	Series 8 Bonds	199,760,699.88	
	Receivable Sale 9	86,367,529.62	Series 9 Bonds	484,681,547.67	
	Receivable Sale 10	514,143,528.06	Series 10 Bonds	574,976,022.43	
	Receivable Sale 11	131,950,937.85	Series 11 Bonds	123,769,936.88	
	Receivable Sale 12	226,263,798.09	Series 12 Bonds	941,651,821.95	

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Receivable Sale 13	204,721,550.83	Series 13 Bonds	1,744,154,001.95
Receivable Sale 14	331,591,560.69		
Receivable Sale 15	148,911,064.52		
Receivable Sale 16	146,123,338.21		
Receivable Sale 17	181,368,559.91		
Receivable Sale 18	214,367,280.02		
Receivable Sale 19	528,108,695.57		
Receivable Sale 20	120,369,790.61		
Receivable Sale 21	113,803,538.56		
Receivable Sale 22	771,754,556.49		
Receivable Sale 23	0		
Receivable Sale 24	0		
Receivable Sale 25	73,362,948.03		
Receivable Sale 26	106,344,725.17		
Receivable Sale 27	1,661,622,144.83		
Receivable Sale 28	94,632,219.35		
Receivable Sale 29	153,100,860.83		
B) CURRENT ASSETS	2,146,753,377.99	B) CURRENT LIABILITIES	2,484,201,006.42
(ii) Short-term financial assets	1,160,729,177.63	Short-term financial liabilities	2,445,196,276.08
Receivable Sale 1	98,237,099.22	Series 5 Bonds	2,061,650,450.04 (v)
Receivable Sale 2	97,809,899.67	Series 1 Bonds	95,203,726.03 (vi)
Receivable Sale 3	97,249,790.83	Series 2 Bonds	76,910,958.94 (vi)
Receivable Sale 4	48,446,881.78	Series 3 Bonds	95,187,865.01 (vi)
Receivable Sale 5	71,066,665.10	Series 4 Bonds	22,983,286.65 (vi)
Receivable Sale 6	14,808,669.01	Series 5 Bonds	26,150,465.75 (vi)
Receivable Sale 7	4,506,336.51	Series 6 Bonds	239,726.03 (vi)
Receivable Sale 8	5,709,172.12	Series 7 Bonds	3,373,287.67 (vi)
Receivable Sale 9	4,478,395.96	Series 8 Bonds	260,821.94 (vi)
Receivable Sale 10	26,574,032.61	Series 9 Bonds	21,548,140.28 (vi)
Receivable Sale 11	6,820,018.80	Series 10 Bonds	29,666,443.83 (vi)
Receivable Sale 12	11,557,870.56	Series 11 Bonds	6,433,219.16 (vi)
Receivable Sale 13	10,457,462.51	Series 12 Bonds	1,752,271.54 (vi)
Receivable Sale 14	16,920,107.29	Series 13 Bonds	3,835,613.21 (vi)
Receivable Sale 15	7,590,383.95		
Receivable Sale 16	7,448,286.30		
Receivable Sale 17	9,244,826.85		
Receivable Sale 18	10,915,223.92		
Receivable Sale 19	26,861,798.54		
Receivable Sale 20	6,122,506.77		
Receivable Sale 21	5,776,216.92		
Receivable Sale 22	39,046,550.54		
Receivable Sale 23	0		
Receivable Sale 24	0		
Receivable Sale 25	3,457,507.91		
Receivable Sale 26	5,001,630.44		
Receivable Sale 27	77,671,338.07		
Receivable Sale 28	4,414,486.63		
Receivable Sale 29	7,120,154.27		
Receivable Annual Instalment 1	64,511,362.43		
Receivable Annual Instalment 2	64,510,774.78		
Receivable Annual Instalment 3	64,455,942.29		
Receivable Annual Instalment 4	32,355,297.43		
Receivable Annual Instalment 5	48,452,569.01		
Receivable Annual Instalment 6	10,168,010.19		
Receivable Annual Instalment 7	3,094,165.69		
Receivable Annual Instalment 8	3,928,596.34		
Receivable Annual Instalment 9	3,085,026.66		
Receivable Annual Instalment 10	18,335,895.96		
Receivable Annual Instalment 11	4,705,765.11		
Receivable Annual Instalment 12	7,528,345.97		
Receivable Annual Instalment 13	6,651,918.59		
Receivable Annual Instalment 14	10,725,521.18		
Receivable Annual Instalment 15	4,719,205.35		
Receivable Annual Instalment 16	4,747,980.91		
Receivable Annual Instalment 17	5,787,678.39		
Receivable Annual Instalment 18	8,245,679.64		

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Receivable Annual Instalment 19	20,562,757.15		
Receivable Annual Instalment 20	4,668,315.58		
Receivable Annual Instalment 21	4,453,304.79		
Receivable Annual Instalment 22	27,116,909.48		
Receivable Annual Instalment 23	0		
Receivable Annual Instalment 24	0		
(iii) Adjustment Receivables 23 and 24	306,328.38		
Receivable Annual Instalment 25	1,128,725.63		
Receivable Annual Instalment 26	1,303,544.87		
Receivable Annual Instalment 27	9,315,507.80		
Receivable Annual Instalment 28	375,594.19		
Receivable Annual Instalment 29	175,140.76		
Interest accrued from the Accounts	0		
(iv) Treasury	986,024,200.36	Accruals and prepayments	39,004,730.34 (vii)
Treasury Account	7,816,802.04		
Collection Account	978,207,398.32		
TOTAL ASSETS	15,838,633,319.82	TOTAL LIABILITIES	15,838,633,319.82

- (i) Shows the Receivable Balance of the Receivables sold to the Fund that are classified as long-term, calculated in accordance with the provisions of paragraph 2.2.2 of the Additional Building Block.
- (ii) Shows the Receivable Balance of the Sold Receivables classified as short-term, the annual instalment accrued and not yet paid into the Collection Account for each of the Receivables sold to the Fund and the interest accrued and not yet collected from the Fund Collection Account.
- (iii) Shows the adjustment made to the Receivables Sold to the Fund, on the occasion of new Issues not associated with new sales of Tariff Deficit Receivables (Series 9 increase arranged on 05/11/2012 and Series 4 increase arranged on 09/11/2012), according to the provisions of article 10 of Royal Decree 437/2010.
- (iv) Shows the balance of the Fund's Treasury and Collections Accounts.
- (v) Shows the actually disbursed value of the Bonds plus the implicit returns scheduled until the date of the difference between the nominal value of the Bonds and their actually disbursed value.
- (vi) Shows the scheduling of the Bond interest accrued to date and not paid, and the withholdings made and not settled.
- (vii) Shows the withholdings in the Collection Account of the Available Funds surpluses, which are calculated as the positive difference between the income and expenses accrued by the Fund in the period. It also includes management and administration fees.

Profit and Loss (31/12/2012) in euros*

Interest and similar returns	691,120,675.69
(i) Credit rights	690,781,531.90
(ii) Other financial assets	339,143.79
Interest and similar charges	-663,170,838.98
(iii) Debentures and other marketable securities	-663,170,838.98
Series 1 Bonds	-139,007,976.79
Series 2 Bonds	-164,752,488.96
Series 3 Bonds	-120,013,014.99
Series 4 Bonds	-78,804,669.40
Series 5 Bonds	-96,191,095.76
Series 6 Bonds	-6,250,656.28
Series 7 Bonds	-6,259,213.89
Series 8 Bonds	-6,038,961.92
Series 9 Bonds	-23,505,750.57
Series 10 Bonds	-32,328,121.84
Series 11 Bonds	-6,855,006.68
Series 12 Bonds	-33,903,860.73
Series 13 Bonds	-3,835,613.21
(v) Amortized cost of the bonds	54,575,592.02
(iv) Loans and other liabilities (Credit Line)	0.00

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Other financial liabilities 0.00

INTEREST MARGIN 27,949,836.71

Other operating expenses -27,949,836.71

(vi) External services -7,557,950.04
(vii) Other operating expenses -20,391,886.67

EARNINGS AFTER TAX 0.00

* Audited information

- (i) Interest accrued by the Receivables in the period, calculated in accordance with the provisions of section 2.2.2 of the Additional Building Block
- (ii) Interest accrued in the period by the balance of the Fund Collection Account.
- (iii) Amount of the interest accrued during the period by the different Series of Bonds, as well as the charging to the income statement of the difference between the Bond face value and their value as actually disbursed. This value is charged in terms of the life of each Series of Bonds.
- (iv) Interest accrued during the period by the Credit Line.
- (v) Difference between the face value of the Bonds and their value actually disbursed, and charged to income statement. This value is charged in terms of the life of each Series of Bonds.
- (vi) The main items are the fees accrued by the Placement Agents and Rating Agencies, and the Credit Line commission.
- (vii) Includes the amounts accrued during the period as the Sociedad Gestora's fee, the Paying Agent's fee and the Available Funds surpluses withheld in the Collection Account.

The weighted average interest rate of the Bonds as at 31 December 2012 was 5.038%.

The weighted average interest rate of the Sold Receivables as at 31 December 2012 was 5.398%.

General Balance Sheet (31/12/2013) in euros*

ASSETS		LIABILITIES		
(i)	A) NON-CURRENT ASSETS	21,145,047,211.90	A) NON-CURRENT LIABILITIES	20,443,714,738.47 (v)
	Receivable Sale 1	1,610,929,472.03	Series 1 Bonds	0
	Receivable Sale 2	1,619,378,503.50	Series 2 Bonds	2,855,787,800.36
	Receivable Sale 3	1,627,471,718.69	Series 3 Bonds	2,675,991,786.24
	Receivable Sale 4	824,298,992.83	Series 4 Bonds	2,262,436,652.38
	Receivable Sale 5	1,263,849,531.04	Series 5 Bonds	0
	Receivable Sale 6	267,310,059.28	Series 6 Bonds	165,226,642.72
	Receivable Sale 7	81,343,507.54	Series 7 Bonds	97,628,017.19
	Receivable Sale 8	103,526,847.09	Series 8 Bonds	0
	Receivable Sale 9	81,393,712.52	Series 9 Bonds	482,443,921.38
	Receivable Sale 10	484,625,660.67	Series 10 Bonds	575,128,647.46
	Receivable Sale 11	124,375,406.75	Series 11 Bonds	123,828,972.73
	Receivable Sale 12	213,419,030.52	Series 12 Bonds	942,063,234.35
	Receivable Sale 13	193,099,714.91	Series 13 Bonds	1,746,070,246.55
	Receivable Sale 14	312,786,634.44	Series 14 Bonds	996,448,141.14

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General Balance Sheet (31/12/2013) in euros*			
ASSETS		LIABILITIES	
Receivable Sale 15	140,474,757.66	Series 15 Bonds	87,362,838.20
Receivable Sale 16	137,844,965.31	Series 16 Bonds	1,834,030,197.49
Receivable Sale 17	171,093,428.03	Series 17 Bonds	2,103,646,814.92
Receivable Sale 18	202,235,029.30	Series 18 Bonds	1,997,158,901.11
Receivable Sale 19	498,250,475.02	Series 19 Bonds	1,498,461,924.25
Receivable Sale 20	113,564,320.86		
Receivable Sale 21	107,382,392.50		
Receivable Sale 22	728,342,328.00		
Receivable Sale 23	0		
Receivable Sale 24	0		
Receivable Sale 25	69,506,682.25		
Receivable Sale 26	100,765,730.03		
Receivable Sale 27	1,574,960,474.09		
Receivable Sale 28	89,706,301.93		
Receivable Sale 29	145,154,700.57		
Receivable Sale 30	151,644,378.55		
Receivable Sale 31	631,182,608.73		
Receivable Sale 32	79,770,962.12		
Receivable Sale 33	153,961,667.94		
Receivable Sale 34	61,857,665.92		
Receivable Sale 35	87,923,020.10		
Receivable Sale 36	80,365,714.98		
Receivable Sale 37	1,366,418,750.78		
Receivable Sale 38	68,825,908.12		
Receivable Sale 39	1,648,893,809.13		
Receivable Sale 40	58,154,200.96		
Receivable Sale 41	1,877,305,607.71		
Receivable Sale 42	249,386,793.67		
Receivable Sale 43	418,239,890.65		
Receivable Sale 44	286,871,679.18		
Receivable Sale 45	1,037,154,176.23		
B) CURRENT ASSETS	2,587,134,249.93	B) CURRENT LIABILITIES	3,288,466,723.36
(ii) Short-term financial assets	1,780,798,653.16	Short-term financial liabilities	3,223,209,598.04
Receivable Sale 1	108,664,547.12	Series 1 Bonds	2,505,134,360.23 (v)
Receivable Sale 2	108,231,542.36	Series 8 Bonds	199,878,562.76 (v)
Receivable Sale 3	107,656,049.77	Series 1 Bonds	95,203,726.02 (vi)
Receivable Sale 4	53,665,360.19	Series 2 Bonds	76,910,958.98 (vi)

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General Balance Sheet (31/12/2013) in euros*				
ASSETS		LIABILITIES		
Receivable Sale 5	78,859,241.50	Series 3 Bonds	123,216,405.90	(vi)
Receivable Sale 6	16,442,317.69	Series 4 Bonds	34,362,874.28	(vi)
Receivable Sale 7	5,003,462.26	Series 5 Bonds	0	(vi)
Receivable Sale 8	6,340,161.83	Series 6 Bonds	383,561.65	(vi)
Receivable Sale 9	4,973,817.10	Series 7 Bonds	3,373,287.68	(vi)
Receivable Sale 10	29,517,867.40	Series 8 Bonds	260,821.97	(vi)
Receivable Sale 11	7,575,531.10	Series 9 Bonds	24,362,106.14	(vi)
Receivable Sale 12	12,844,767.57	Series 10 Bonds	29,666,443.82	(vi)
Receivable Sale 13	11,621,835.92	Series 11 Bonds	6,433,219.14	(vi)
Receivable Sale 14	18,804,926.26	Series 12 Bonds	1,765,150.71	(vi)
Receivable Sale 15	8,436,306.86	Series 13 Bonds	2,684,931.49	(vi)
Receivable Sale 16	8,278,372.90	Series 14 Bonds	32,660,958.91	(vi)
Receivable Sale 17	10,275,131.88	Series 15 Bonds	196,287.67	(vi)
Receivable Sale 18	12,132,250.72	Series 16 Bonds	52,349,515.44	(vi)
Receivable Sale 19	29,858,220.55	Series 17 Bonds	16,797,914.45	(vi)
Receivable Sale 20	6,805,469.76	Series 18 Bonds	16,273,990.25	(vi)
Receivable Sale 21	6,421,146.07	Series 19 Bonds	1,294,520.55	(vi)
Receivable Sale 22	43,412,228.49			
Receivable Sale 23	0			
Receivable Sale 24	0			
Receivable Sale 25	3,856,265.78			
Receivable Sale 26	5,578,995.15			
Receivable Sale 27	86,661,670.74			
Receivable Sale 28	4,925,917.42			
Receivable Sale 29	7,946,160.25			
Receivable Sale 30	8,284,414.26			
Receivable Sale 31	34,340,930.08			
Receivable Sale 32	4,309,223.86			
Receivable Sale 33	8,308,536.98			
Receivable Sale 34	3,338,147.16			
Receivable Sale 35	4,735,117.14			
Receivable Sale 36	4,301,830.68			
Receivable Sale 37	73,067,831.90			
Receivable Sale 38	3,661,824.30			
Receivable Sale 39	87,198,676.55			
Receivable Sale 40	3,069,192.17			
Receivable Sale 41	95,117,500.47			
Receivable Sale 42	12,598,458.63			
Receivable Sale 43	21,128,536.45			

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General Balance Sheet (31/12/2013) in euros*	
ASSETS	LIABILITIES
Receivable Sale 44	14,492,110.55
Receivable Sale 45	52,087,109.14
Receivable Annual Instalment 1	47,702,733.00
Receivable Annual Instalment 2	47,701,620.00
Receivable Annual Instalment 3	47,660,313.79
Receivable Annual Instalment 4	23,923,712.36
Receivable Annual Instalment 5	35,823,742.15
Receivable Annual Instalment 6	7,517,617.74
Receivable Annual Instalment 7	2,287,640.79
Receivable Annual Instalment 8	2,904,548.55
Receivable Annual Instalment 9	2,280,860.06
Receivable Annual Instalment 10	13,556,250.41
Receivable Annual Instalment 11	3,479,106.24
Receivable Annual Instalment 12	5,931,280.97
Receivable Annual Instalment 13	5,366,572.33
Receivable Annual Instalment 14	8,687,785.84
Receivable Annual Instalment 15	3,899,465.32
Receivable Annual Instalment 16	3,826,464.42
Receivable Annual Instalment 17	4,749,414.77
Receivable Annual Instalment 18	5,610,599.77
Receivable Annual Instalment 19	13,814,877.89
Receivable Annual Instalment 20	3,148,772.16
Receivable Annual Instalment 21	2,973,898.23
Receivable Annual Instalment 22	20,135,909.52
Receivable Annual Instalment 23	
Receivable Annual Instalment 24	
Receivable Annual Instalment 25	1,849,923.29
Receivable Annual Instalment 26	2,679,000.43
Receivable Annual Instalment 27	41,738,218.48
Receivable Annual Instalment 28	2,374,783.23
Receivable Annual Instalment 29	3,836,534.78
Receivable Annual Instalment 30	3,935,125.45
Receivable Annual Instalment 31	15,702,142.25
Receivable Annual Instalment 32	2,217,448.01
Receivable Annual Instalment 33	4,122,823.37
Receivable Annual Instalment 34	1,743,436.74
Receivable Annual Instalment 35	2,322,485.58
Receivable Annual Instalment 36	2,110,479.39
Receivable Annual Instalment 37	33,392,257.06

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General Balance Sheet (31/12/2013) in euros*			
ASSETS		LIABILITIES	
Receivable Annual Instalment 38	1,668,292.01		
Receivable Annual Instalment 39	37,485,800.83		
Receivable Annual Instalment 40	1,442,486.84		
Receivable Annual Instalment 41	42,972,186.45		
Receivable Annual Instalment 42	4,646,262.16		
Receivable Annual Instalment 43	7,947,019.84		
Receivable Annual Instalment 44	5,128,042.62		
Receivable Annual Instalment 45	13,234,948.64		
(iii) Adjustment Receivables 31 – 40 – 5 - 45	436,764.36		
		Credit Line	0.00
Interest accrued from the Accounts	0.00	Credit Line Interest	0.00
(iv) Treasury	806,335,596.77	Accruals and prepayments	65,257,125.32 (vii)
Treasury Account	8,352,376.66		
Collection Account	797,983,220.11		
TOTAL ASSETS	23,732,181,461.83	TOTAL LIABILITIES	23,732,181,461.83

* Unaudited information

- (i) Shows the Receivable Balance of the Receivables sold to the Fund that are classified as long-term, calculated in accordance with the provisions of paragraph 2.2.2 of the Additional Building Block.
- (ii) Shows the Receivable Balance of the Sold Receivables classified as short-term, the annual instalment accrued and not yet paid into the Collection Account for each of the Receivables sold to the Fund and the interest accrued and not yet collected from the Fund Collection Account.
- (iii) Shows the adjustment made to the Receivables Sold to the Fund, on the occasion of new Issues not associated with new sales of Tariff Deficit Receivables (Series 14 arranged on 16/01/2013, Series 3 increase arranged on 08/05/2013, Series 5 redemption arranged on 17/09/2013 and Series 19 issue, arranged on 06/11/2013), according to the provisions of article 10 of Royal Decree 437/2010.
- (iv) Shows the balance of the Fund's Treasury and Collections Accounts.
- (v) Shows the actually disbursed value of the Bonds plus the implicit returns scheduled until the date of the difference between the nominal value of the Bonds and their actually disbursed value.
- (vi) Shows the scheduling of the Bond interest accrued to date and not paid, and the withholdings made and not settled.
- (vii) Shows the withholdings in the Collection Account of the Available Funds surpluses, which are calculated as the positive difference between the income and expenses accrued by the Fund in the period. It also includes management and administration fees.

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*Profit and Loss (31/12/2013) in euros**

	Interest and similar returns	986,348,447.08
(i)	Credit rights	986,348,447.08
(ii)	Other financial assets	0
	Interest and similar charges	-946,410,746.29
(iii)	Debentures and other marketable securities	-977,363,643.50
	Series 1 Bonds	-120,240,001.00
	Series 2 Bonds	-142,500,002.00
	Series 3 Bonds	-164,778,743.89
	Series 4 Bonds	-113,579,591.60
	Series 5 Bonds	-64,753,539.25
	Series 6 Bonds	-10,143,651.70
	Series 7 Bonds	-6,250,007.00
	Series 8 Bonds	-6,800,008.00
	Series 9 Bonds	-33,582,724.86
	Series 10 Bonds	-37,468,010.00
	Series 11 Bonds	-8,125,011.00
	Series 12 Bonds	-46,032,891.16
	Series 13 Bonds	-69,999,956.30
	Series 14 Bonds	-38,876,772.90
	Series 15 Bonds	-4,486,592.17
	Series 16 Bonds	-52,349,531.44
	Series 17 Bonds	-36,221,911.45
	Series 18 Bonds	-16,274,008.24
	Series 19 Bonds	-4,900,689.55
(v)	Cost of the bonds	31,005,972.14
(iv)	Loans and other liabilities (Credit Line)	-53,074.93
	Other financial liabilities	0
	INTEREST MARGIN	39,937,700.79
	Other operating expenses	-39,937,700.79
(vi)	External services	-13,770,588.69
(vii)	Other operating expenses	-26,167,112.10
	EARNINGS AFTER TAX	0

* Audited information

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- (i) Interest accrued by the Receivables in the period, calculated in accordance with the provisions of section 2.2.2 of the Additional Building Block
- (ii) Interest accrued in the period by the balance of the Fund Collection Account.
- (iii) Amount of the interest accrued during the period by the different Series of Bonds, as well as the charging to the income statement of the difference between the Bond face value and their value as actually disbursed. This value is charged in terms of the life of each Series of Bonds.
- (iv) Interest accrued during the period by the Credit Line.
- (v) Difference between the face value of the Bonds and their value actually disbursed, and charged to income statement. This value is charged in terms of the life of each Series of Bonds.
- (vi) The main items are the fees accrued by the Placement Agents and Rating Agencies, and the Credit Line commission.
- (vii) Includes the amounts accrued during the period as the Sociedad Gestora's fee, the Paying Agent's fee and the Available Funds surpluses withheld in the Collection Account.

The weighted average interest rate of the Bonds as at 31 December 2013 was 4.481%.

The weighted average interest rate of the Sold Receivables as at 31 December 2013 was 4.855%.

The (unaudited) financial information as of 30 September 2014 is displayed in section 8.1. below.

8.2 bis Historical financial information on security Issues with an individual denomination of Euros 100,000 or more.

Not applicable.

8.3 Legal and arbitration proceedings.

Not applicable.

8.4 Material adverse change in the issuer's financial situation.

There has been no material adverse change in the position or the financial outlook of the Fund since the date on which the financial statements included in section 8.1 of this Registration Document were issued.

The current credit ratings of the Bonds issued by the Fund are given in section 7.5 of the Securities Note.

9. THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST.

9.1 Statements or reports attributed to a person as an expert.

No such statement report is included.

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9.2 Information sourced from third parties.

No information from third parties is included

10. DOCUMENTS ON DISPLAY

If necessary, copies of the following documents can be inspected, by physical means, during the life of this Registration Document:

A) Documents concerning the registration of the Base Prospectus and the incorporation of the Fund:

1. The Articles of Association, the Deed of Incorporation and the audited annual accounts of the Sociedad Gestora.
2. The Deed of Incorporation, as well as the relevant Deeds amending it.
3. The certificates attesting to the corporate resolutions of the Sociedad Gestora regarding the incorporation of the Fund and the corporate resolutions or powers of the Sellers for the sale of the Tariff Deficit Receivables to the Fund.
4. A copy of the preliminary favourable report of the Ministry of Economy and Finance referred to in section 5, paragraph three *in fine* of the 21st Additional Provision of Ley 54/1997.
5. A copy of the announcements of the Orders under which the State Guarantee is granted.
6. A copy of the resolutions passed by the Council of the CNE on 21 October 2010, which contain the methodology for calculating the amount of the Tariff Deficit Receivables and the pro rata distribution among the Sellers.
7. A copy of the Minutes of the Monitoring Committee meeting held on 19 October 2010 regarding the maximum term of one year that the Fund has, provided that no exceptional circumstances occur on the markets, to acquire the receivables whose original holders have notified it of their commitment to sell them.
8. A copy of the Minutes of the Monitoring Committee meeting held on 22 November 2010 that contains (i) a report with the Tariff Deficit Receivables as at 23 November 2010 and a projection thereof, as at 14 December 2010 and (ii) expressing its acceptance of the contents of the draft Prospectus sent to the CNMV on 19 November 2010, and in particular considered that the information on the structure of the Fund, the Tariff Deficit Receivables, the Facility and the credit enhancements is correct.
9. Copy of the Resolution of the Government Committee on Economic Affairs of 29 July 2010, regarding the Credit Line.
10. Copy of the Monitoring Committee minutes of 22 November 2013, stating the Committee's approval of the contents of the draft of the Prospectus sent to the CNMV on 21 November 2013.

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B) Documents concerning the registration of this Renewal Prospectus

11. This Prospectus and its supplements.
12. Copy of the Monitoring Committee minutes of 28 November 2014, stating the Committee's approval of the contents of the draft of the Prospectus sent to the CNMV on 28 November 2014.

C) Documents concerning each of the Issues and others documents

13. The Final Terms and Conditions of each of the Issues.
14. Copy of the relevant Sets of Supplementary Articles, and the amendments thereto,
15. The letters from the Rating Agencies notifying the provisional and definitive ratings assigned to the Bonds of each Series.
16. A copy of the pertinent certificates of the CNE, in accordance with article 6.3. of Royal Decree 437/2010, stating that the information furnished by each Seller with respect to the sale of a specific Tariff Deficit Receivable to the CNE is correct and complete.
17. Copy of the relevant minutes of the Monitoring Committee meetings held prior to each Issue and a copy of the resolution passed by the Interministerial Committee on 7 July 2011, in which it resolved that exceptional circumstances had arisen that justified the Fund not having been able to acquire all the Tariff Deficit Receivables subject to a sale commitment before 7 July 2011.
18. Copy of the minutes of the Monitoring Committee meeting held on 26 November 2012, in which it stated that, far from being resolved, the exceptional market conditions that were already declared to exist at the Committee meeting held on 6 July 2011, have grown stronger, if not aggravated, in the sense described in article 5.2 of Royal Decree 437/2010. This circumstance justifies the fact that the Fund has not been able to acquire all the receivable subject to a sale commitment on the pertinent dates.
19. Copy of the minutes of the Monitoring Committee meeting held on 17 December 2012, at which the Committee resolved that the Fund had to acquire the additional 2010 Receivables, the 2011 Receivables and the 2012 Receivables from 1 December 2012.
20. Copy of the minutes of the Monitoring Committee meeting held on 17 June 2013, at which the Committee resolved to engage DBRS as a new Rating Agency so that it could assign ratings to the Fund issues,
21. Copy of the minutes of the Monitoring Committee meeting held on 16 September 2013, at which the Committee resolved that, since the Sellers had issued their respective sale commitments of the additional 2012 Deficit Receivables, the period of time for reporting such commitments was deemed to have ended and that the date to take into account to start calculating the year during which the Fund had to acquire

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the Receivables subject to a commitment was the date of each of the sale commitments issued by the Sellers.

22. Copy of Appendix 1 to the State Guarantee issued by the State Administration for each of the Issues.

23. Any other minutes issued by the Monitoring Committee regarding the Fund

Copies of such documents will be available for physical examination at the registered office of the Sociedad Gestora.

Furthermore, the Prospectus and the pertinent Final Terms and Conditions will be available on the website of TITULIZACIÓN DE ACTIVOS, (www.tda-sgft.com and www.fade-fund.com), the website of the CNMV (www.cnmv.es), and the website of the AIAF Market (www.aiaf.es).

Additionally a copy of the documents listed in numbers 2 to 23 will be available for consultation at the Registry of the CNMV at n° 11, Calle Edison, 4, Madrid.

Finally, the Deed of Incorporation and the Sets of Supplementary Articles will be available for physical consultation at the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. ("**IBERCLEAR**") located at n° 1, Plaza de la Lealtad, in Madrid (Spain).

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SECURITIES NOTE

(ANNEX XIII OF REGULATION 809/2004)

1. PERSONS RESPONSIBLE.

1.1 Persons responsible for the information contained in the Securities Note

Mr. Ramón Pérez Hernández, acting in his capacity as General Director, by virtue of the power of attorney of 18 April 2002 granted before the Notary Public of Madrid Mr. Manuel Richi Alberti under number 737 of his Official Record, and by virtue of the resolutions adopted by the Board of Directors of the Sociedad Gestora of 27 July 2010 and 20 June 23013, and for and on behalf of TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A., with registered office at number 69, calle Orense, in Madrid (Spain), acting in turn as the Sociedad Gestora.

1.2 Representations of the persons responsible for the information contained in the Securities Note

Mr. Ramón Pérez Hernández, on behalf of the Sociedad Gestora, declares that, after applying reasonable diligence to ensure that this is so, the information contained in this Securities Note and its Additional Building Block is, to his knowledge, consistent with the facts and contains no omissions that could affect its content.

2. RISK FACTORS.

The risk factors associated with the Bonds and assets backing the Issue are detailed in sections 2 and 3 of the Risk Factors, respectively.

3. KEY INFORMATION.

3.1 Interest of natural and legal persons involved in the issue.

The identity of the legal persons participating in the offering and the direct, indirect or control shareholdings that exist between them are detailed in section 5.2. of the Registration Document. The interest of the aforementioned persons in terms of their participation in the Bond issue facility is as follows:

- a) TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A. is the Sociedad Gestora. and has arranged the financial design of the Fund.
- b) Iberdrola, Gas Natural, Hidroeléctrica, Endesa, Unión Eléctrica de Canarias Generación, Gas y Electricidad Generación, Endesa Generación, Elcogás, E.ON Generación and EON España have been the Sellers of the Tariff Deficit Receivables. Notwithstanding the foregoing, as at this date, none of the Sellers has assets that include Tariff Deficit Receivables that can be sold to the Fund, even if they have sold in the past.
- c) ICO is the Financial Agent and provider of the Credit Line.

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- d) J&A Garrigues, S.L.P., acting as an independent legal advisor, has taken part in arranging the legal structure of the Fund.
- e) KPMG is also acting as auditor of the Fund Accounts.
- f) DBRS, Fitch, Moody's and S&P are acting as the Rating Agencies.

3.2 Description of any interest, including conflicting interests, that is important for the issue, detailing persons involved and the nature of their interests.

The Sociedad Gestora is not aware of any significant relationship or economic interests between the said entities who have taken part in the Issue, except for the strictly professional relationship derived from their participation, as described in section 3.1. *supra* of this Securities Note, and the relationships described in section 5.2. of the Registration Document.

4. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING.

4.1 Total amount of the securities.

Characteristics of the Facility

The Fund may issue under this Securities Note that forms part of the Facility Renewal Prospectus securitization bonds that represent from time to time a Bond Payable Principal Balance of up to a maximum of TWENTY-SIX BILLION (26,000,000,000) euros, each with a face value of one hundred thousand (100,000) euros, ("**Maximum Outstanding Balance of the Facility**").

Each Bond Issue will be backed by all the Sold Receivables that are pooled in the Fund's assets from time to time.

The Maximum Outstanding Balance of the Facility of up to TWENTY-SIX BILLION (26,000,000,000) euros, is the result of (i) adding the maximum amounts of the Tariff Deficit Receivables that can be sold to the Fund throughout the Purchase Period, as this is defined in section 4.4.2 of the Registration Document and that are included in article 2.1. of Royal Decree 437/2010 and in sections 4 and 5 of the twenty-first additional provision of Ley 54/1997, as currently worded, and (ii) adding to this figure an estimate of any possible refinancing of Bond issues arranged throughout the Fund Issue Period, until the Maximum Outstanding Balance of the Facility is reached.

The Facility will be used to arrange successive issues ("**Issues**") of Bonds, arranged in Series up to the Maximum Outstanding Balance of the Facility.

The Issues may refer to (a) the Issue of a new Series of Bonds and/or (b) the increase of the amount of a series of Bonds already issued. The Issues may be issued during the Issue Period, provided that the conditions established for the Issue Period in section 4.4.2 of the Registration Document are met.

Calculated from their Disbursement Date, the minimum maturity of the Bonds will be (1) year and the maximum maturity of the Bonds will be sixteen (16) years and under no circumstances may it exceed the Final Maturity Date of the Fund. In any case, the Length

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of life of the Fund will run from the Date of Incorporation until the Legal Maturity Date, unless beforehand the Fund is liquidated early in accordance with the provisions of section 4.4.3 of the Registration Document. The Final Maturity Dates of each Series will be stated in the pertinent Final Terms and Conditions.

On the occasion of each Issue, a draft of the Set of Supplementary Articles will be filed with the CNMV. A model **Final Terms and Conditions** is attached hereto as **Annex 1**.

On the occasion of each Issue, a draft of the Set of Supplementary Articles will be filed with the CNMV, before the Issue is arranged.

The Issues arranged under the Programme will be subject to the provisions of this Prospectus and the specific terms of that Issue stipulated in the Final Terms and Conditions drafted for that Issue, as well as in the Deed of Incorporation and in the specific Set of Supplementary Articles.

Duration of the Facility

The Facility will last one (1) year from the date of publication of this Prospectus and will be renewed each year during the Issue Period, subject to the publication of the supplements to the pertinent Prospectus.

4.2 1.1 Description of the type and class of the offered and listed securities.

4.2.1 Type and class of securities

The Bonds to be issued under this Programme will be asset securitization bonds that represent a debt for the Fund, accrue interest, and are redeemable through total or partial early redemption or at final maturity. The Bonds will legally qualify as marketable fixed interest securities with an explicit yield and are subject to the provisions of the Ley del Mercado de Valores and the regulations in development thereof.

A) Issue of new Series

If there is an agreement for an Issue to be arranged by the Sociedad Gestora, with the prior confirmation of the Interministerial Committee, or the Monitoring Committee, that Issue will be arranged taking into account that it cannot exceed the Maximum Outstanding Balance of the Facility from time to time.

The Bond Issues will be conducted during the Issue Period.

The Bonds may have a minimum maturity date of one (1) year and a maximum of sixteen (16) years from their Disbursement Date. Only the Bonds with a maturity date of between one (1) and two (2) years may have an implicit yield (zero coupon bond).

Subscribing or holding of Bonds of one series does not imply subscribing or holding Bonds of other Series.

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In any case, it is stated that investors who purchase Bonds of a given Series will not be entitled to object to the Issue of Bonds of additional Series or of increases thereof, and therefore the consent of the holders of the Bonds already issued will not be required.

Each of the new Series will be named with a number, "**Series 1**", "**Series 2**", "**Series 3**", etc., and so on.

B) Increase of existing Series

Additionally, provided that this is stated in the Final Terms and Conditions of the Issues, the values of one same Series (due to the increase of the Series) with identical terms and conditions will be considered fungible with each other, from the time of the Issue of the Series increase. To this end, they will be described as fungibility and from the Disbursement Date of the pertinent Issue they will have the same characteristics, as set forth throughout this Prospectus and pursuant to article 17 of Royal Decree 116/1992. Therefore, in this event, the Bonds of each Series issued on the occasion of each Issue, will be registered in IBERCLEAR from the date on which they become fungible, under the same ISIN (International Securities Identification Number) assigned by the National Coding Agency.

In this respect, the investors who purchase Bonds of a given Series, waive, for the mere fact of subscribing such Bonds and as a legal characteristic inherent thereto, any right of priority to which they might be entitled under Spanish law with respect to other holders of Bonds of that same Series that the Fund issues in successive Issues.

C) Purpose of the Issues

The Issues of new Series (and therefore also the increase thereof) may entail the purchase of Tariff Deficit Receivables or the refinancing of Series already issued. However, on the date of registration of this Prospectus there are no Tariff Deficit Receivables left to be sold.

Accordingly, Bond Issues may be arranged that will not be used, in full or in part, to acquire Tariff Deficit Receivables, but to refinance an existing Series of Bonds.

If the Disbursement Date of that new Issue does not occur before or on the Final Maturity Date of the refinanced Series of Bonds, the amount of the price of the new Series of Bonds that is to be allocated to refinancing the existing Series of Bonds (the "**Refinancing Amount**") will be deposited in the Treasury Account or in the Collection Account, as appropriate, in accordance with the provisions of sections 3.4.4.1 and 3.4.4.2 of the Additional Building Block. Each Refinancing Amount deposited in the Treasury Account or in the Collection Account, as appropriate, may only be used to pay the ordinary interest and principal of the Bonds that have been refinanced, on the respective Payment Date, and cannot be used for any other items until the refinanced Series of Bonds has been fully redeemed.

If the Disbursement Date of the new Issue falls after the Final Maturity Date of the refinanced Series of Bonds, the amount of the new Issue will be considered Available Resources for application in accordance with the Priority of Payment Order or the Liquidation Priority of Payment Order, as appropriate and will be transferred of the

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Collection Account on the same value date as the date on which they are received, in keeping with the instructions of the Sociedad Gestora.

D) Representation of the Bonds

The Sociedad Gestora, acting for and on behalf of the Fund, will request the inclusion of the Issues of Bonds issued under this facility, by IBERCLEAR, so that their clearing and settlement is effected in accordance with the operating rules applicable to securities quoted in the AIAF Fixed Income Market and, where applicable, admitted on the Spanish Public Debt Book-Entry Market, and represented by book entries established, or to be approved in the future by IBERCLEAR.

The information about the ISIN (International Securities Identification Number) of each of the Series of the pertinent Issues arranged under this Programme will be stated in the Final Terms and Conditions of the respective Issue, as well as the special terms and conditions of that issue.

e) State Guarantee

Pursuant to section 9 of the 21st AP of Ley 54/1997, as currently worded, the State Administration is authorized to grant bank guarantees to guarantee the economic obligations binding the Fund, derived from the Bond Issues.

On the Fund Incorporation Date, a bank guarantee that was charged to the 2011 State Budget by virtue of the Order of the Minister for the Economy and Finance of 14 January 2011 ("**Ministerial Order of 14 January 2011**") was granted for a maximum outstanding balance of TWENTY-TWO BILLION (22,000,000,000) euros, this maximum outstanding balance matching the figure stipulated in section 49.2 of the 2011 State Budget Act 39/2010, of 22 December ("**Ley 39/2010**"), although the Issues that are guaranteed can be arranged after the year 2011.

Subsequently, on 27 August 2013, a new bank guarantee that was charged to the 2013 State Budget by virtue of the Order of the Minister for the Economy and Competitiveness of 27 August 2013 (the "**Ministerial Order of 27 August 2013**") was granted and, together with the Ministerial Order of 14 January 2011, the "**Orders**"), for a maximum outstanding balance of FOUR BILLION EUROS, this maximum outstanding balance matching the figure stipulated in section 54.2 of the 2013 State Budget Act 17/2012, of 27 December ("**Ley 17/2012**"), although the Issues that are guaranteed can be arranged after the year 2013.

The maximum outstanding balance of FOUR BILLION (4,000,000,000) EUROS of the bank guarantee granted in the new Ministerial Order of 27 August 2013 was added to the bank guarantee granted for the amount of TWENTY-TWO BILLION (22,000,000,000) EUROS, in the Ministerial Order of 14 January 2011, which remains in force for these purposes. Therefore both Orders result in a granted bank guarantee with a maximum outstanding balance of TWENTY-SIX BILLION (26,000,000,000) EUROS.

Accordingly, all the references made to the "**Bank Guarantee**" or to the "**State Bank Guarantee**" in the Prospectus will be construed as referring to the two bank guarantees granted under the Ministerial Order of 14 January 2011 and the Ministerial Order of 27

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August 2013, which refer, jointly, to a maximum outstanding balance amount of TWENTY-SIX BILLION (26,000,000,000) EUROS.

All the Bonds of all the Series issued by the Fund will be guaranteed by the State Guarantee.

4.2.2 Underwriting, Placement and Subscription of the Bonds.

The entities participating in the management, underwriting and, if applicable, placement and subscription of the Bonds in each Issue will appear in the Final Terms and Conditions, and will be selected in accordance with the provisions of Royal Decree 437/2010 and the criteria determined from time to time by the Secretariat General of Treasury and Financial Policy. In any case, the final selection will be made by the Interministerial Committee (or by the Monitoring Committee, in the case of outright sale transactions).

Pursuant to article 11.2 of Royal Decree 437/2010, the issues will be arranged either at an agreed or estimated price with the lead arrangers, which will take into account the market conditions at the time of arranging the issue, either by outright sale transactions, or by an auction procedure. The auctions will be summoned by the Interministerial Committee who will determine the instalments and conditions of the same.

In this respect, article 12 establishes the placement and subscription agent selection procedure as follows

a) In the case of issues at an agreed price, the agents will be selected individually by means of a competitive procedure based on the following criteria:

(i) Technical criteria, that will take into consideration their capacity to distribute similar financial instruments on domestic and foreign markets, their experience in these types of transactions and their advisory capacity, as well as their membership of and operation within the group of Bond and Debenture Market Makers.

(ii) Economic criteria concerning the amount of the commissions that such agents will be paid for the services rendered.

The Secretariat General of Treasury and Financial Policy will shortlist agents on the basis of these technical and economic criteria described in sections (i) and (ii).

In the successive Securitization Fund issues, the agents selected in accordance with the criteria established in section 1 of Royal Decree 437/2010 will be revised and the performance of such agents in previous issues of the Fund will be taken into account, whether they are issues arranged either at an agreed or estimated price with the lead arrangers or issues arranged through outright sale transactions.

These criteria will be determined by the Secretariat General of Treasury and Financial Policy and will be published, sufficiently in advance, on the website of the Sociedad Gestora of the Electricity System Deficit Securitization Fund. Moreover, consideration may also be given to any additional commitments that the financial institutions are willing to enter into with the Securitization Fund, including the commitment to acquire part of the issue at arm's length price or to acquire the unplaced part.

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The Sociedad Gestora will be responsible for receiving the bids from the interested agents and for forwarding them to the Secretariat General of Treasury and Financial Policy.

The Interministerial Committee will be responsible for the final selection of the placement agents, based on the shortlist provided by the Secretariat General of Treasury and Financial Policy.

b) In the outright sale transactions one or several subscription agents will be selected individually by means of a competitive procedure based on criteria such as the term, price and volume to be underwritten. In order to select the subscription agents, at least three bids will be requested.

The Sociedad Gestora will be responsible for receiving the bids from the institutions. The Interministerial Committee or the Monitoring Committee will carry out the subscription agent selection process (whose duties in this respect have been delegated upon it by virtue of the Resolution of the Interministerial Committee of 4 November 2011).

Each selected subscription agent must have the operational resources necessary to disburse the issue bonds in the terms determined in the disbursement procedure.

4.3 Legislation under which the securities have been created.

The Fund will be incorporated and the Bonds will be issued from it in accordance with Spanish law and, in particular, in accordance with the provisions of (i) the 21st AP Ley 54/1997, as currently worded, (ii) Royal Decree 437/2010, as currently worded, (iii) Royal Decree 926/1998 and its implementing provisions (iv) Ley 19/1992, as to matters not provided for in Royal Decree 926/1998 and insofar as applicable, (v) Ley 3/1994, (vi) the Ley del Mercado de Valores, Royal Decree 1310/2005 and other regulations in development thereof, (vii) Commission Regulation 809/2004, (viii) Order PRE 2037/2010 and (ix) any other legal provisions prevailing from time to time.

4.4 Indication of whether the securities are in registered or bearer form and whether they are in certificated or book-entry form

As indicated in section 4.2.1 supra, the Bonds will be represented by book entries managed by IBERCLEAR.

The Deed of Incorporation produces the effects set forth in article 6 of the Ley del Mercado de Valores.

In addition to the information given above, the Sociedad Gestora, on behalf of and for the account of the Fund, and pursuant to the provisions of article 7 of Royal Decree 116/1992, and on the occasion of the successive Issues arranged by the Fund, will deposit the Set of Supplementary Articles for each issue arranged by the Fund, which will serve as the supplementary certificates stipulated in article 6.3 of Royal Decree 926/1998, similar to those stipulated in the provisions of article 6 (2) of Royal Decree 116/1992.

The Bondholders will be identified as such (for their own account or on account of third parties) in accordance with the book entries made by the entities that participate in

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IBERCLEAR, which will be appointed as the entity in charge of the Bond bookkeeping in the Deed of Incorporation and in the respective Sets of Supplementary Articles, so that their clearing and settlement is effected in accordance with the operating rules applicable to securities admitted to trading on the AIAF Market and, where applicable, on the Spanish Public Debt Book-Entry Market (given the intention to request their admission also to this market) and represented by book entries that are established or may be approved in the future by IBERCLEAR.

4.5 Issue currency.

The Bonds will be denominated in euros.

4.6 Ranking of the Bonds according to the subordination rules

There is no type of subordination among the Bonds of the different Series.

4.6.1 Simple mention of the ranking of the Bond interest payments in the Fund order of payments.

The payment of ordinary and, where applicable, default interest accrued by the Bonds of each Series ranks third (3rd) in the Priority of Payment Order and in the Liquidation Priority of Payment Order.

4.6.2 Simple mention of the ranking of the Bond principal payments in the Fund order of payments.

The payment of principal of the Bonds ranks fourth (4th) in the Priority of Payment Order and in the Liquidation Priority of Payment Order.

4.7 Description of the rights attached to the Bonds

Pursuant to current legislation, the Bonds will offer no present and/or future voting right to the investor over the Fund or the Sociedad Gestora.

The investor's economic and financial rights associated with the acquisition and ownership of the Bonds of each Series will be those derived from the interest rates, yields and redemption prices with which they are issued and which are detailed in sections 4.8 and 4.9 of this Securities Note and in the Final Terms and Conditions of the pertinent Series.

The holders of the Bonds of each Series are subject, with respect to the payment of interest and repayment of the principal of the Bonds, to the Priority of Payment Order described in section 3.4.6.2 of the Additional Building Block and to the relevant Liquidation Priority of Payment Order described in section 3.4.6.3 of the Additional Building Block.

On each Payment Date, the Financial Agent, in accordance with the Financial Services Contract, and following instructions from the Sociedad Gestora, will pay the Bondholders of all the Series the interest and redeem the principal of the Bonds that is payable according to their Final Terms and Conditions and that the Sociedad Gestora, acting for

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and on behalf of the Fund, has determined in accordance with the provisions of sections 4.8 and 4.9 of this Securities Note and of the Final Terms and Conditions of the Issue of each Series, after the taxpayer obliged to withhold tax, according to the regulations in force from time to time, has deducted the total amount of the withholding on account of any investment income that is applicable in accordance with current regulations, by paying them, for value that same day, through IBERCLEAR as the entity in charge of the Bond bookkeeping, pursuant to the provisions of Royal Decree 116/1992, within the usual time frames and following the usual procedures.

Subject to the provisions of this Securities Note, the specific dates, places, entities and procedures for the payment of the coupons of the securities of the Issues arranged under this Facility will be specified, as necessary, in the Final Terms and Conditions of each Issue, and will be subject to the general terms and conditions set forth in this Securities Note.

The Sociedad Gestora will inform the Bondholders and the other ordinary creditors of the Fund of any circumstances that may be of their interest by publishing appropriate announcements in the manner established in section 4 of the Additional Building Block.

Notwithstanding the foregoing, the Series of Bonds will be guaranteed by the State Guarantee in the terms set forth in section 3.4.2.1 of the Additional Building Block.

The Bondholders will have no recourse against the Sociedad Gestora, other than from non-performance of its duties or non-compliance with the provisions of this Prospectus, and each of the Final Terms and Conditions, in the Deed of Incorporation and each of the Sets of Supplementary Articles and in current regulations.

Moreover, the Bondholders will have no recourse against the Sellers. Any legal action against the Sellers that the Fund might be entitled to take as the assignee of the Sold Tariff Deficit Receivables, must be taken by the Sociedad Gestora, on behalf of the Fund.

Any dispute that may arise with respect to the provisions of this Prospectus will be submitted to the courts of the City of Madrid, and the Sellers, the Bondholders and Sociedad Gestora waive any other jurisdiction to which they may be entitled.

4.8 The nominal interest rate and provisions relating to interest payable.

4.8.1 Nominal Interest Rate

The yield of the securities to be issued may be determined, for each Series, as follows:

- A. By using a fixed interest rate, which may consist in:
 - A.1) a fixed interest rate, payable each year, or
 - A.2) Zero coupon series (in the case of Bonds maturing between one (1) year and two (2) years).
- B. By means of a non-fixed interest rate, in other words, a variable interest rate, payable quarterly, that may be determined on the basis of a market reference interest rate or the market yield of other fixed income instruments ("**Reference Interest Rate**"), either directly or by adding a positive or

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negative margin, being able to determine whether such spread is fixed or variable, based in turn on a market reference interest rate (the "**Margin**").

The Nominal Interest Rate accrued by the Bonds during each Interest Accrual Period will be the result of adding (i) the pertinent Reference Interest Rate, and rounded to the nearest thousandth, taking into account that, in the event of equal conditions for rounding up or down, the amount will always be rounded up; and (ii) the margin applicable to the Bonds of that Series.

Unless otherwise specified in the Final Terms and Conditions, the reference rate will be Euro Interbank Offered Rate for the euro (Euribor), for the term set forth in the Final Terms and Conditions, taken from the Reuters Page EURIBOR01 (or any other that may replace it in the future as the "**Relevant Screen**").

If said page (or any that may replace it in the future) should not be available, the following electronic data pages featuring the EURIBOR rates (published by the European Banking Federation) will be used in this order: Telerate, Bloomberg, or any other that is created that is used to reflect the EURO Interbank Market.

If it is impossible to obtain the rate on any of the aforementioned screens, the substitute Reference Interest Rate will be the interest rate which results from the calculation of the simple arithmetic mean of the Interbank offered rates for deposit operations which are not transferable in euros, with a three (3) month maturity, as quoted by three banks designated by the Sociedad Gestora (the "**Reference Institutions**"), after the Sociedad Gestora has requested, at the same time, each of them for such quote, approximately and after 11.00 a.m. (C.E.T.) of the date on which the pertinent interest rate is fixed.

If the aforementioned substitute reference rate cannot be applied because one of the aforementioned Reference Institutions does not continue to furnish the quote statements, the interest rate applied will be the one which results from the calculation of the simple arithmetic mean of the indicated rates quoted by at least two (2) of the remaining Reference Institutions.

If the rates established in the previous paragraphs do not exist or cannot be obtained, the applicable rate will be the Reference Interest Rate applied to the last Interest Accrual Period and so on by successive Interest Accrual Periods for as long as the situation continues.

For these Series, the Reference Interest Rate will be fixed at 11.00 a.m. (C.E.T.) two (2) business days prior to the beginning of each Interest Accrual Period (the "**Fixing Date**"), unless another fixing method is otherwise established in the Final Terms and Conditions.

Exceptional Accrual Interest Periods and Reference Interest Rate periods may be established for the first and last accrual period of each Series, for the purposes of making them coincide with a Fund Payment Date, and this will be stated in the pertinent Final Terms and Conditions.

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Interest will accrue daily as of the date of the payment for the Issue (“**Disbursement Date**”) or that set forth to this end, and will be paid on the dates, coinciding with the Fund Payment Dates, established in the Final Terms and Conditions of each Series, throughout the life of the series and until the Final Maturity Date, when the last accrued coupon will be paid.

Accordingly, the Series may generate yields by means of regular coupons (fixed or variable based on a certain reference rate), the payment of a single zero coupon (paying its yield in one payment on maturity, by means of the difference between the paid amount of the Issue and the amount committed to be reimbursed on the maturity of that Series) or by means of regular coupons combined with subscription or redemption premiums.

The calculation of the yields due to the holders of the Bonds issued under this Programme shall be made as follows:

- (a) If the Series only generates regular coupons, the gross interest payable on each Payment Date will be calculated by applying the following formula:

$$C = \frac{N * i * d}{Base * 100}$$

where:

C = Gross amount of regular coupon

N = Receivable Nominal Balance of the Bond at the start of the Interest Accrual Period

i = Annual nominal rate of interest

d = Days from start date of Interest Accrual Period to the Payment Date of the coupon, counting the days as set forth with the established Base and taking into account the applicable convention of business days.

Basis = Calculation base used for each Issue, indicating number of days in which the year is divided to calculate annual interest rate (360, 365 or Actual).

- (b) If the Series generates regular coupons and, where applicable, a redemption or reimbursement premium upon maturity, the calculation of the last coupon will require the addition of the redemption or reimbursement premium payable upon maturity.
- (c) If the Series has a zero coupon, the yield will consist of the difference between the issue price of the Series and the committed reimbursable amount thereof payable on the maturity date.

4.8.1.1 Accrual of interest.

Unless indicated otherwise in the pertinent Final Terms and Conditions, the term of the Bond Issues will be divided into successive periods of time comprising the actual number of days elapsed between the dates (day and month) that are determined in the pertinent Final Terms and Conditions, with

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each Interest Accrual Period including the starting date and excluding the end date, except for the first Interest Accrual Period, the term of which will be equivalent to the days elapsed between the Issue Disbursement Date (included) and the first end date (excluded) (each of the latter, an "**Interest Accrual Period**"). Accordingly, if a Payment Date is not initially a Business Day and therefore that Payment Date is actually the next Business Day, the Interest Accrual Period applicable to that Payment Date will not be adjusted until such next Business Day, but instead will be maintained on the end date that had been determined in the pertinent Final Terms and Conditions. The duration of each of the Interest Accrual Periods of the ordinary Bonds will be as follows:

- An annual Interest Accrual Period, payable each year on a Payment Date, will be established for the fixed rate Bonds.
- A quarterly Interest Accrual Period, payable quarterly on a Payment Date, will be established for the floating rate Bonds.

However, exceptional Interest Accrual Periods may be established for the first and last accrual period of each Series, for the purposes of making them coincide with a Fund Payment Date, and this will be stated in the pertinent Final Terms and Conditions.

In accordance with the provisions of section 4.2.1. above, in order to obtain the fungibility of the different Bond Issues in one same Series, in the event of increase thereof, the interest of the first Interest Accrual Period of each Issue can be understood as accrued on the same date as those relevant to the interest accrual period under way already issued ("**Accrued Interest**"). In this way the subscribers of Bonds of an Issue pertaining to the extension of a Series already issued can receive the same interest amount on the next Payment Date as previous Subscribers of Issues of the same Series.

If a Bond Issue includes Accrued Interest, the Final Terms and Conditions may establish whether the price of said Issue should include said Accrued Interest or not.

4.8.2 Dates, place, entities and procedure for the payment of interest.

"**Payment Date**", will mean the date on which the Sociedad Gestora will apply the Priority of Payment Order of the Fund (or the Liquidation Priority of Payment Order, in the event of the Final Maturity Date or on the date of early liquidation of the Fund), that is to say, on 17 March, June, September and December of each year, and if any of those days is not a Business Day, the next Business Day, unless that Business Day falls in the next month, in which case it will be the previous Business Day. The first Payment Date of each Issue must be included in the pertinent Final Terms and Conditions.

"Business Day" will be construed as any day that is considered a business day in the TARGET2 (Trans-European Automated Real Time Gross-Settlement Express Transfer System).

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With respect to the interest accrued by each Series, the first quarterly Payment Date (in connection with the floating interest rate Bonds) and the annual Payment Date, including the first (in connection with the fixed interest rate Bonds) will be determined in the relevant Final Terms and Conditions, and will be designated from among the Payment Dates of the Fund indicated above.

"Guarantee Request Date" will mean the date on which the Sociedad Gestora will calculate the amount necessary to make the Bond principal and interest payments on the immediately next Payment Date that are not going to be covered with the Available Funds of the Fund on the Guarantee Request Date. The Guarantee Request Date will fall at least fifteen (15) calendar days before the Payment Date.

"Credit Line Request Date" will mean the date on which the Sociedad Gestora will request, from the Credit Line, the amount of the drawdown necessary to pay the Fund's obligations that can be covered with the Credit Line. This date will be the fifth (5th) Business Day before the date on which the drawdown must be made.

"Calculation Date" will mean the date on which the Sociedad Gestora will calculate the amount of the Available Funds of the Fund for the immediately next Payment Date, taking into account the amounts requested from the Guarantee and/or from the Credit Line. Such Calculation Dates will be the fourth (4th) Business Day before each Fund Payment Date.

"Notification Date" will mean the second (2nd) Business Day prior to each Payment Date throughout the lifetime of the Fund. On these dates the Sociedad Gestora will notify the amounts to be paid for principal and interest to the holders of the Bonds issued, in the manner described in section 4.1.3.1. of the Additional Building Block.

"Issue Date" means the Bond Issue date, which will be the same as the date on which the Deed of Incorporation or a Set of Supplementary Articles, as appropriate, is granted.

Any current or future withholdings, rates and taxes to which the capital, interest or yields of the Bonds are subject will be for the sole account of the Bondholders and, where applicable, their respective amount will be deducted by the entity obliged to do so in the legally established manner.

The payment will be made through the Financial Agent, and the amounts will be distributed by IBERCLEAR and its participating organisations.

4.8.3 Time limit on the validity of claims to interest and repayment of principal.

The ordinary Bond interest will be paid until it is fully redeemed (that is to say, until the Final Maturity Date of the Series in question), according to their Final Terms and Conditions by Interest Accrual Periods in arrears on the Payment Dates described in the previous section.

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Bondholders will be informed of both the interest payable to them and, as appropriate, the amount of any accrued and unpaid interest, in the manner described in section 4.1.3.1 of the Additional Building Block.

The amount accrued as interest or that is to be redeemed from the principal of the Bonds in each Series that cannot be paid from Available Funds in the Priority of Payment Order and the Liquidation Priority of Payment Order set forth in sections 3.4.6.2. and 3.4.6.3., respectively, of the Additional Building Block, will be covered with the State Guarantee pursuant to the provisions of section 3.4.2.1 of that Additional Building Block. The guarantee will be enforced when, on a Payment Date, the Fund cannot make the interest and principal payments payable on the Bonds, because it lacks enough Available Funds, with the Credit Line being considered part of those Funds for those purposes. With the aim of speeding up the payment process, the enforcement will be requested once per each maturity, both in terms of principal and interest. To this end, and at least fifteen (15) calendar days in advance of the Payment Date, the Sociedad Gestora must inform of the pertaining amounts on maturity that will not be met, as well as any exceptions precluding payment.

Notwithstanding the above, in the event Available Funds were only enough to partially meet the obligations that have the same Priority of Payment Order, the available amount will be divided in proportion to the Outstanding Nominal Balance of the affected Series and, within each Series, proportionally among the Bonds in that Series, and the amounts that the holders of the Bonds in each Series should not have received will be paid on the next Payment Date possible, in accordance with the Priority of Payment Order.

The State Guarantee will remain in effect whilst any of the economic obligations arising from the guaranteed bonds should remain outstanding, with extinction, in any event, of the liability on the part of the General State Administration if after six (6) months as of the Final Maturity Date of the last obligation of each guaranteed bond not being met, should lapse without having requested execution thereof.

The delay of the payment of interests or repayment of principal to the Bondholders will give rise to accrual of default interest.

The amount of the default interest will be the calculated by applying to the unpaid amount of the Bond the Euro Overnight Index Average interest rate published by the Bank of Spain, on the date that the interest or principal of the unpaid Bond matures, multiplied by the number of days that elapse between this date and the actual date of payment to the Bondholder, on a 360-day year basis.

The Fund, acting through the Sociedad Gestora, will not postpone the payment of interest or principal of the Bonds later than the Legal Maturity Date, pursuant to the redemption rules set forth in section 4.9. of this Securities Note.

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4.8.4 Calculation Agent

The Sociedad Gestora will be responsible for calculating the Nominal Interest Rate applicable to the Bonds, pursuant to the provisions of section 3.7 of the Additional Building Block.

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4.8.5 Issues arranged until the date of this Prospectus

The following table lists the main features of the issues arranged from the Date of Incorporation until the date of registration of this Prospectus:

Series	ISIN	Issue Date	Nominal Amount	Outstanding Nominal Balance on 4/12/2014 (euros)	Interest Rate	I.R.R.	Issue Price	Interest payment dates	Repayment System	Final Maturity Date
Series 1 ⁽¹⁾	ES0378641007	14/01/2011	2,000,000,000	0	4.800%	4.880%	99.777%	17 March each year	On maturity	17/03/2014
Series 2	ES0378641015	18/02/2011	2,000,000,000	2,000,000,000	5.000%	5.090%	99.701%	17 June of each year	On maturity	17/06/2015
Series 3	ES0378641023	25/03/2011	2,000,000,000	2,000,000,000	5.900%	5.990%	99.360%	17 March each year	On maturity	17/03/2021
Series 4	ES0378641031	16/05/2011	1,000,000,000	1,000,000,000	5.600%	5.630%	99.880%	17 September each year	On maturity	17/09/2018
Series 5 ⁽¹⁾	ES0378641049	30/09/2011	1,500,000,000	0	4.400%	4.480%	99.853%	17 September each year	On maturity	17/09/2013
Series 4 Increase	ES0378641031	18/11/2011	325,000,000	325,000,000	5.600%	6.420%	96.584%	17 September each year	On maturity	17/09/2018
Series 6	ES0378641056	18/11/2011	125,000,000	125,000,000	5.000%	7.700%	76.385%	17 December of each year	On maturity	17/12/2026
Series 2 Increase	ES0378641015	30/11/2011	125,000,000	125,000,000	5.000%	6.720%	97.056%	17 June of each year	On maturity	17/06/2015
Series 7	ES0378641064	09/12/2011	125,000,000	125,000,000	5.000%	7.810%	76.187%	17 June of each year	On maturity	17/06/2026
Series 5 Increase ⁽¹⁾	ES0378641049	20/12/2011	566,000,000	0	4.400%	4.930%	100.075%	17 September each year	On maturity	17/09/2013
Series 1 Increase ⁽¹⁾	ES0378641007	20/12/2011	140,000,000	0	4.800%	4.720%	103.837%	17 March each year	On maturity	17/03/2014
Series 2 Increase	ES0378641015	31/01/2012	235,000,000	235,000,000	5.000%	4.110%	105.879%	17 June of each year	On maturity	17/06/2015
Series 1 Increase ⁽¹⁾	ES0378641007	31/01/2012	212,000,000	0	4.800%	3.750%	106.326%	17 March each year	On maturity	17/03/2014

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Series	ISIN	Issue Date	Nominal Amount	Outstanding Nominal Balance on 4/12/2014 (euros)	Interest Rate	I.R.R.	Issue Price	Interest payment dates	Repayment System	Final Maturity Date
Series 2 Increase	ES0378641015	03/02/2012	340,000,000	340,000,000	5.000%	3.670%	107.331%	17 June of each year	On maturity	17/06/2015
Series 1 Increase ⁽¹⁾	ES0378641007	07/02/2012	153,000,000	0	4.800%	3.360%	107.191%	17 March each year	On maturity	17/03/2014
Series 2 Increase	ES0378641015	07/02/2012	150,000,000	150,000,000	5.000%	3.730%	107.148%	17 June of each year	On maturity	17/06/2015
Series 8	ES0378641072	07/02/2012	200,000,000	200,000,000	3.400%	3.460%	99.839%	17 December of each year	On maturity	17/12/2014
Series 9	ES0378641080	10/02/2012	236,100,000	236,100,000	6.250%	6.370%	98.971%	17 March each year	On maturity	17/03/2025
Series 10	ES0378641098	15/02/2012	580,000,000	580,000,000	6.460%	6.550%	99.139%	17 March each year	On maturity	17/03/2027
Series 9 Increase	ES0378641080	15/02/2012	133,700,000	133,700,000	6.250%	6.490%	98.042%	17 March each year	On maturity	17/03/2025
Series 11	ES0378641106	22/02/2012	125,000,000	125,000,000	6.500%	6.610%	99.023%	17 March each year	On maturity	17/03/2026
Series 12	ES0378641114	29/02/2012	844,000,000	844,000,000	4.880%	4.920%	99.812%	17 December of each year	On maturity	17/12/2017
Series 9 Increase	ES0378641080	31/10/2012	122,500,000	122,500,000	6.250%	6.780%	99.592%	17 March each year	On maturity	17/03/2025
Series 4 Increase	ES0378641031	07/11/2012	75,000,000	75,000,000	5.600%	5.490%	101.353%	17 September each year	On maturity	17/09/2018
Series 3 Increase	ES0378641023	07/11/2012	76,000,000	76,000,000	5.900%	6.240%	101.653%	17 March each year	On maturity	17/03/2021
Series 4 Increase	ES037641031	16/11/2012	110,000,000	110,000,000	5.600%	5.440%	101.737%	17 September each year	On maturity	17/09/2018
Series 13	ES0378641122	07/12/2012	1,750,000,000	1,750,000,000	4.000%	4.120%	99.665%	17 December of each year	On maturity	17/12/2015

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Series	ISIN	Issue Date	Nominal Amount	Outstanding Nominal Balance on 4/12/2014 (euros)	Interest Rate	I.R.R.	Issue Price	Interest payment dates	Repayment System	Final Maturity Date
Series 12 Increase	ES0378641114	14/12/2012	100,000,000	100,000,000	4.880%	5.060%	99.218%	17 December of each year	On maturity	17/12/2017
Series 4 Increase	ES0378641031	21/12/2012	155,000,000	155,000,000	5.600%	5.210%	103.419%	17 September each year	On maturity	17/09/2018
Series 4 Increase	ES0378641031	28/12/2012	160,000,000	160,000,000	5.600%	4.980%	104.666%	17 September each year	On maturity	17/09/2018
Series 14	ES0378641130	16/01/2013	1,000,000,000	1,000,000,000	4.130%	4.240%	99.578%	17 March each year	On maturity	17/03/2017
Series 15	ES0378641148	08/02/2013	89,000,000	89,000,000	5.750%	5.960%	98.107%	17 December of each year	On maturity	17/12/2026
Series 3 Increase	ES0378641023	13/02/2013	154,800,000	154,800,000	5.900%	5.350%	109.004%	17 March each year	On maturity	17/03/2021
Series 6 Increase	ES0378641056	13/02/2013	75,000,000	75,000,000	5.000%	6.170%	90.174%	17 December of each year	On maturity	17/12/2026
Series 3 Increase	ES0378641023	22/02/2013	87,000,000	87,000,000	5.900%	5.110%	110.716%	17 March each year	On maturity	17/03/2021
Series 3 Increase	ES0378641023	13/03/2013	83,200,000	83,200,000	5.900%	5.040%	105.537%	17 March each year	On maturity	17/03/2021
Series 16	ES0378641155	15/03/2013	1,500,000,000	1,500,000,000	3.880%	3.920%	99.800%	17 March each year	On maturity	17/03/2018
Series 16 Increase	ES0378641155	03/04/2013	75,000,000	75,000,000	3.880%	3.850%	100.286%	17 March each year	On maturity	17/03/2018
Series 17	ES0378641163	30/04/2013	1,800,000,000	1,800,000,000	2.880%	2.890%	99.971%	17 September each year	On maturity	17/09/2016
Series 3 Increase	ES0378641023	08/05/2013	248,000,000	248,000,000	5.900%	4.220%	111.884%	17 March each year	On maturity	17/03/2021
Series 18	ES0378641171	02/10/2013	2,000,000,000	2,000,000,000	3.380%	3.410%	99.862%	17 March each year	On maturity	17/03/2019

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Series	ISIN	Issue Date	Nominal Amount	Outstanding Nominal Balance on 4/12/2014 (euros)	Interest Rate	I.R.R.	Issue Price	Interest payment dates	Repayment System	Final Maturity Date
Series 16 Increase	ES0378641155	16/10/2013	250,000,000	250,000,000	3.880%	2.960%	105.942%	17 March each year	On maturity	17/03/2018
Series 4 Increase	ES0378641031	16/10/2013	400,000,000	400,000,000	5.600%	3.240%	111.021%	17 September each year	On maturity	17/09/2018
Series 17 Increase	ES0378641163	16/10/2013	300,000,000	300,000,000	2.880%	2.390%	101.603%	17 September each year	On maturity	17/09/2016
Series 19	ES0378641189	06/11/2013	1,500,000,000	1,500,000,000	2.250%	2.290%	99.896%	17 December of each year	On maturity	17/12/2016
Series 20	ES0378641197	19/02/2014	1,500,000,000	1,500,000,000	1.875%	1.946%	99.762%	17 September each year	On maturity	17/09/2017
Series 18 Increase	ES0378641171	28/02/2014	125,000,000	125,000,000	3.375%	2.363%	106.162%	17 March each year	On maturity	17/03/2019
Series 17 Increase	ES0378641163	28/02/2014	225,000,000	225,000,000	2.875%	1.456%	104.839%	17 September each year	On maturity	17/09/2016
TOTALS			27,075,300,000	22,504,300,000						

⁽¹⁾ Series 1 and 5 have been redeemed in full by the date of registration of this Prospectus.

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4.9 Bond maturity and redemption date

The information about the Final Maturity Date and redemption of the Bonds of each Series issued under this Base Prospectus, will be specified in the Final Terms and Conditions of each Issue.

The Bonds will be issued and amortized at par, below par or above par value, as has been specified in the Final Terms and Conditions.

Bond Redemption Systems

The Bonds may be redeemed only:

- (i) once at maturity, or
- (ii) according to a predetermined redemption schedule.

Should the Final Terms and Conditions envisage, pursuant to point (ii) above, the possibility of redemption according to a regular redemption schedule, such Final Terms and Conditions must determine either the amount to be amortized on each Payment Date or the procedure for calculating it. Under no circumstances may the redemption on each Payment Date be pass through (that is to say, that the periodic redemption of the Bond can vary, after the latter has been issued, in terms of the redemption or remuneration of the Sold Receivables). Such amounts will be redeemed on each Payment Date and charged to Available Funds and once said amounts have been deducted from items (1) to (3) of the Priority of Payment Order, or the Liquidation Priority of Payment Order, as appropriate.

The Bonds will be redeemed on the dates that are specifically stated in the Final Terms and Conditions of the Issue in particular, and which will coincide with a Fund Payment Date.

The amount accrued for the redemption of the Bonds of each Series that cannot be redeemed in accordance with the Priority of Payment Order in sections 3.4.6.2 and 3.4.6.3 of the Additional Building Block, will be redeemed from the State Guarantee pursuant to the provisions of section 3.4.2.1 of such Additional Building Block.

Bond issue term

The Bonds may have a minimum maturity date of one (1) year and A maximum of sixteen (16) years from their Disbursement Date. However, under no circumstances may it extend beyond the Fund Final Maturity Date.

Only the Bonds with a maturity date of between one (1) and two (2) years may have an implicit yield (zero coupon bond) as stated in section 4.8.1 above.

Mandatory prepayment

The Bonds must be subject to early redemption, fully in the event of Early Settlement of the Fund, under the terms set forth in paragraph 4.4.3. of the Registry Document and, in

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the event of extinction of the Fund, under the terms set forth in paragraph 4.4.4. of the Registration Document, when the Sociedad Gestora, on behalf of the Fund, will redeem the Bonds of the Series outstanding in full.

Bond Payable Principal Balance.

The "**Bond Payable Balance**" will be the sum of the outstanding balances of the Bonds of all the Series or, relative to each Series, the current balance of the Bonds of that Series (in other words, the outstanding amount of principal of the unredeemed Bonds of such Series).

4.10 Indication of the yield.

The actual interest payable to a subscriber who acquires the Bonds of a Series at the time of the corresponding Issue, and keeps them until their maturity, will be indicated, by way of example, in the corresponding Final Terms and Conditions.

A calculation of the average life, IRR, term and estimated maturity date of the Bonds will be stated in the pertinent Final Terms and Conditions. In any case, the average life, yield, duration and final maturity of the Bonds depends on diverse factors, the most significant of which are as follows:

- a) The collection of the Sold Receivables or
- b) The actual payment of the Guarantee; and
- c) The change of the interest rates applicable to the Bonds.

4.11 Representation of the Bondholders.

No Bondholder Syndicate will be set up, and the Bondholders will be represented by the Sociedad Gestora in accordance with the provisions of article 12 of Royal Decree 926/1998.

4.12 Resolutions, authorizations, and approvals for the Bond issue.

The resolves and agreements by the who se proceed as of this Programme, whose duration surgery in invoices and documentation remitted of the CNMV, are the who unabated below:

4.12.1 Administrative licences

- a) Favourable preliminary report from the Ministry of the Economy and Taxation regarding the establishment of the Fund.

On 7 October 2010, the Ministry of Economy and Finance issued a prior favourable report on the incorporation of the Fund, as referred to in section 5.3 *in fine* of 21st AP Ley 54/1997.

- b) CNE Certificate

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According to article 6.3 of Royal Decree 437/2010, prior to the sale of the Tariff Deficit Receivables to the Fund, the National Energy Commission must issue a certificate stating that the information furnished by the Seller with respect to the commitment to sell a specific Tariff Deficit Receivable to such CNE is correct and complete.

The deficit certificate-related functions of the CNE referred to in this section have been taken over by the CNMC according to the attribution of functions set out in Ley 3/2013.

The CNE issued that certificate for all the Tariff Deficit Credit Rights committed by the Sellers through the resolutions issued by the CNE on 30 July 2010 and 17 September 2010 (regarding 2003-2005 Off-Peninsula Receivables, 2006 Off-Peninsula Receivables, 2007 Off-Peninsula Receivables, 2008 Off-Peninsula Receivables, 2006 Peninsular Receivables, 2008 Peninsular Receivables, 2009 Deficit Receivables and (original) 2010 Deficit Receivables); 1 March 2012 and 8 March 2012 (regarding additional 2010 Deficit Receivables, 2011 Deficit Receivables and (original) 2012 Deficit Receivables) and 25 July 2013 (regarding additional 2012 Tariff Deficit Receivables).

Any other information required from the CNMC (replacing the CNE) in connection with the Fund will be processed at the request of the Ministry of Industry, Energy and Tourism.

In accordance with the provisions of article 6.7 of Royal Decree 437/2010, once the effective sale of a certain Tariff Deficit Receivable has taken place, the Sellers and the Fund will inform the CNMC (replacing the CNE) must keep in accordance with article 14 of the aforementioned Royal Decree 437/2010. A copy of the Set of Supplementary Articles through which each sale is instrumented will be filed with the CNMV, the CNMC (replacing the CNE) and the Directorate General of Energy Policy and Mining.

A copy of the disbursement certificate of each Issue will be filed with the CNMV, the CNMC and the Directorate General of Energy Policy and Mining.

However, on the date of registration of this Prospectus, all the Tariff Deficit Receivables have already been sold to the Fund and, therefore, all the aforementioned formalities regarding the Sold Credit Rights have been completed already.

c) Irrevocable preliminary undertakings of the sale by the Sellers

All the Tariff Deficit Receivables committed pursuant to the provisions of paragraph b) above were sold between January 2011 and November 2013.

Section 5.1.3 of the Registration Document describes the highlights regarding the sale commitments of each of the Sellers. On the date of registration of this Prospectus, all the Tariff Deficit Receivables for which the Sellers had issued the pertinent sale commitments, have already sold to the Fund.

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d) According to the previous sections, in order to be sold to the Fund, the Deficit Receivables had to be:

- first of all, recognized by a Ministerial Order (and, on the date of registration of this Prospectus, all the Tariff Deficit Receivables have been recognized in accordance with the provisions of this paragraph);

- secondly, subject to a sale commitment given by the Sellers, (and, on the date of registration of this Prospectus, all the Tariff Deficit Receivables are subject to sale commitments), and

- finally, the CNE (or CNMC, as the case may be), must have confirmed that the information about the sale commitments is correct and complete (CNE having confirmed this with respect to all the sale commitments issued on the date of registration of this Prospectus).

Therefore, on the date of registration of this Prospectus, all the requirements necessary for the Tariff Deficit Receivables to be sold to the Fund have been met and the sale has taken place.

e) Resolutions of the Interministerial Committee or, where necessary, of the Monitoring Committee.

On 22 November 2010, the Monitoring Committee resolved to accept the contents of the draft Base Prospectus sent to the CNMV on 19 November 2010, and in particular considered that the information on the structure of the Fund, the Tariff Deficit Receivables, the Facility and the credit enhancements was correct.

On 23 November 2011, the Monitoring Committee resolved to accept the contents of the draft Renewal Prospectus sent to the CNMV on 23 November 2011.

On 26 November 2012, the Monitoring Committee resolved to accept the contents of the draft of the Second Renewal Prospectus circulated to the Monitoring Committee on 23 November 2012.

On 22 November 2013, the Monitoring Committee resolved to accept the contents of this draft Renewal Prospectus circulated to the Monitoring Committee on 21 November 2013.

Finally, on 28 November 2014, the Monitoring Committee resolved to accept the contents of this draft Renewal Prospectus circulated to the Monitoring Committee on 28 November 2014.

Furthermore, prior to the registration of the relevant Final Terms and Conditions of each Issue of the Fund, the Monitoring Committee will issue a certificate with:

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- (i) Provided that Tariff Deficit Receivables are going to be acquired in that Issue, an estimated appraisal and distribution of the outstanding amount of the Tariff Deficit Receivables on the relevant Disbursement Date (notwithstanding the foregoing, on the date of registration of this Prospectus, all the Tariff Deficit Receivables have already been sold to the Fund), and
- (ii) The definitive terms and conditions of the relevant Issue.

f) Confirmation by the Secretariat General of the Treasury and Financial Policy that the conditions of effectiveness of the State Guarantee (Appendix 1 of the State Guarantee) have been met.

In accordance with the provisions of the State Guarantee, prior to the registration of the pertinent Final Terms and Conditions of each Issue, the Secretariat General of the Treasury and Financial Policy will issue confirmation of the compliance with the necessary requirements of that Issue in order to be guaranteed by the State Guarantee.

4.12.2 Corporate resolutions

4.12.2.1 Resolution to incorporate the Fund and issue the Bonds

Fund Incorporation Resolutions.

At the meeting held on 27 July 2010, the Board of Directors of the Sociedad Gestora resolved, inter alia, to incorporate the Fund in accordance with the provisions set forth in the 2nd AP of Ley 54/1997, Royal Decree 437/2010, Royal Decree 926/1998 and in Ley 19/1992, to pool the Tariff Deficit Receivables in the Fund and to issue the Bonds against the Fund, for a maximum outstanding balance of up to TWENTY-FIVE BILLION (25,000,000,000) euros.

Furthermore, the Board resolved to delegate the decision to order the increase of the assets of the Fund and consequent arrangement of the successive Bond issues, pursuant to the provisions of the Programme, to the Chairman, Secretary or General Director of the Sociedad Gestora.

Subsequently, at the Board meeting held on 20 June 2013, the Board of Directors of the Sociedad Gestora resolved to amend the resolution adopted by the Board of Directors on 27 July 2010 in order to increase the maximum amount of receivables to be pooled in the Fund to TWENTY-SIX BILLION (26,000,000,000) EUROS and the outstanding maximum nominal amount of the Bonds or other fixed interest securities to be issued by the Fund to TWENTY-SIX BILLION (26,000,000,000) EUROS.

Resolutions to sell Tariff Deficit Receivables.

The Sellers agreed the sale of the Tariff Deficit Receivables to the Fund.

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The CNE and the Sociedad Gestora received the pertinent sale commitment letters from the Sellers.

4.12.3 Granting of the State Bank Guarantee.

The State Administration granted two guarantees to the Fund (jointly, the "**Guarantee**" or the "**State Guarantee**"), described in section 3.4.2.1 of the Additional Building Block, waiving the benefit of surety set forth in article 1830 of the Spanish Civil Code, and up to a total maximum outstanding balance of TWENTY-SIX BILLION (26,000,000,000) euros, to guarantee the payment of the economic obligations binding the Fund derived from the bond issues arranged and charged to the receivables that form its assets and that meet the requirements set forth in set out in the Bank guarantee itself, under the Ministerial Order of 14 January 2011 and the Ministerial Order of 27 August 2013.

All the Bonds of all the Series issued by the Fund will be guaranteed by the State Guarantee.

4.12.4 Registration by the CNMV.

This Prospectus was registered by the CNMV in its Official Register on 4 December 2014.

4.12.5 Granting of the Public Deed of Incorporation for the Fund.

The Fund was incorporated on the Date of Incorporation of the Fund, 14 January 2011, after the end of the First Issue Demand Prospection Period, in the terms set forth in Royal Decree 926/1998, and the prior registration of the Final Terms and Conditions of the First Issue by the granting of the Deed of Incorporation by the Sociedad Gestora, as the fund's manager, and by the Sellers. A copy of the Deed of Incorporation was sent to the CNMV for its registration in the public register, to the CNE and to the Directorate General of Energy Policy and Mining.

4.12.6 Sets of Supplementary Articles.

The Issues subsequent to the Date of Incorporation have been instrumented and will be instrumented through Sets of Supplementary Articles, which have been deposited or will be deposited in the CNMV prior to the Date of Disbursement of the relevant Issue. A copy of the Supplementary Articles have been or will be sent to the CNMV for its registration in the public register and to the CNE (or to the CNMC, replacing the CNE) and to the Directorate General of Energy Policy and Mining.

4.12.7 Registration of Prospectus updates. Supplements.

This Facility will last one (1) year from the date of publication of this Prospectus and will be renewed each year during the Issue Period, by

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registering the pertinent update Prospectus, subject to the publication of the supplements to the pertinent Prospectus.

In this respect, one or several supplements to the Prospectus will be submitted for registration in order to:

- a) If, where necessary, and due to future statutory provisions, new Tariff Deficit Receivables that can be sold to the Fund are added, add:
 1. Any correspondence from the Sellers regarding their sale commitments, renew or revoke such sale commitments.
 2. Where necessary, the amount of the Tariff Deficit Receivables that have not been acquired by the Fund during the sale period established for that purpose and that, in accordance with the provisions of article 6 of Royal Decree 437/2010, have notified that they intend to sell them to the Fund.
- b) Add the annual accounts of the Fund that are approved each year.
- c) If, where applicable, and due to future statutory provisions, other entities are added to the Facility as potential Sellers, and such other entities are recognized the right to sell Tariff Deficit Receivables to the Fund, provided that they adhere to the Deed of Incorporation of the Fund, by formalizing a Set of Supplementary Articles.
- d) If, in accordance with the provisions of section 2.2.2 E) of the Additional Building Block, a decision to publish the methodology for fixing the internal rate of return of the Bonds that do not have a fixed coupon (category B of Bonds of section 4.8.1 of the Securities Note), is approved, at the proposal of the Sociedad Gestora, by the Interministerial Committee, or the Monitoring Committee (if it has been delegated this power, pursuant to the provisions of section 2.2. of the Additional Building Block).

4.13 Bond issue date.

"Issue Date" means the Bond Issue date, which will be the same as the date on which the Deed of Incorporation or a Set of Supplementary Articles, as appropriate, is granted.

"Date of Sale" means the date on which the Tariff Deficit Receivable will actually be sold to the Fund, which will be the Disbursement Date of the respective Issue.

"Disbursement Date" means the date on which each Issue is disbursed, stated in the Final Terms and Conditions.

The Issue, Subscription and Disbursement Dates of each Bond Issue arranged during the Issue Period will be specified properly in the corresponding Final Terms and Conditions, in accordance with the provisions of this Prospectus.

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The securities will be issued in order to be acquired by qualified investors, as the latter are defined in article 39 of Royal Decree 1310/2005. The Bonds will be placed and awarded, in accordance with the normal practices on these markets, freely and in a discretionary manner.

The pertinent Final Terms and Conditions will establish the Disbursement Dates of each Issue, on which the pertinent amounts must have been paid into the Fund, for value that same day.

4.14 Restrictions on the free transferability of the Bonds

The Bonds of all the Series are freely transferable and can be transmitted through any legally permissible means and in accordance with the rules of the AIAF Fixed Income Market, where they will be listed and, where applicable, with the rules of the Spanish Public Debt Book-Entry Market. The title to each Bond will be conveyed by account transfer (account entry). Registration of the transfer to the purchaser in the accounting register will have the same effects as the trading of shares, and from that moment onwards the transfer can be relied upon as against third parties.

5. ADMISSION TO TRADING AND DEALING ARRANGEMENTS.

5.1 Market where the securities will be traded.

The Sociedad Gestora will make its best efforts to ensure that the Bonds of each Issue have been admitted to trading on the AIAF Market within one (1) month of the corresponding Disbursement Date stipulated in the Deed of Incorporation or, as appropriate, in the Set of Supplementary Articles and Final Terms and Conditions. The entity in charge of the bookkeeping of the Bonds issued by the Fund will be IBERCLEAR, which will clear and settle the transactions carried out with the Bonds issued by the Fund.

The Sociedad Gestora hereby declares that it knows the requirements and conditions necessary for listing, quotation and delisting of securities in the AIAF according to the applicable laws and the requirements of its ruling body and agrees to comply with the same.

If the Securities fail to be admitted to trading on time, the Sociedad Gestora will notify the CNMV and the general public of the reasons for such failure, in accordance with the procedure set described in section 4 of the Additional Building Block, without detriment to the liability incurred on these grounds.

However, the Monitoring Committee may, during the life of the Fund, call upon the Sociedad Gestora to request that the Bonds of each issue be admitted to trading through the Spanish Public Debt Book-Entry Market, if the operation of the Fund, the state of the markets or other circumstances make it advisable.

5.2 Financial Agent

The payment of interest and principal for the Bond Issue referred to in this Programme will be handled by ICO, (for these purposes, the "**Financial Agent**"), located for these

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purposes at number 4, Paseo del Prado, in Madrid (Spain), which has the resources to carry out this function.

The interest of the Bonds of each Series will be paid until the final redemption thereof in Interest Accrual Periods in arrears on the Payment Dates, on each of the Payment Dates, in accordance with the conditions set forth in section 4.8 of this Securities Note and in the Final Terms and Conditions.

The Sociedad Gestora, on behalf of and for the account of the Fund, entered into a Financial Services Contract with the ICO in order to carry out the financial service of the Issue of Bonds which are issued at the expense of the Fund ("**Financial Services Contract**").

The obligations to be assumed by the ICO as paying agent under the Financial Services Contract are as summarized below:

- (i) On the Disbursement Date of each of the Issues, pay each of the Underwriting Agents and/or Placement Agents, where applicable, the amount of the underwriting fee and/or placement fee that each one may have accrued.
- (ii) The Financial Agent will make the ordinary and, where applicable, default interest and redemption payments of the Bonds of each Series and the rest of the Fund's payments, on the respective Payment Date, or when appropriate, after receiving appropriate instructions from the Sociedad Gestora.
- (iii) On each of the Fixing Dates of Series of Bonds with a floating interest rate, notify the Sociedad Gestora of the Reference Interest Rate that will serve as the basis for calculating the nominal interest rate applicable to the respective Series of Bonds, pursuant to the Final Terms and Conditions and for each respective Interest Accrual Period.
- (iv) On each of the respective Dates on which the Credit Line is drawn down, notify the Sociedad Gestora of the reference rate of interest that will serve as the basis for calculating the nominal interest rate applicable to the amounts drawn from the Credit Line, in the terms set forth in this Prospectus.
- (v) With respect to the remuneration of the Collection Account, notify the Sociedad Gestora, at the start of each Interest Accrual Period of the Collection Account (as this is defined in section 3.4.4.2 of the Additional Building Block), the one (1) month EURIBOR and the interest rate applicable to the current European Central Bank deposit facility (as applicable).
- (vi) The Financial Agent will hold the Fund Accounts, in other words, the Treasury Account, the Collection Account and the Guarantee Account.

Additionally, pursuant to the provisions of the State Guarantee, the amount of the Guarantee enforced to pay the financial obligations ensuing from the Bonds will be transferred by the Secretariat General of Treasury and Financial Policy into the Fund's account opened at the ICO or to whoever replaces it in its capacity as paying agent, in the account opened at the Bank of Spain solely for this purpose, and which is registered in the third party file kept by the Secretariat General of the Treasury and Financial Policy, (hereinafter, the "**Guarantee Account**").

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After receiving the amount enforced from the Guarantee, provided that the Secretariat General of the Treasury and Financial Policy has deposited it in the Guarantee Account before 12.00 noon (C.E.T.), the Financial Agent, following the instructions of the Sociedad Gestora, will pay the holders of any unpaid Bonds the amount to which they are entitled, for value the same date on which it has received the amount enforced, together with the default interest.

As consideration for the services to be performed by the Financial Agent, the Fund will pay the latter on each Payment Date (i) a fixed fee equal to FIFTEEN THOUSAND (15,000) EUROS and (ii) a variable fee equal to the amount that results applying the percentage of 0.00386% (on an annual basis) to the Bond Payable Principal Balance on the immediately previous Payment Date, payable in each Payment Date that falls on 17 March, 17 June, 17 September and 17 December each year or next Business Day, pursuant to the Payment Order of Priority or to the Liquidation Priority of Payment Order, as appropriate, and will be considered a Periodic Expense of the Fund.

The Sociedad Gestora is authorized to substitute the Financial Agent (in all or some of its duties as the servicer of the Treasury Account, the Collection Account, the Guarantee Account or paying agency) provided that the authorization of the competent authorities is obtained. The grounds that give rise to the substitution must be a serious breach of its obligations and be liable to harm the interests of the Bondholders.

6. EXPENSE OF THE ADMISSION TO TRADING.

The Issue Expenses of the other Issues, the Periodic Expenses and Extraordinary Expense will be paid from the Available Funds of the Fund from time to time.

Pursuant to the provisions of section 3.4.7.(ii), the Issue Expenses will be determined before the corresponding Issue takes place and will be itemized in the Final Terms and Conditions document that is filed with the CNMV on the occasion of each Issue.

The fees for the registration of this Facility Renewal Prospectus with the CNMV, that are included in the table below, which will be considered Periodic Expenses and will be paid from the Available Funds of the Fund.

Item	Amount
AIAF	66,550.00
CNMV (maximum for monitoring)	10,038.06
CNMV (verification)	43,535.07
Other renewal expenses* (legal and translation)	29,876.87
TOTAL	150,000.00

* The Sociedad Gestora has informed the Monitoring Committee of these expenses, which do not have to be approved expressly because they do not exceed the limits set out in Order PRE/2037/2010.

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7. OTHER INFORMATION.

7.1 Statement of the capacity in which the advisors involved in the issue that are mentioned in the Securities Note have acted

J&A GARRIGUES, S.L.P., as independent advisor, has acted as the legal advisor on the transaction and has reviewed the tax implications.

7.2 Other information in the Securities Note that has been audited or reviewed by the auditors.

This Securities Note has not been reviewed by the auditors.

7.3 Statements or reports attributed to a person as an expert.

Not applicable.

7.4 Information sourced from third parties.

On the occasion of each Issue in which Tariff Deficit Receivables have been sold, the Sociedad Gestora has received confirmation from the Sellers that the information about such companies and about the Tariff Deficit Receivables that they owned and sold to the Fund (each one with regard to its respective company and to the Tariff Deficit Receivables that it sold on the pertinent Date of Sale) was true, pursuant to the provisions of section 2.2.8 of the Additional Building Block.

On 7 October 2010, the Ministry of Economy and Finance issued a prior favourable report on the incorporation of the Fund, as referred to in section 5.3 *in fine* of 21st AP Ley 54/1997.

According to article 6.3 of Royal Decree 437/2010, prior to the sale of the Tariff Deficit Receivables to the Fund, the CNE had to issue a certificate stating that the information furnished by the Seller with respect to the commitment to sell a specific Tariff Deficit Receivable to such CNE is correct and complete. The CNE issued this certificate for all the Tariff Deficit Credit Rights subject to a commitment from the sellers through the CNE resolutions dated 30 July 2010, 17 September 2010, 1 March 2012, 8 March 2012 and 25 July 2013.

On 21 October 2010, the CNE approved the methodology for calculating the amount of the Tariff Deficit Receivables and the pro rata distribution among the Sellers.

Moreover, on 28 November 2014, the Monitoring Committee resolved to accept the contents of the draft of this Prospectus circulated to the Monitoring Committee on 28 November 2014, and in particular considered that the information on the structure of the Fund, the Tariff Deficit Receivables, the Facility and the credit enhancements is correct.

The Sociedad Gestora confirms that it has accurately reproduced the information that it has received from the Interministerial Committee, Monitoring Committee and CNMC (replacing the CNE) and, insofar as it knows and can tell from such information received from the Interministerial Committee, Monitoring Committee and CNMC (replacing the

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CNE), confirms that it has not omitted any fact that might result in the information reproduced being inaccurate or misleading, nor does this Prospectus omit material facts or data relative to the information about the Interministerial Committee, Monitoring Committee and CNMC (replacing the CNE), or the Tariff Deficit Receivables sold by each Seller that could be significant for the investor.

The Sociedad Gestora will reproduce in the respective Final Terms and Conditions the information that has receives from the Interministerial Committee, Monitoring Committee and CNMC (replacing the CNE) and will give an undertaking that such information, insofar as it knows and can tell from such information received from the Interministerial Committee, Monitoring Committee and CNMC (replacing the CNE), has not omitted any fact that might result in the information reproduced being inaccurate or misleading, nor do such Final Terms and Conditions omit material facts or data regarding the information about the Sellers, Interministerial Committee, Monitoring Committee and CNMC (replacing the CNE) or the Tariff Deficit Receivables sold by each Seller that could be significant for the investor.

7.5 Credit Rating assigned by the Rating Agencies.

7.5.1 Rating assigned to the Bonds.

As a condition for the registration of the pertinent Final Terms and Conditions of each of the Bond Issues, the Bonds that are issued under this Facility must have been assigned provisional ratings by at least one of the Rating Agencies. These provisional ratings must be confirmed before the start of the pertinent Subscription Period of each Bond Issue.

Furthermore, Moody's and Fitch must confirm in writing, before the start of the Subscription Period of the corresponding Bond Issue, that such Bond Issue will not lead to a downgrading of the ratings already assigned, such that the ratings assigned to Bonds already issued by the Fund will not, under any circumstances, be affected by future Bond Issues.

The current ratings of the issued Series of Bonds are as follows:

Series	DBRS	Fitch	Moody's	S&P
Series 1	A (low) (sf), Trend Negative	BBB+ Stable Outlook	Baa2 (sf)	BBB
Series 2	A (low) (sf), Trend Negative	BBB+ Stable Outlook	Baa2 (sf)	BBB
Series 3	A (low) (sf), Trend Negative	BBB+ Stable Outlook	Baa2 (sf)	BBB
Series 4	A (low) (sf), Trend Negative	BBB+ Stable Outlook	Baa2 (sf)	BBB
Series 5	A (low) (sf), Trend Negative	BBB+ Stable Outlook	Baa2 (sf)	BBB
Series 6	A (low) (sf), Trend Negative	-	-	BBB
Series 7	A (low) (sf), Trend Negative	-	-	BBB
Series 8	A (low) (sf), Trend Negative	-	-	BBB
Series 9	A (low) (sf), Trend Negative	-	-	BBB
Series 10	A (low) (sf), Trend Negative	BBB+ Stable Outlook	Baa2 (sf)	BBB

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Series	DBRS	Fitch	Moody's	S&P
Series 11	A (low) (sf), Trend Negative	-	-	BBB
Series 12	A (low) (sf), Trend Negative	-	-	BBB
Series 13	A (low) (sf), Trend Negative	BBB+ Stable Outlook	Baa2 (sf)	BBB
Series 14	A (low) (sf), Trend Negative	BBB+ Stable Outlook	Baa2 (sf)	BBB
Series 15	A (low) (sf), Trend Negative	-	-	BBB
Series 16	A (low) (sf), Trend Negative	BBB+ Stable Outlook	Baa2 (sf)	BBB
Series 17	A (low) (sf), Trend Negative	BBB+ Stable Outlook	Baa2 (sf)	BBB
Series 18	A (low) (sf), Trend Negative	BBB+ Stable Outlook	Baa2 (sf)	BBB
Series 19	A (low) (sf), Trend Negative	BBB+ Stable Outlook	Baa2 (sf)	BBB
Series 20	A (low) (sf), Trend Negative	BBB+ Stable Outlook	Baa2 (sf)	BBB

7.5.2 Considerations regarding the rating assigned to the Bonds by the Rating Agency.

In the case of S&P, the rating is based on the Guarantee awarded by the State, which, according to its terms, they consider irrevocable, unconditional and on first demand. The Guarantee guarantees the payments of principal and interest of the Issues arranged by the Fund up to an authorized maximum outstanding balance of TWENTY-SIX BILLION (26,000,000,000) euros, pursuant to article 2 of Royal Decree-Law 14/2010 and in section 54.2.d) of Ley 17/2012. S&P also takes into account that Royal Decree-law 6/2010 authorises the General State Administration to grant bank guarantees to guarantee the economic obligations binding the Fund, as determined in the pertinent State Budget Acts, in the context of the measures to boost the economic recovery and employment.

The ratings awarded by Fitch entail an opinion about the timely payment of interest and repayment of the Bond principal throughout the transaction and in any event before or on the Final Maturity Date indicated, for each Series, in the relevant Final Terms and Conditions, in accordance with the conditions set forth in the pertinent documents.

Additionally for Fitch, the ratings assigned to the Series of Bonds issued by the Fund, are linked to the long-term sovereign rating of Spain. Therefore any change in the sovereign rating will probably imply a change in the ratings of the Bonds issued by the Fund.

Moody's long-term ratings address the possibility that a financial obligation will not be honoured as promised, reflecting both the likelihood of default and any financial loss suffered in the event of default.

Additionally, for Moody's, the rating of the Series of Bonds is totally linked to the rating of the Spanish government, such that the issuer's claims subject to the guarantee represent an unconditional, irrevocable, lawful, valid and binding obligation of the Spanish government.

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It is hereby stated that the letters of confirmation issued by Moody's will be governed by and construed in accordance with English Law and will be subject to the exclusive jurisdiction of the English Courts of Law.

Moody's ratings are Moody's current opinions of the credit risk, credit commitments, or debt or debt-like securities of each entity analysed, and are not statements of current or historical fact. Moody's credit ratings only addresses credit risk, without taking into consideration other items of risk, including but not limited to, liquidity risk, market value risk, or price volatility. These non-credit risks may have a significant impact on the investor's return.

In the case of DBRS, the ratings described for the Bonds of each Series constitute an opinion with respect to the aforementioned Bonds regarding the payment of interest and the payment of principal before or on the Final Maturity Date of each Series, according to the transaction documents.

In the case of DBRS, the Bond ratings are based on the obligation of the guarantor, which is the State Administration, with respect to the payments regarding the enforcement of the bank guarantee on the interest and principal of the Bonds up to the maximum amount of the Guarantee of TWENTY-SIX BILLION (26,000,000,000) EUROS.

The Bond ratings assigned by DBRS do not constitute an opinion about the likelihood or frequency of repayments of the underlying obligations or the likelihood of the holder of the bonds obtaining a lower-than-expected return.

The assigned ratings, as well as any revision or suspension thereof: (i) are formulated by the Rating Agencies on the basis of a large amount of information received, the accuracy and completeness of which is not guaranteed by the Rating Agencies, and therefore the Rating Agencies will in no event be held liable for the contents thereof; (ii) do not constitute and, therefore, could not in any way be interpreted as an invitation, recommendation or solicitation for investors to proceed to carry out any type of transaction with the Bonds and, in particular, to acquire, retain, encumber or sell such Bonds; (iii) they do not comment on the adequacy of market price, the suitability of the bonds for a particular investor, or the tax-exempt nature or taxability of any payments of the Bonds; and (iv) these credit ratings are only an opinion and do not necessarily mean that potential investors do not have to conduct their own analysis of the securities that they intend to buy.

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ADDITIONAL BUILDING BLOCK TO THE SECURITIES NOTE

(ANNEX VIII OF COMMISSION REGULATION 809/2004)

1. SECURITIES.

1.1 Amount of the issue.

According to the 21st Additional Provision of Ley 54/1997 and article 2 of Royal Decree 437/2010, the categories of Tariff Deficit Receivables that could have been sold to the Fund (the "**Tariff Deficit Receivables**") and that, to date, have all been sold to the Fund, are as follows:

1) The receivables generated and not sold to third parties by the original holders of the receivable up to 10 billion euros on 31 December 2008. These include the following categories:

a) "**2006 Peninsular receivables**": receivables recognized in Royal Decree 485/2009, of 3 April, regulating the implementation of the last resort supply in the electricity sector. These receivables will be recovered within a maximum of 15 years from 1 January 2007. As at 31 December 2008, the outstanding recognized amount of these receivables was 2,082,719,651.47 euros.

b) "**2008 Peninsular Receivables**": receivables recognized in Order ITC/3860/2007, of 28 December, reviewing the electricity tariffs from 1 January 2008, and Order ITC/1857/2008 of 26 June, reviewing the electricity tariffs from 1 July 2008. These receivables will be recovered within a maximum of 15 years from 1 January 2008. As at 31 December 2008, the outstanding recognized amount of these receivables was 4,136,117,970.01 euros.

c) "**2001-2002 Off-Peninsular Receivables**": receivables recognized in Order ECO/2714/2003, of 25 September, developing Royal Decree 1432/2002, of 27 December, regarding the assignment and/or securitization of the cost corresponding to the imbalance in revenue for regulated activities prior to 2003 and to the cost corresponding to the reviews derived from the off-peninsular costs. These receivables will be recovered within a maximum of 8 years from 1 January 2003. As at 31 December 2008, the outstanding recognized amount of these receivables was 264,327,140.00 euros.

d) "**2003-2005 Off-peninsular Receivables**": receivables recognized in Ministerial order ITC/3860/2007, of 28 December, reviewing the electricity tariffs from 1 January 2008. These receivables will be recovered within a maximum of 15 years from 1 January 2005. As at 31 December 2008, the outstanding recognized amount of these receivables was 471,988,140.00 euros.

e) "**2006 Off-Peninsular Receivables**": The amount of the recognized receivables outstanding at 31 December 2008 was 745,594,000.00 euros. These receivables will be recovered within a maximum of 15 years from 1 January 2010.

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f) "**2007 Off-peninsular Receivables**": The amount of the recognized receivables outstanding at 31 December 2008 was 346,620,000.00 euros. These receivables will be recovered within a maximum of 15 years from 1 January 2010.

g) "**2008 Off-Peninsular Receivables**": The amount of the recognized receivables outstanding at 31 December 2008 was 467,228,000.00 euros. These receivables will be recovered within a maximum of 15 years from 1 January 2010.

According to article 2 of Royal Decree 437/2010, the aforementioned amounts were definitive for the purposes of the sale to the Fund.

2) "**2009 Deficit Receivables**": The amount of the recognized receivables outstanding at 31 December 2009 was 3,500,000,000.00 euros. These receivables will be recovered within a maximum of 15 years from 1 January 2010. This amount was definitive for sale purposes.

3) "**2010 Deficit Receivables**": According to article 3.2 of Order ITC 3/2009, of 28 December 2009, reviewing the access tolls from 1 January 2010 and rates and premiums of special regime facilities, the Tariff Deficit Receivable for the year 2010 was 3 billion euros. Accordingly and pursuant to the provisions of Royal Decree 437/2010, such 2010 Deficit Receivables will be recovered within a maximum of 15 years calculated from 1 January of the year following the year in which they are recognized (that is to say, for the 2010 Deficit Receivables, from 1 January 2010, and therefore until 31 December 2024). Subsequently, pursuant to Royal Decree 1307/2011, the maximum amount of the 2010 Deficit Receivables was increased by the temporary mismatches of electricity system settlements by the amount of 2.5 billion euros and their price was also increased by the same amount.

4) "**2011 Deficit Receivables**", Order ITC/3353/2010, of 28 December, establishing the access tolls from 1 January 2011 and the tariffs and premiums of special regime installations forecast a revenue deficit in the settlements of the electricity sector regulated activities from 1 January to 31 December 2011, both inclusive, that amounted to 3 billion euros. Accordingly and pursuant to the provisions of Royal Decree 437/2010, such 2011 Deficit Receivables will be recovered within a maximum of 15 years calculated from 1 January of the year following the year in which they are recognized (that is to say, for the 2011 Deficit Receivables, from 1 January 2011, and therefore until 31 December 2025).

5) "**2012 Deficit Receivables**": Order IET/3586/2011, of 30 December, establishing the access tolls from 1 January 2012 and the tariffs and premiums of special system installations forecasted a revenue deficit in the settlements of the electricity sector regulated activities from 1 January to 31 December 2012, both inclusive, that amounted to 1.5 billion euros. Accordingly and pursuant to the provisions of Royal Decree 437/2010, such 2012 Deficit Receivables will be recovered within a maximum of 15 years calculated from 1 January of the year following the year in which they are recognized (that is to say, for the 2012 Deficit Receivables, from 1 January 2012, and therefore until 31 December 2026).

Subsequently, article 1.5 of Royal Decree-law 9/2013 amended paragraph 4 of the 21st Additional Provision to Act 54/1997, the law that established the revenue deficit for 2009, 2010, 2011 and 2012. According to this amendment, the 2012 Deficit Receivables will be

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increased by the amount of 4,109,213,000 euros, such amount being deemed definitive for the purposes of the sale.

The specific characteristics of the Tariff Deficit Receivables are described in section 2.2. below.

As at 31 December 2013, there were no Tariff Deficit Receivables remaining to be sold to the Fund.

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Includes below is a table listing each of the Sold Receivables as at 4 December 2014:

Sold Receivables		
Receivable	Receivable Nominal Balance at the time of the sale	Receivable Nominal Balance on 4/12/2014
Receivable Sale 1 (25/01/2011)	1,995,540,000.00	1,617,124,623.23
Receivable Sale 2 (24/02/2011)	1,994,020,000.00	1,625,541,008.31
Receivable Sale 3 (31/03/2011)	1,987,200,000.00	1,633,592,513.23
Receivable Sale 4 (20/05/2011)	998,800,000.00	827,343,170.06
Receivable Sale 5 (05/10/2011)	1,497,795,000.00	1,268,294,689.59
Receivable Sale 6 (23/11/2011)	313,898,445.25	268,234,852.57
Receivable Sale 7 (23/11/2011)	95,481,250.00	81,624,925.79
Receivable Sale 8 (05/12/2011)	121,320,081.97	103,883,205.61
Receivable Sale 9 (15/12/2011)	95,233,750.00	81,673,178.49
Receivable Sale 10 (23/12/2011)	566,428,614.82	486,283,346.39
Receivable Sale 11 (23/12/2011)	145,372,144.40	124,800,838.90
Receivable Sale 12 (03/02/2012)	248,817,383.61	214,139,020.12
Receivable Sale 13 (03/02/2012)	225,411,259.92	193,751,155.35
Receivable Sale 14 (08/02/2012)	364,925,549.60	313,840,528.68
Receivable Sale 15 (10/02/2012)	164,003,559.57	140,947,476.75
Receivable Sale 16 (10/02/2012)	160,722,549.00	138,308,834.74
Receivable Sale 17 (10/02/2012)	199,678,000.00	171,669,183.63
Receivable Sale 18 (15/02/2012)	233,670,531.00	202,914,729.62
Receivable Sale 19 (20/02/2012)	575,006,200.00	499,922,971.82
Receivable Sale 20 (20/02/2012)	131,082,665.51	113,945,526.64
Receivable Sale 21 (27/02/2012)	123,778,750.00	107,741,946.67
Receivable Sale 22 (06/03/2012)	842,413,280.00	730,771,952.32
Receivable Sale 23 (05/11/2012) ⁽¹⁾	N.A.	0.00
Receivable Sale 24 (09/11/2012) ⁽¹⁾	N.A.	0.00
Receivable Sale 25 (12/11/2012)	77,256,623.56	69,719,928.93
Receivable Sale 26 (20/11/2012)	111,910,609.80	101,074,130.14
Receivable Sale 27 (11/12/2012)	1,744,137,500.00	1,579,745,828.34
Receivable Sale 28 (18/12/2012)	99,218,356.16	89,978,206.55
Receivable Sale 29 (28/12/2012)	160,299,343.84	145,593,079.86
Receivable Sale 30 (04/01/2013)	167,466,126.03	152,101,252.52
Receivable Sale 31 (21/01/2013) ⁽²⁾	697,046,000.00	633,075,082.52
Receivable Sale 32 (14/02/2013)	87,315,230.00	80,008,132.53

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Sold Receivables		
Receivable	Receivable Nominal Balance at the time of the sale	Receivable Nominal Balance on 4/12/2014
Receivable Sale 33 (18/02/2013)	168,737,513.42	154,418,868.03
Receivable Sale 34 (18/02/2013)	67,630,510.28	62,041,356.64
Receivable Sale 35 (26/02/2013)	96,322,812.74	88,183,487.24
Receivable Sale 36 (18/03/2013)	87,806,920.76	80,602,086.79
Receivable Sale 37 (21/03/2013)	1,497,000,000.00	1,370,432,853.20
Receivable Sale 38 (8/04/2013)	75,214,571.92	69,026,890.58
Receivable Sale 39 (3/05/2013)	1,799,478,000.00	1,653,674,459.21
Receivable Sale 40 (10/05/2013) ⁽³⁾	63,185,973.02	58,322,406.20
Receivable Sale 41 (4/10/2013)	1,997,240,000.00	1,882,478,288.02
Receivable Sale 42 (18/10/2013)	264,855,170.75	250,071,529.72
Receivable Sale 43 (18/10/2013)	444,082,465.76	419,388,243.07
Receivable Sale 44 (18/10/2013)	304,809,534.24	287,659,336.68
Receivable Sale 45 (08/11/2013) ⁽⁴⁾	1,098,225,829.25	1,039,981,891.53
Receivable Sale 46 (21/02/2014) ⁽⁵⁾	N.A.	0.00
Receivable Sale 47 (06/03/2014) ⁽⁵⁾	N.A.	0.00
Receivable Sale 48 (06/03/2014) ⁽⁵⁾	N.A.	0.00
TOTAL	24,189,838,106.18	21,213,927,016.84

According to the provisions of this prospectus, in calculating the Receivable Nominal Balance of the Sold Receivables as of a date other than 31 December or on a Date of Sale of the Sold Receivables, the Sociedad Gestora will apply the methodology set forth in section 2.2.2. D) of the Additional Building Block of this Prospectus.

⁽¹⁾ The purpose of the Issues arranged on 5 November 2012 and 9 November 2012, was the refinancing of previously issued Series, and therefore no Receivables were sold on those dates.

⁽²⁾ Given the purpose of the Series 14 issue arranged on 21 January 2013, the amount allocated to the purchase of Receivables was 70% of the actual issue amount of the Series 14.

⁽³⁾ Given the purpose of the Issue arranged on 10 May 2013, the amount allocated to the purchase of Receivables was 22.77% of the actual issue amount of the Series 3 Increase.

⁽⁴⁾ Given the purpose of the Issue arranged on 8 November 2013, the amount allocated to the purchase of Receivables was 73.29% of the actual issue amount of the Series 19.

⁽⁵⁾ The purpose of the Issue is to refinance Series already issued.

1.2 Confirmation that the information relating to an undertaking or obligor which is not involved in the issue has been accurately reproduced.

Not applicable.

2. UNDERLYING ASSETS.

2.1 Confirmation that the securitized assets have the capacity to produce the funds payable on the Bonds

The Sociedad Gestora confirms that the flows generated by the Sold Receivables will make it possible to make the payments owed and payable on the Bonds issued.

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The aforementioned representation is made upon the basis of the legal framework regarding the Tariff Deficit Receivables that exists on the date of registration of this Prospectus. In this respect, article 10 of Royal Decree 437/2010 states that the provisions modifying the Access tolls, explained in paragraph 2.2 *infra*, must state the annual amount required to pay the Receivables sold to the Fund, in fifteen (15) annual amounts from the date that each one is sold to the Fund. Consequently, the access tolls must be fixed taking into consideration an estimate of the annual amount payable to the Fund in each of the Access tolls reviews and therefore that the Fund can make the payments owed and payable on the Bonds that are issued.

However, to cover against possible delays in the recovery of the Sold Receivables and in order to pay the amounts payable to the Bonds as interest and principal, a series of enhancement transactions have been devised to permit a reduction of the liquidity and credit risks, through the Credit Facility and through the State Guarantee. Likewise, some Series may have additional enhancements, such as one or several Interest Swaps, according to the provisions of the Final Terms and Conditions.

Notwithstanding the foregoing, the Sociedad Gestora, after notifying the CNMV, the Interministerial Committee and the Monitoring Committee, will be authorized to proceed to the Early Liquidation and hence the Early Redemption of the Bonds in the following events and with the requirements set forth in section 4.4.3 of the Registration Document.

2.2 Assets backing the issue.

The assets backing the Bonds will be the Tariff Deficit Receivables.

The Fund is an open vehicle that can be extended in terms of its assets and liabilities, such that it can add successive Tariff Deficit Receivables and arrange successive Issues of Series of Bonds.

All the Tariff Deficit Receivables pooled in the Fund from time to time will back all the Series issued by the Fund and that form part of its liabilities.

In any case, the Fund will only be liable for its obligations vis-à-vis its creditors with its assets.

Given below is a summarized description of the Spanish electric system, its operation and how the Tariff Deficit Receivable forms part of that system.

A) Structure of the Spanish electricity system

The starting point of the current Spanish Electricity System is found in the promulgation of Electricity Sector Act 54/1997 of 27 November ("**Electricity Sector Act**"), which brought about the deregulation of activities of generation and sale of electricity power, subsequently modified, among others, by Law 17/2007 to adapt it to the provisions of Directive 2003/54/EC, by Royal Decree-Law 13/2012, of 13 March, incorporating the forecasts contained in Directive 2009/72/EC, that were not referred to in the sector's law and by the Electricity Sector Act 24/2013, which repealed most of the provisions of the previous Electricity Sector Act.

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Since its promulgation, a deregulation process has been under way which, on 1 July 2009, led to the abolition of the integrated tariff system. As of this date, with the promulgation of Royal Decree 485/2009¹, the Distributors stopped supplying power at the full tariff, now focusing on the activity of distribution of electricity. Electricity suppliers in Spain ("**Suppliers**") are the agents in charge of supply (that is, to provide the end user with power at the place of consumption) of electricity to the consumers applying a negotiated price. However, certain groups of consumers are still eligible for the so-called voluntary price for small consumers ("**PVPC**"), which is a regulated prices at which such customers can buy the electricity that they need and that is contracted with the reference supplier. In addition to this PVPC, there is a last resort tariff for vulnerable consumers (social voucher) and for any consumers who do not have a free market contract and not eligible for the PVPC.

Spanish legislation distinguishes between regulated activities (technical and economic management of the system, transport and distribution) and deregulated activities (supply and generation). Any company wishing to carry out one or more regulated activities must do so on an exclusive basis. However, a business group may carry out regulated and deregulated activities, so long as these are carried out by different companies (legal and accounting separation required).

As far as each activity is concerned, there follows a summary of the statutory framework established by the Electricity Sector Act 24/2013, which remains unchanged as regards both its essential design and the contents of the aforementioned Act 54/1997:

- (a) **Generation:** deregulated. Most of the wholesale supply of electricity among market players (that is, energy producers, suppliers and direct market customers) takes place in the organized electricity market established by Royal Decree (the pool, managed by the Operador del Mercado de Ibérico de Electricidad- Polo Español, S.A. "**OMEL**");
- (b) **Transmission:** regulated by natural monopoly. Red Eléctrica de España, S.A. is currently the main operator (with a market share above 95%). In accordance with Law 17/2007, Red Eléctrica de España, S.A. has become, with certain legal exceptions, the sole owner of transmission facilities in Spain;
- (c) **Distribution:** Regulated as a natural monopoly in within its geographical scope of action. Prior to 1 July 2009, the distribution activity could include the supply of power to consumers at the tariff known as the full tariff and, in fact, most of the consumers were supplied by a Distributor. As a result, this supply was considered a regulated activity subject to the general settlement procedure: and
- (d) **Supply:** From 1 July 2009, electricity supply (i.e., providing electricity to the end consumer at the place where it will be consumed) was fully liberalized and Consumers receive the supply from suppliers at a freely negotiated price,

¹ Repealed by Royal Decree 216/2014 of 28 March, establishing the methodology for calculating the voluntary prices for small electricity consumers

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without prejudice to the possibility of those Consumers being eligible for the PVPC, as they are defined below. The Consumers (except for the Consumers of Last Resort) pay a non-regulated market price that is agreed with the Suppliers who are in charge of supplying electricity to the end users. The price includes the costs and services required to supply electricity, the access tolls that the Supplier must pay for the use of the transmission and distribution networks (the "Tolls")², as well as the remaining costs regulated in various sector regulations. The Tolls are collected by the pertaining local Distributor by billing the Suppliers who, in turn, bill the Consumers at the agreed supply price.

One of the new features enacted through the Electricity Sector Act 24/2013 is the regulation of voluntary prices for small consumers ("PVPC"). These prices are defined, in line with the previously denominated Last Resort Tariffs ("TUR" in Spanish), as the maximum prices that reference suppliers can charge consumers who subscribe to them, for which purpose they must meet the applicable requirements.³

The PVPC, which must also include the pertinent electricity production cost, access tolls, charges and selling cost items, which shall be set in such a way that they are calculated in accordance with the principle of revenue sufficiency and without distorting market competition.

Meanwhile, the Electricity Sector Act 24/2013 reserves the TUR to two consumer groups: i) consumers who are deemed "vulnerable"; and (ii) consumers who, without being entitled to pay the PVPCs, temporarily lack a valid supply contract with a free market supplier.

The Government will issue regulations with the provisions necessary for establishing the PVPCs and TURs, as well as the methodology for their calculation. The PVPC and TUR are therefore the electricity prices calculated on the basis of market mechanisms for certain groups of domestic consumers, vulnerable consumers and any who transitorily do not have a contract on the free market, that have been in force since the enactment of the Electricity Sector Act 24/2013. They have replaced the previous Last Resort Tariffs, regulated both in Royal Decree 485/2009, regulating the commissioning of last resort supply in the electricity sector, and in Order ITC/1659/2009, of 22 June, approving the mechanism for transferring tariff market customers to electricity last resort supply and the calculation procedure and structure of electricity last resort tariffs.

Furthermore, Royal Decree-Law 17/2013, of 27 December, determines the price of electricity in contracts subject to the PVPC in the first quarter of 2014, establishing the procedure for determining the estimated cost of wholesale contracts that will apply for calculating the PVPC applicable to all consumers subscribed to it in that period.

² For the purposes of clarification, it must be noted that the references made to access tariffs in the regulations must be construed as made to the Access tolls, as stated in the second final provision of Royal Decree 1202/2010 of 24 September, establishing the dates for reviewing the electricity transmission and distribution grid access tolls.

³ Pursuant to the provisions of section 6.1.f) of the Electricity Sector Act 24/2013, the procedure and requirements to be a reference supplier will be established by regulations.

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Subsequently, in a resolution issued on 31 January 2014, the Directorate General for Energy Policy and Mines reviewed the cost of electricity production and the PVPCs applicable from 1 January 2014. The resolution established that, in particular, the following must be taken into account in determining these prices:

- a) The amounts set in Order IET/221/2013, of 14 February, that suppliers must pay the Market Operator and the System Operator, for determining the electricity production cost prices, which will include the voluntary prices for small consumers from 1 January 2014.
- b) The standard loss factors for raising to the power station busbars the consumption read on the consumer's meter in tariff period p, established in Annex IV of the Order IET/221/2013 of 14 February.
- c) The access tolls defined in Order IET/ 1491/2013, of 1 August, for determining the prices of the capacity term and active energy term prices of such voluntary prices for small consumers applicable from 1 January 2014.

Royal Decree 216/2014 of 28 March established the methodology for calculating the electricity PVPC. This regulation effectively applies to electricity consumed since 1 April 2014 and regulates the price of supply for the first quarter of 2014.

The social voucher is regulated in the following provisions throughout the Electricity Sector Act 24/2013:

- It will apply to vulnerable consumers who meet the social, consumer and buying power characteristics that are determined by a royal decree. For these purposes, a threshold indexed to a per capita family income indicator will be established. It will be limited to individuals in their normal place of residence.
- It will cover the difference between the value of the PVPC and a base value, to be called the last resort tariff (TUR) and will be applied by the relevant reference supplier in the bills of any consumer eligible for such tariff.
- It will be considered a public service obligation in accordance with Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 and will be borne by the parent companies of the corporate groups or, where appropriate, companies that engage simultaneously in electricity production, distribution and sale activities.⁴

⁴ The share percentage will be calculated each year by the CNMV, in line with the criteria of section 45.4 of the Electricity Sector Act 24/2013, in accordance with the procedure established by regulations, and the Ministry of Industry, Energy and Tourism will be responsible for approving it by an Order that will be published in the Official State Gazette (BOE). Until this order is approved, the cost of the social voucher will be distributed pursuant to the 4th Additional Provision of the Order IET/843/2012, of 25 April, establishing the access tolls from 1 April 2012 and certain rates and premiums of special regime installation rates and premiums.

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The following will be entitled to the social voucher: (i) individual consumers who have contracted a capacity of less than 3 Kw in their normal place of residence; (ii) consumers who are sixty (60) years old or more who prove that they are Social Security System pensioners due to retirement, permanent disability and widowhood and who receive the minimum amounts applicable at all times for those kinds of pensions with respect to consumers with a dependent spouse or consumers without a spouse living in a single person economic unit; (iii) the beneficiaries of pensions of the extinct Mandatory Elderly and Disability Insurance and of non-contributory retirement and disability pensions who are sixty (60) years old or more; and (iv) consumers who can prove they are members of large families and consumers who can prove they are part of a family unit, all of whose members are unemployed.

According to section 16 of the Electricity Sector Act 24/2013, the Minister of Industry, Energy and Tourism, following a resolution from the Government Committee on Economic Affairs, will issue the provisions necessary for establishing:

- The prices of the transmission and distribution network access tolls, which will be established in accordance with the methodology established by the CNMC, considering for these purposes the cost of remunerating these activities.
- The necessary charges that will be established in accordance with the methodology provided for covering other system activity costs.

According to section 13 of the Electricity Sector Act 24/2013, regarding the economic and financial sustainability of the electric system, the electricity system revenues will be used to finance the electricity system costs, which must be determined in accordance with the provisions of the Act and the regulations developing it. This section establishes the electricity system revenues and costs, which are as follows:

The electricity system revenues will comprise:

- a) The transmission and distribution network access tolls paid by consumers, and by producers and agents for energy exports to non-EU countries, intended to cover the transmission and distribution remuneration.
- b) The charges established for the payment of the other cost items that are not covered by other revenue, as defined in section 16 of the Electricity Sector Act 24/2012.
- c) Any financial mechanism established by legislation.
- d) Any State Budget items allocated to cover, inter alia, the amounts established as the costs of the specific remuneration arrangements for promoting electricity generation from renewable energy sources and the additional cost of production activities in the electricity systems in non-peninsular territories with additional remuneration arrangements; and
- e) Any other revenues specifically allocated by a piece of legislation or regulation.

The electricity system costs, which will be determined in accordance with the provisions of this Act and its implementing regulations, will be as follows:

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- a) Remuneration of transmission and distribution activities.
- b) Specific remuneration arrangements for generating electricity from renewable energy sources, high efficiency co-generation and waste.
- c) Remuneration of the additional cost of production activities in electric systems in non-peninsular territories with additional remuneration arrangements;
- d) Remuneration associated to the application of capacity mechanisms, where necessary.
- e) Remuneration associated to the mechanisms developed pursuant to section 25.1 of the Electricity Sector Act 24/2013, if applicable.
- f) Compensation associated with the nuclear moratorium in accordance with the 8th additional provision of the National Electricity System Organization Act 40/1994, of 30 December.
- g) Allocation of the fund for financing the General Radioactive Waste Plan.
- h) Fee payable to the National Markets and Competition Commission, and the Ministry of Industry, Energy and Tourism.
- i) Allocation of the loss difference associated with the closure of energy on the production market, if any.
- j) Annual instalments of the electricity system deficit, with its pertinent interest and adjustments.
- k) Demand management measures, if so recognized according to the provisions of section 49 of the Electricity Sector Act 24/2013.
- l) System technical and economic management in the event of mismatches between the revenue and the remuneration of these activities according to the provisions of section 14.11, and the amount collected through the regulated prices that agents are charged.
- m) Any other cost specifically assigned by a piece of legislation and for purposes that respond exclusively to the electricity sector regulations.

Any regulatory action regarding the electricity sector leading to an increase in costs for the electricity system or a reduction in revenues must include an equivalent reduction in other cost items or equivalent revenue increase to ensure the equilibrium of the system.

Once a year, by the order of the Ministry of Industry, Energy and Tourism and following a resolution from the Government Committee on Economic Affairs, and a report from the National Markets and Competition Commission, a forecast of changes in the different electricity system revenue and cost items for the next six will be approved.

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Regarding remuneration of activities, Section 14 of the Electricity Sector Act 24/2013 states as follows:

- Activities intended for electricity supply will be remunerated from the electricity system revenues as defined in section 13 of the Electricity Sector Act 24/2013, from the revenues arising from the production market share, and the revenues from the implementation of the provisions of the Electricity Sector Act 24/2013 and its implementing regulations.
- The electricity system revenues will only be used to pay the remuneration associated with electricity supply activities and the other system costs as defined in Section 13 of the Electricity Sector Act 24/2013, and cannot be used for any other purposes.
- The remuneration of such activities will be established statutorily⁵ with objective, transparent and non-discriminatory criteria that act as an incentive to improve the effectiveness of management, the economic and technical efficiency of such activities and the quality of the electricity supply.

The last toll revision was approved by virtue of Order ITC/107/2014, of 31 January, revising the electricity access tolls for 2014. For its part, the CNMC Circular 3/2004 of 2 July established the methodology for calculating electricity transmission and distribution tolls.

In accordance with Law 3/2013, of 4 June, creating the National Commission for Financial Markets and Competition, the electricity market is supervised by the CNMC, which replaced the CNE as the power regulating entity.

On the date of registration of this Prospectus, all the Tariff Deficit Receivables have already been sold.

B) The onset of tariff deficits and the steps taken to prevent this

The Electricity Sector Act 54/1997 introduced the principle of sufficiency. Despite this principle having been reflected in several provisions, these did not prevent the onset of tariff deficits in certain years between 2001 and 2009. As summarized in the recital of motives in Royal Decree 6/2009 of 30 April, leading to the adoption of a number of measures in the energy sector and the approval of the social voucher ("**Royal Decree 6/2009**"), amended by Royal Decree 6/2010 and by Royal Decree-Law 14/2010, "the supply activity has in fact been highly influenced by the tariff system". The difference between regulated tariffs and the price of energy has challenged the main objective sought in market prices to achieve greater efficiency and has generated damaging effects that are being aggravated over time, affecting the very basis of the deregulation of the electricity systems and, in parallel, leading the consumer to have a mistaken view on the

⁵ Royal Decree 1047/2013, of 27 December, establishes the methodology for calculating electricity transmission remuneration and Royal Decree 1048/2013, of 27 December, establishes the methodology for calculating distribution remuneration.

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price of a scarce resource such as energy, which does to help to encourage energy saving and efficiency.

The **"Tariff Deficit"** can be defined as the difference between (a) the collection of regulated tariffs set by the Administration and paid for by the Consumers for their regulated supplies and from the access Tolls until 1 July 2009 and, as of 1 July 2009, only said access Tolls, and (b) the real costs associated with the regulated activities and the operation of the electricity system. Said Tariff Deficit ends up causing distortions in the economic operation of the Spanish Electricity System.

Until the promulgation of Royal Decree 6/2009, Royal Decree 6/2010 and Royal Decree-Law 14/2010 on the financing of the Tariff Deficit, several measures had been applied that had proven to be insufficient. Therefore, in order to encourage deregulation and efficient financing of the Tariff Deficit, the regulator elected to:

- a) Establish limits to restrict the increase of the Tariff Deficit, and define a path for the gradual sufficiency of Access Tolls, also tackling a financing mechanism for the Tariff Deficit. Thus, first Royal Decree 6/2009, then Royal Decree 6/2010 and finally Royal Decree-Law 14/2010, established that as of 1 January 2013, Access Tolls would be sufficient to meet the full costs of regulated activities with no Tariff Deficit, also regulating the transitional period until said date, limiting the revenue deficit in the settlement of regulated activities in the electricity sector.
- b) Provide the electricity system with a financing method for the Tariff Deficit that enables the achievement of the required level of liquidity. Likewise, Royal Decree 6/2010 established the sale of the rights of collection of the Tariff Deficit to a security-backed fund, this Fund, created to also issue its own debt by means of a competitive mechanism within the financial market with the backing of the State.

It is in light of the foregoing that first Royal Decree 6/2009, then Royal Decree 6/2010 and finally Royal Decree-Law 14/2010, amended the 21st Additional Provision of Law 54/1997, which set forth the following:

- As of 1 January 2013, Access tolls will be sufficient to meet the full costs of regulated activities without generating an ex ante deficit. The possible appearance of specific deviations due to mismatches in the real costs or revenue with regard to those that were used as a basis to set the access Tolls for each period, will mean that the access Tolls for the period following that in which said occasional deviation has taken place will be modified in the amount required to cover the gap⁶.
- Until 1 January 2013, the provisions approving the Access Tolls will expressly recognize the revenue deficit that, if any, is estimated may ensue at settlement of the regulated activities in the electricity sector.
- Likewise, temporary mismatches will be understood as having taken place in the event that as a result of settlement of regulated activities in each period, a

⁶ As indicated later in this section, this provision has ceased to have effect pursuant to the provisions of Royal Decree-Law 29/2012 of 28 December.

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revenue deficit over and above that set forth in the provision approving the pertaining access Tolls should take place. Said temporary mismatches will be expressly recognized in the provisions approving the access Tolls for the next period.

- In the event that as a result of temporary mismatches, the accumulated fund in the specific account referred to in Royal Decree 2017/1997 of 26 December, opened as a deposit account, should have a negative balance, this will be settled by the CNE (whose duties have been take over by the CNMV) on a monthly basis applying the following distribution percentages:

“Iberdrola, S.A.”: 35.01 per cent.

“Hidroeléctrica del Cantábrico, S.A.”: 6.08 per cent.

“Endesa, S.A.”: 44.16 per cent.

“E.ON España, S.L.”: 1.00 per cent.

“GAS Natural S.D.G, S.A.”: 13.75 per cent.

Companies will be entitled to recover the contributions made for this item in the 14 settlements pertaining to the period in which access Tolls are modified to recognize said temporary mismatch. The amounts paid for this item will be refunded at an interest rate equal to that of the market, to be established in the Order approving the fees⁷.

- Nevertheless, for the years 2009, 2010, 2011 and 2012, the revenue deficit forecast in the provision approving the respective access tolls could not exceed 3.5 billion euros, 3 billion euros, 3 billion euros and 1.5 billion euros. Moreover, any temporary mismatches of electricity system settlements that occurred in 2010, up to a maximum amount of 2.5 billion euros, would be deemed a revenue deficit of the electricity settlement system for 2010, also generating receivables that could be sold by their holders to the Fund⁸.
- The tariff deficits of the electricity settlement system will generate receivables consisting of the right to receiving an amount in the monthly billing for access Tolls of successive years until full payment (the “**Tariff Deficit Receivables**”) described in point 1.1. of this Additional Building Block).
- The payments made temporarily⁹ by the CNMC needed to meet the Tariff Deficit Receivables will be deemed to be fixed costs of the system and will be collected via the access Tolls until full satisfaction of the amount¹⁰.

⁷ As indicated later on in this section, this provision has been amended by the Electricity Sector Act 24/2013.

⁸ The provisions of this paragraph match the wording given by Ley 14/2010 that has been amended by Royal Decree-Law 9/2013, as indicated later in this section of the Prospectus.

⁹ According to the Eighth Additional Provision of Ley 3/2013, this function initially attributed to the CNE has been transferred to the Ministry of Industry, Energy and Tourism. However, this obligation has been taken on temporarily and on a transitional basis by the CNMC until the Ministry has the

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- In order to finance said deficits, the Tariff Deficit Receivables may be sold to this Fund and, in order to help place the debt issued (bonds), the Fund Bonds will have, if applicable, a State Guarantee.
- Likewise, in order to meet possible cash mismatches between revenue and payments in the Fund, by agreement reached with the Delegated Commission of the Government for Economic Matters and in accordance with the 21st AP of Ley 54/1997, the Fund was granted the Credit Line.

Royal Decree 437/2010 mainly establishes the price, the terms of the sale of the Tariff Deficit Receivables before and after the sale thereof to the Fund, and the characteristics of the debt in the Fund.

Despite the aforementioned measures to correct the deficit, it has not been eliminated or stopped. In view of the deficit problem, worsened by the downturn in demand in recent years, the risk of exceeding the deficit ceiling established for 2012 and the proximity of the objective of not generating any deficit from 2013, in 2012 the Government also approved Royal Decree-Law 1/2012, of 27 January, which proceeded to suspend the remuneration pre-allocation procedures and to suspend the financial incentives for new facilities for producing electric power from co-generation, renewable energy sources and wastes ("**Royal Decree-Law 1/2012**"). As indicated in its Preamble, the Government identified the deficit as "*the main problem threatening the economic sustainability of the electricity system*" and announced its intention to take measures to correct them. Consequently, Royal Decree-Law 1/2012 sought to limit temporarily the costs for the electricity system arising from such incentives, by removing the financial incentives for special system electricity production facilities and assimilated technology and facilities using ordinary regime-related technology and the remuneration pre-allocation procedure.

Subsequently, the Government passed Royal Decree-Laws 13/2012 and 20/2012, that established a new set of urgent measures to contain the costs of some of the activities and regulated costs of the electricity system, in order to reduce the temporary mismatches for 2012, both for the electricity sector and for the gas sector, respect the deficit ceiling set for 2012 and achieve an adequate tariff in 2013.

As an additional measure to try to eliminate the deficit, and since the aforementioned measures to contain the tariff deficit have not sufficed, the Government passed Law 15/2012, of 27 December, on tax measures for energy sustainability, which includes new taxes whose proceeds will go to cover certain costs of the electricity system. This law seeks to achieve a zero deficit by increasing tax revenue in the electricity sector through the introduction of a tax on the value of direct and real production of electric power, to be

means necessary to exercise it effectively (Fourth Transitory Provision of Law 3/2013). This date will be determined in a ministerial order, according to the provisions of the Sixth Transitory Provision of Royal Decree 657/2013.

¹⁰ As indicated below, pursuant to the Electricity Sector Act 24/2013, there is no longer any distinction between permanent costs and diversification and security of supply costs, all of which are now regarded as system costs.

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levied on the production and transmission of electricity into the Spanish electricity system.

However, new deviations were found to exist in the cost and revenue estimates both for the end of 2012 and for 2013. In this context, specific measures were included in Royal Decree-law 29/2012, of 28 December, on improving management and social protection in the Special System for Domestic Workers and other economic and social measures, which deleted section one, paragraph one, of 21st AP Ley 54/1997.

Subsequently, the Government approved Royal Decree-Law 2/2013, of 1 February, on urgent measures in the electricity system and in the financial sector, in which, as from 1 January 2013, the reference to the Consumer Price Index envisaged in the sector regulations for updating remuneration, tariffs and premiums was replaced by the reference to the Index of Consumer Prices at Constant Taxes excluding unprocessed food and energy products. An appeal against this measure has been lodged with the Constitutional Court, via constitutional challenge number 1780/2013, which was allowed on 23 April 2013 and published in the Official State Gazette (BOE) on 13 May 2013. Therefore, it will be necessary to wait for the Court hands down its Ruling to determine the impact on the remuneration of certain regulated activities in the electricity sector and on the remuneration of the special system arising from Royal Decree-Law 2/2013.

Royal Decree-Law 2/2013, of 1 February, also amended Royal Decree 661/2007, of 25 May, regulating special system electricity production, and eliminated, among others, the premium stipulated in the electricity sector regulations for the special system facilities that sell the energy produced on the market, so that now the electricity produced by special system facilities can only be sold in one of two ways: the electricity can be assigned to the system for a regulated tariff or sold on the electricity production market, without any premium supplement. The Royal Decree also removes the possibility of resorting to the change of option described in article 24.4 of Royal Decree 661/2007 for facilities that sell electricity on the market¹¹.

For its part, on 12 July 2013 the Spanish Council of Ministers approved a package of measures to reform the electricity sector, which included (i) a Draft Electricity sector Act that, once passed by Parliament, was enacted as the Electricity Sector Act 24/2013, of 26 December, which repealed most of the Electricity Sector Act 54/1997, of 27 November, and (ii) Royal Decree-Law 9/2013, which approves an urgent set of measures that affect all the electricity sector activities, in order to ensure the financial stability and economic sustainability of the electricity system.

Royal Decree-Law 9/2013 empowers the government to adopt a new remuneration system for special system facilities that will consist of receiving the market price obtained from the electricity sale and additionally a specific remuneration with two components: (i) a term per power unit that, where appropriate, covers the investment cost of a typical installation not recovered from the electricity sale, and (ii) an operating term that, where appropriate, covers the difference between the operating costs and the revenue from that facility's market share. Royal Decree-Law 9/2013 also includes other measures regarding

¹¹ Amended by Law 24/2013 and Royal Decree 413/2014 of 6 June, regulating the production of electricity from renewable energy sources, cogeneration and wastes.

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capacity payments, financing of the cost of the discount rate or the establishment of specific arrangements for the island and off-peninsular electricity systems, by the definition of standard facilities specific to such systems and a change in the way that electricity distribution and transmission activities are remunerated, to name but a few. Furthermore, the amount of additional costs derived from island and non-mainland electricity generation that can be charged to the State Budget is limited to 50%¹².

Royal Decree-Law 9/2013 also amended paragraph four of the 21st Additional Provision of the Electricity Sector Act, quantifying the definitive amount of the additional revenue deficit for 2012 as 4,109,213,000 euros and making it definitive for the purposes of its sale to the Fund, which is now worded as follows: *"However, for the years 2009, 2011 and 2012, the revenue deficit stated in the provision approving the pertinent tolls access shall not exceed 3.5 billion euros, 3 billion euros, 3 billion euros and 1.5 billion euros respectively. Moreover, any temporary mismatches of electricity system settlements that occur in 2010, up to a maximum amount of 2.5 billion euros, and in 2012, in the amount of 4,109,213,000 euros, will be deemed a revenue deficit of the electricity settlement system for 2010 and 2012, which will generate receivables that can be sold by their holders to the Fund, with the amount for 2012 being deemed definitive for sale purposes"*.

Meanwhile, the eighteenth additional provision of the Electricity Sector Act 24/2013 recognized that, for 2013, there was a revenue deficit of the electricity settlement system for a maximum amount of 3.6 billion euros, subject to temporary mismatches that might occur in the electricity settlement system for 2013. Article 7.2 of Order IET/107/2014, of 31 January, reviewing the electricity access tariffs for 2014, established that the amount of the annual instalment of temporary mismatches for 2013, up to the maximum of 3.6 billion deficit envisaged in the eighteenth additional provision of the Electricity Sector Act 24/2013, amounted to 280,172,000 euros, which will be settled from the regulated activity settlements in 2014, setting a provisional interest rate of 2%. For clarity's sake, it is noted that the receivables arising from the tariff deficit for 2013 cannot be sold to the Fund in accordance with the provisions of paragraph 3 of the Sixth Additional Provision of the Electricity Sector Act 24/2013, which reads as follows: *"3. The receivables that represent settlement system revenue deficit generated since 1 January 2013 cannot be sold by their owners to the Electric System Deficit Securitization Fund."*

The Electricity Sector Act 24/2013, considering that the measures adopted so far had been insufficient to correct the tariff deficit, limited new costs being introduced into the electricity system unless they are accompanied by an equivalent increase in revenue and stipulates that any additional costs generated by regional or local regulations must be borne by regional or local authorities. By way of example, section 19 stipulates that:

- Any revenue deficit mismatches for the year must not exceed 2 percent of the estimated system revenue in that year, and the debt accumulated as mismatches from previous years cannot exceed 5 percent of the estimated system revenue for that year. Therefore the emergence of annual temporary mismatches between electricity system revenues and costs are restricted, according to the principle of

¹² Amended, as will be seen, by the Electricity Sector Act 24/2013.

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principle of economic and financial sustainability of the electricity system, and tolls and charges must be revised automatically if these thresholds are exceeded.

- Any part of the mismatch that, without exceeding these thresholds, is not offset by toll and charge increases, will be paid by all the settlement system agents in proportion to the remuneration to which they are entitled in each monthly settlement. For these purposes, settlement system agents will be deemed to mean the agents whose remuneration settlement is charged to the different system cost items, both directly and through the system operator or the distributors. These agents will be entitled to be reimbursed the mismatch contributions derived from the closing settlement, in the settlements for the five years following the financial year in which such temporary mismatches had occurred and a market interest rate will be recognized. Therefore, unlike the previous systems, the temporary revenue-cost deviations will not be financed only by the parent companies of the five energy groups, but by all the settlement system agents. These new tariff deficit financing arrangements will not apply, however, to the deficit generated during 2013, which will continue being financed only by the five companies named in the 21st Additional Provision of the Electricity Sector Act, amended by the first final provision of the Electricity Sector Act 24/2013 and therefore remains in force. These companies will recover the amounts paid in the settlements for the next fifteen (15) years, recognizing an interest rate in conditions equivalent to market conditions.
- Any surplus revenues will be allocated to offset mismatches from previous years and while there are debts outstanding from previous years, access tolls or charges will not be revised downwards.

The Sixth Additional Provision "Financing of the electricity system mismatches", excludes FADE, and the other holders of tariff deficit receivables generated up to and including financial year 2013, from the obligation to finance the electricity system deviations and mismatches, and therefore FADE will continue receiving its respective annual instalments, without being affected by the provisions of section 19.

Moreover, the receivables generated from 1 January 2013 cannot be sold to the Electricity System Deficit Securitization Fund.

The deficit recognized for 2013, for a maximum amount of 3.6 million euros, subject to any temporary mismatches in the electricity settlement system for 2013 will generate receivables consisting in the right to receive an amount of the monthly billing from system revenue referred to in points a), b), c) and e) of Section 13.2 of the Electricity Sector Act 24/2013, of the fifteen successive years starting from 1 January 2014 until they are paid off. The amounts paid for this item will be refunded at an interest rate equal to that of the market, to be established in the Order approving the tolls and charges. To finance this deficit, the pertinent receivables may be sold according to the procedure determined statutorily by the Government.

This procedure is currently being regulated by the draft Royal Decree that will regulate the procedure for selling the 2013 deficit receivables and that will develop the methodology for calculating the interest rate in conditions equivalent to market conditions

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to be accrued by the 2013 revenue deficit receivables and any temporary mismatches that occur in subsequent years. However, this Royal Decree is being processed and to date has not been approved.

The measure adopted to contain the deficit approved by Law 15/2013 of 17 October, providing for funding from the State Budget of electricity system costs caused by economic incentives to promote the production of electricity from renewable energy sources, and granting of an extraordinary credit facility in the amount of 2,200,000,000 euros within the budget of the Ministry of Industry, Energy and Tourism, has been repealed by the Electricity Sector Act 24/2013, and therefore the extraordinary credit facility of 2,200,000,000 euros has been cancelled.

The additional costs derived from electricity production in the island and off-peninsula systems for 2013 will be charged to the electricity sector settlements system, and for these purposes will be deemed an electricity system cost for 2013, in accordance with the provisions of the sixteenth transitory provision and section 1.g) of the sole repealing provision of the Electricity Sector Act 24/2013, that entail the repeal of the fourth additional provision of Royal Decree-Law 9/2013, of 12 July, adopting urgent measures to guarantee the financial stability of the electricity system. From 1 January 2014, 50 per cent of the additional cost will be charged to the State Budget, in accordance with the provisions of the fifteenth additional provision of the Electricity Sector Act 24/2013.

C) Interministerial Committee

Likewise, Royal Decree 437/2010 regulates the Interministerial Committee created to ensure the proper compliance with all conditions to be carried out by the Sociedad Gestora, regulating such responsibilities as supervision, approval and dismissal in the event of bad practice or breach of the roles and requirements set forth in the public tender specifications according to which the Sociedad Gestora was appointed.

The Interministerial Committee is formed by:

- a) The Secretary of State of Energy, who will Chair the Committee,
- b) The Secretary of State for the Economy and Business Affairs, who will be the Vice-Chair,
- c) The Director General of Energy Policy and Mining, and
- d) The Secretariat General of Treasury and Financial Policy.

The Head of the Department of Government Lawyers in charge of the Industry and Energy Section of the Department of Government Lawyers of the Ministry of Industry, Energy and Tourism will act as Secretary, who will be entitled to speak but not to vote.

His duties, inter alia, will be to:

1. Ensure, through the Monitoring Committee, correct compliance with the conditions in which the tasks assigned to the Sociedad Gestora of the Fund must be performed.

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To perform this duty, the Monitoring Committee will report, at the intervals determined by the Interministerial Committee, on the performance of its duties, and the Committee may pass any resolutions required from time to time;

2. Call the auctions of financial instruments of the Fund and determine the times, terms and conditions thereof.
3. Approve the price of the financial instruments in outright sale transactions, and the price agreed with the financial institutions according to the provisions set forth in the first of the cases given in article 11.2 of Royal Decree 437/2010.
4. Approve the trading of financial instruments by the Fund.
5. Establish the formula for calculating the IRR of the Bonds without a fixed coupon at the Sociedad Gestora's proposal.
6. Determine the deadlines by which the different categories of Tariff Deficit Credit Rights must be sold to the Fund.
7. Declare the exceptional capital market circumstances that make it advisable to delay the issues, as well as their termination.
8. Raise or lower the spread referred to in paragraph b) of article 8.2 of Royal Decree 437/2010. Under no circumstances must the spread be less than thirty basis points.
9. Dismiss the Sociedad Gestora of the Fund if the Monitoring Committee determines that the Sociedad Gestora has failed to satisfactorily comply with the terms and conditions set forth in the technical specifications and administrative clauses.

The Interministerial Committee can delegate, and has delegated, as described below, part of these duties (in particular numbers 2, 3, 4, 5 and 6) to the Monitoring Committee described below.

In addition to these duties, the Interministerial Committee is responsible for determining the terms and conditions of the Issues, in accordance with section 6.4 of Royal Decree 437/2010 and selecting the placement and/or subscription agents of each Issue and selecting them, on the basis of the shortlist provided by the Secretariat General of Treasury and Financial Policy, (for the issues arranged at an agreed or estimated price), in accordance with the provisions of section 12 of Royal Decree 437/2010. The Interministerial Committee has delegated to the Monitoring Committee the selection of the subscription agents in the outright sale transactions and the approval of price of the financial instruments in the outright sale transactions, by means of the Interministerial Committee Resolution published on 4 November 2011.

Pursuant to the provisions of section 27 of Act 30/1992, of 26 November, on the Legal Regime for Public Administrations and the Common Administrative Procedure, the Secretary will keep the minutes of each meeting that is held by the Interministerial Committee. Then minutes will include the contents of the resolutions passed and a copy will be sent to the Sociedad Gestora.

The Interministerial Committee may obtain technical advice from the CNMC and the CNMV on account of the special experience and know-how that these bodies have.

With respect to duties 1) and 9) above, regarding compliance with the obligations and commitments of the Sociedad Gestora, on 28 November 2014 the Interministerial Committee resolved to approve the annual report on the Sociedad Gestora's performance.

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D) Monitoring Committee

In accordance with the provisions of article 18 of Royal Decree 437/2010, the Interministerial Committee has delegated part of its functions to the Monitoring Committee, created by the order issued Ministry of Presidency PRE 2037/2010, of 26 July.

In accordance with the provisions of the Ministry of the Presidency Order PRE 2037/2010, dated 26 July, the members of the Monitoring Committee are:

- a) The Secretary General of the Treasury and Financial Policy, who will chair the Committee.
- b) The Director General of Energy Policy and Mining.
- c) The Deputy Director General of Electrical Energy.
- d) The Deputy Director General of Financial and Strategic Analysis, who will act as secretary.
- e) The Deputy Director General of Finance and Management of Public Debt.

The Monitoring Committee will also be formed by:

- a) A representative of the CNMC, who will be entitled to speak but not to vote.
- b) A representative designated by the Sociedad Gestora, who will be entitled to speak but not to vote.

Finally, the Monitoring Committee may obtain technical advice from the Spanish Securities and Exchange Commission on account of the special experience and know-how that this body has.

The duties of the Monitoring Committee, according to the order and as described throughout this Prospectus, are to:

- 1) Brief the Interministerial Committee on the completion of the tasks of the Securitization Fund's Sociedad Gestora, as the regular intervals established by the Committee.
- 2) Report, at least once a year, on whether the Sociedad Gestora is satisfactorily complying with the terms set forth in the technical specifications and administrative clauses.
- 3) Approve the hiring by the Sociedad Gestora of advisory or other similar services that cost more than €50,000 or any services hired from one same counterparty that cost more than €75,000 a year.

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4) The Monitoring Committee will also perform any duties that the Interministerial Committee may delegate upon it, as stipulated in article 18 of Royal Decree 437/2010, dated 9 April:

a) Announce the auctions of the Fund's financial instruments and determine the time frames, terms and conditions thereof.

b) Approve the price of the financial instruments in outright sale transactions, and the price agreed with the financial institutions according to the provisions set forth in the first of the cases given in article 11.2 of Royal Decree 437/2010, of 9 April.

c) Approve the trading of financial instruments by the Fund.

d) Establish the formula for calculating the IRR of the Bonds without a fixed coupon at the Sociedad Gestora's proposal.

e) Set the deadlines for selling the different categories of receivables to the Fund.

f) Declare the exceptional capital market circumstances that make it advisable to delay the issues, as well as their termination.

g) Raise or lower the spread referred to in paragraph b) of article 8.2 of Royal Decree 437/2010, dated 9 April. Under no circumstances must the spread be less than thirty basis points.

Accordingly:

- the Interministerial Committee, in the Decision dated 2 September 2010, published in the Resolution dated 9 September 2010, resolved to delegate powers b), (partially, except with regard to outright sale transactions, which was delegated in the Interministerial Committee Resolution published on 4 November 2011), c), d) and e) above to the Monitoring Committee.

- moreover, in a Resolution dated 28 January 2011, published by means of the Ruling dated 16 February 2011, it delegated power a) above to the Monitoring Committee; and

- finally, the Interministerial Committee has delegated to the Monitoring Committee the selection of the subscription agents in the outright sale transactions and the approval of price of the financial instruments in the outright sale transactions, by means of the Interministerial Committee Resolution published on 4 November 2011.

5) Moreover, whenever required to by the Interministerial Committee, the Monitoring Committee must collaborate with the latter, advising it and carrying out any other supporting activity that is requested of it, according to the provisions of article 18 of Royal Decree 437/2010, dated 9 April.

Pursuant to the provisions of section 27 of Act 30/1992, of 26 November, of Legal Regime for Public Administrations and the Common Administrative Procedure, the Secretary will keep the minutes of each meeting that is held by the Monitoring

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Committee. Then minutes will include the contents of the resolutions passed and a copy will be sent to the Sociedad Gestora.

E) Electricity sector settlement procedure.

Ever since it was created by Hydrocarbon Sector Act 34/1998, the National Energy Commission (CNE) has acted as the regulator for the Spanish energy sector. Following the enactment of Ley 3/2013, the National Commission on Financial Markets and Competition (CNMC) has become the agency responsible for guaranteeing, maintaining and ensuring the correct operation, transparency and existence effective competition in the energy industry. The CNMC has been created by the said Ley 3/2013, of 4 June, creating the National Commission on Financial Markets and Competition, and is regulated by Royal Decree 657/2013.

The CNMC is a public body with its own corporate legal identity and full public and private capacity and that, in carrying out its activities and fulfilling its purpose, it acts with organic and functional autonomy and full independence from the Government, Public Administration and market players. Furthermore, it is subject to parliamentary and judicial control.

The functions previously performed by the CNE Commission have been divided between the CNMC and the Ministry of Industry, Energy and Tourism. One of the energy-related functions previously attributed to the CNE and that have been transferred to the Ministry of Industry, Energy and Tourism, according to the Eighth Additional Provision of Ley 3/2013, is to arrange the settlements of regulated activities in the electricity sector.

However, the Fourth Transitory Provision of Law 3/2013 states that the CNMC will continue performing this function on a transitional basis, until such time as the Ministry of Industry, Energy and Tourism has the means necessary to exercise it effectively. This date will be determined in a ministerial order, according to the provisions of the Sixth Transitory Provision of Royal Decree 657/2013.

The general settlement procedure ("**Settlement Procedure**") of the Spanish electricity system is regulated in Royal Decree 2017/1997. For a transitional period, pursuant to the provisions of the thirteenth transitory provision (settlement procedure), of the Electricity Sector Act 24/2013, which states that until the regulations governing the general settlement procedure are developed in accordance with the provisions of section 18.2 of the Electricity Sector Act 24/2013, the procedure will be as regulated in Royal Decree 2017/1997, organising and regulating the procedure for settlement of transmission, distribution and tariff supply sales costs, the permanent costs of the system and the diversification and security of supply costs, with the following particularities:

a) The provisions of section 19.3 of the Electricity Sector Act 24/2013 will be applied for the purposes of financing possible revenue and cost mismatches.

b) In general, regulated in remuneration activities that pertain to an electricity system cost item, such remuneration will be collected from the provisional settlements for each year for which they have been established and the amount collected will be distributed equally to all the activities, in accordance with Article 18.2 of the Electricity Sector Act 24/2013.

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This Settlement Procedure requires the Distributors to issue invoices to the Suppliers for access to their distribution networks for the supply of electricity power, irrespective of it being for Last Resort Consumers, PVPC Consumers or for Consumers paying market prices. In accordance with the provisions of article 10 of Royal Decree 437/2010, all Tariff Deficit Receivables sold to the Fund will be deemed to be permanent costs of the system and therefore have been of take into account for the purposes of calculating the Access tolls. However, pursuant to the Electricity Sector Act 24/2013, there is no longer any distinction between permanent costs and system costs, but according to paragraph (j) of section 13, the *"annual instalments of the electricity system deficit, with its pertinent interest and adjustments"* are still regarded as system costs¹³. The First Transitory Provision of the Electricity Sector Act 24/2013 establishes the following transitory measure: *"1. Until the issuing of the regulations developing this Act which are necessary to put into practice some of its precepts, the corresponding provisions in force with regard to electricity will continue to apply. 2. The references made in regulations to the Electricity Sector Act 54/1997, of 27 November, shall be construed as being made to the equivalent concepts regulated in this Act. In particular: a) Existing references in sector regulations to the island and off-peninsular electricity systems, shall be construed as made to the electricity systems of the non-peninsular territories. b) Existing references in the electricity sector regulations to permanent costs and diversification and security of supply costs shall be construed as made to the system costs."* At present, Distributors issue invoices to Suppliers on a monthly basis, for the electricity used in the previous month (that is to say, to month M) and the Settlement Procedure is as follows:

- Before the twenty-fifth (25th) day of the next month (M+1), the Distributors must inform the CNMC of the full amount of all bills issued for the previous month, irrespective of whether or not these have been collected.
- Before the thirtieth (30th) day of the month after the Distributors have notified the CNMC (M+2), the CNMC will inform the Distributors of the result of the settlement that they must pay to the CNMC as a result of the permanent costs¹⁴ generated by the electricity system during that period (including the settlements ensuing from the annual amounts calculated for recovering the outstanding amount of each Tariff Deficit Receivable, regardless of which one is entitled to it).
- Within the fifteen (15) days following the date on which the CNMC notifies the Distributors of the payments resulting from the settlement, that is, at the latest, on the fifteenth (15th) day of the following month (M+3), the Distributors must pay to the CNMC the payments notified thereby.

¹³ In its report of 31 July 2013 on the Draft Electricity Act, the CNE noted that: *"Moreover, to reflect adjustments in the FADE annuity during this year, arising from issues not associated with receivable sales (refinancing), or redemptions of financial instruments, the intention is to add the following clarification in paragraph j): "(j) Annual instalments of the electricity system deficit, with its pertinent interest and adjustments"*

¹⁴ As indicated, pursuant to the Electricity Sector Act 24/2013, there is no longer any distinction between permanent costs and diversification and security of supply costs, all of which are now regarded as system costs.

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Therefore, before that date (the fifteenth (15th) day of month M+3), the CNMC receives the Access tolls, and consequently, in accordance with article 10 of Royal Decree 437/2010, the amounts allocated to the repayment of the Tariff Deficit Receivable sold to the Fund or to the respective holder, that will be transferred to the Fund (or to the respective holder) before that date (the fifteenth (15th) day of month M+3), in accordance with the distribution of the annual amount indicated in Appendix I of Royal Decree 437/2010, described in section 3.4.1. below of this Additional Building Block (hereinafter, each of those dates of payment to the CNMC will be a "**Collection Date**").

It must be stated that, as described above, that the Distributors owe this payment for the settlements made irrespective of the pertaining amounts having been collected from the Suppliers. The Tariff Deficit Receivables paid by the Suppliers to the Distributors will be recovered by the former when these collect from the Consumers the prices for the supply of electricity.

For historical reasons arising from the temporary mismatch between meter readings of consumption and billing thereof, the settlement cycle of the permanent costs of the system and, in short, the settlement procedure of a calendar year begins in April and ends in May of the following year, as described in Appendix I of Royal Decree 437/2010.

Notwithstanding the foregoing, the breakdown of the payment flows generated by the Tariff Deficit Receivables sold to the Fund is shown in detail in point 3.4.1. herein.

2.2.1 Legal jurisdiction by which the pool of assets is governed.

As has already been mentioned, the specific provisions regulating the Tariff Deficit Receivables are the 21st Additional Provision Ley 54/1997 and the Royal Decree 437/2010, as well as the provisions that recognize each of the Tariff Deficit Receivables pertaining to their initial holders.

2.2.2 General characteristics of the Tariff Deficit Receivables.

A) Original recognized amount of the Tariff Deficit Receivables.

According to the 21st AP of Ley 54/1997 and article 2 of Royal Decree 437/2010, the categories of Tariff Deficit Receivables that could have been sold to the Fund and that, to date, have all been sold to the Fund, are as follows:

- 1) The receivables generated and not sold to third parties by the original holders of the receivable up to 10 billion euros on 31 December 2008. These include the following categories:
 - a) 2006 Peninsular receivables.
 - b) 2008 Peninsular Receivables.
 - c) 2001-2002 Off-Peninsular Receivables.
 - d) 2003-2005 Off-Peninsular Receivables.

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- e) 2006 Off-Peninsular Receivables.
 - f) 2007 Off-Peninsular Receivables.
 - g) 2008 Off-Peninsular Receivables.
-
- 2) 2009 Deficit Receivables.
 - 3) 2010 Deficit Receivables.
 - 4) 2011 Deficit Receivables.
 - 5) 2012 Deficit Receivables.

B) Amount outstanding of the Tariff Deficit Receivables until sale thereof to the Fund.

Given that until sale thereof to the Fund, the financing for each category of Tariff Deficit Receivable remained outstanding, article 3 of Royal Decree 437/2010 recognized to the Sellers, as holders thereof, that the amount of each category of Tariff Deficit Receivable would be discounted on a yearly basis until sale thereof to the Fund, in accordance with the system set forth in article 3.

The discounting method of the Tariff Deficit Receivable has been as follows:

- The CNE or the CNMC (as appropriate, depending on the sale date in question) informs the Directorate General of Energy Policy and Mining of the Ministry of Industry, Energy and Tourism of the amount due for collection at 31 December, with regard to each of the Tariff Deficit Receivables not sold at the end of each financial year, which must be approved in a Resolution from the aforementioned Directorate General before 31 January of the following financial year.
- In order to calculate the amount receivable at 31 December of the year immediately prior to the current year of each of the Tariff Deficit Receivables recognized and unsold, the following rules are applied, in accordance with paragraph 2 of article 3 of Royal Decree 437/2010:
 - a) The initial amount is the last outstanding recognized receivable pertaining to Tariff Deficit Receivables at 31 December established in the Resolution from the Directorate General of Energy Policy and Mining of the Ministry of Industry, Tourism and Trade.
 - b) This amount is increased by the annual recognized interest, resulting from application of the pertaining interest rate as set

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forth in article 2 paragraph 2 of Royal Decree 437/2010 and that are detailed in section C) below.

- c) The amount of the annuity recognized in the provision establishing access Tolls will be deducted from the amount resulting from the transaction described in paragraph b) above.
- For the calculation of the outstanding amount receivable at a date other than 31 December of each of the receivables generated and not sold, the following rules have been applied:
 - a) The initial amount is the last outstanding recognized receivable pertaining to Tariff Deficit Receivables at 31 December established in the Resolution from the Directorate General of Energy Policy and Mining of the Ministry of Industry, Energy and Tourism. In the event that at the time of calculation said Resolution were not to have been published, the amount of the receivable at 31 December will be calculated as set forth in paragraph 2 of article 3 of Royal Decree 437/2010.
 - b) This amount is increased by recognized interest resulting from the application of the pertaining interest rate as set forth in article 2 paragraph 2, as per the following formula:

$$FA = \left(1 + \frac{nt}{365} \times it \right)$$

Where:

FA = Tariff Deficit Receivable Updating Factor

t) = Year in which the calculation is made

it = Updating interest rate for year t according to the provisions of article 2.2 of Royal Decree 437/2010

nt = Number of days of year t from 31 December of the previous year to the time of the calculation

- c) The amount of the settled accruals relevant to the year in question from 31 December of the previous year to the time of calculation is deducted from the amount resulting from the transaction described in paragraph b) above, according to Appendix 2 of Royal Decree 437/2010.

The Set of Supplementary Articles and the Final Terms and Conditions of each Issue will state the outstanding amount of each category of Tariff Deficit Receivables that are sold on the pertinent Date of Sale to the Fund, calculated in

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accordance with the provisions of section 3 of Royal Decree 437/2010. If, for any reason, such amounts cannot be established on the date that the Set of Supplementary Articles of each possible Issue is signed, they will be stated in the Issue disbursement certificate, updated on that date.

C) Interest accrued on the amounts outstanding of the Tariff Deficit Receivables until sale thereof to the Fund.

In accordance with article 2.2. of Royal Decree 437/2010, until sale thereof to the Fund, each category of Tariff Deficit Receivable accrued interest at the following rates, which were used to calculate the amount receivable thereof until sale to the Fund, in accordance with what has been set forth in paragraph B) above.

- a) **"2006 Peninsular Receivables"**: the rate of interest that accrued, according to the provisions of article 2.2.a of Royal Decree 437/2010, modified by article 41 of Royal Decree-Law 20/2012, was the 3-month EURIBOR of the average of the rates of the month of November of the year preceding the discount date.

Moreover, the 2nd resolution of the minutes of the Monitoring Committee meeting held on 11 May 2011 stated the following in this respect:

"According to the provisions of article 2.2. a of Royal Decree 437/2010, the adjustment interest rate that will be accrued by the outstanding amounts of the 2006 Peninsular Receivables is the 3-month EURIBOR of the average of the rates of the month of November of the year preceding the updating date. This will be the rate that the Sociedad Gestora must use to calculate the outstanding amount of the receivables on the disbursement date (20 May 2011) in order to calculate the pro rata basis (...) for the distribution among the holders of the receivables to be sold in connection with this issue"

- b) **"2008 Peninsular Receivables"**: the rate of interest was the 3-month EURIBOR of the average of the rates of the month of November of the year preceding the discount date.
- c) **"2001-2002 Off-Peninsular Receivables"**: the rate of interest according to the provisions of Order ECO/2714/2003, was the daily average of the 3-month EURIBOR of the year preceding the discount date. For periods of less than a year, the average of the 3-month EURIBOR from 1 January of the year in which it is discounted until the day on which it was discounted was used.
- d) **"2003-2005 Off-peninsular Receivables"**: the rate of interest, according to the provisions of Order ITC/3860/2007, was the 3-month Euribor of the average of the rates of the month of November of the year preceding the discount date.

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- e) **"2006 Off-peninsular Receivables"**: the rate of interest was the 3-month EURIBOR of the average of the rates of the month of November of the year preceding the discount date.
- f) **"2007 Off-peninsular Receivables"**: the rate of interest was the 3-month EURIBOR of the average of the rates of the month of November of the year preceding the discount date.
- g) **"2008 Off-peninsular Receivables"**: the rate of interest was the 3-month EURIBOR of the average of the rates of the month of November of the year preceding the discount date.
- h) **"2009 Deficit Receivables"**: the rate of interest was the 3-month EURIBOR of the average of the rates of the month of November of the year preceding the discount date plus a differential of 0.20 percentage points.
- i) **"2010 Deficit Receivables"**: the rate of interest was provisionally 2.00% until a definitive calculation methodology was developed, according to the provisions of Order ITC/688/2011, which has amended Order ITC/3353/2010. Order IET/2176/2014 has established a new calculation methodology.
- j) **"2011 Deficit Receivables"**: the rate of interest was provisionally 2.00% until a definitive calculation methodology has been developed, according to the provisions of Order ITC/843/2012, which has amended Order ITC/3586/2011. Order IET/2176/2014 has established a new calculation methodology.
- k) **"2012 Deficit Receivables"**: The discount rates for the 2011 and 2012 Deficit Receivables were determined, according to market rates, on the date on which they were discounted. Order IET/2176/2014 has established a new calculation methodology.

For the purposes of calculating of the sale price to be paid by the Fund, the discount rates were not applied to the pertinent amounts of the 2010, 2011 and 2012 Deficit Receivables indicated in letters i), j) and k) above.

The final interest rate of the 2010 Deficit Receivables, 2011 Deficit Receivables and 2012 Deficit Receivables and revenue mismatches prior to 2013 shall be settled in accordance with the provisions of the Electricity Sector Act 24/2013 and its implementing regulations and satisfaction the balances resulting from applying the interest rate that has accrued on a temporary basis for the pertinent Sellers and applying the final interest rate shall be paid in the additional settlement 14 of 2013. This adjustment will not affect the Fund (only the pertinent Sellers).

In accordance with article 2.3 of Royal Decree 437/2010, for the previous purposes the 3 month EURIBOR will be understood to mean the rate published by the European Banking Federation and the Financial Markets Association (ACI) for 3 month euro deposits on an ACT/365 day basis. The average will be

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the result of dividing the sum of the daily rates in all working days according to the TARGET calendar (currently TARGET 2) of the Central European Bank for the period in questions, by the total number of working days in said period.

D) Amount outstanding of Tariff Deficit Receivables after the sale thereof.

According to the provisions of Royal Decree 437/2010, from the Date of Sale to the Fund the amount of Tariff Deficit Receivables outstanding and the reappraisal thereof will be calculated in accordance with what is set forth in articles 8 and 9 of Royal Decree 437/2010 and not in accordance with what is set forth in article 2 and 3 described above.

"Receivable Nominal Balance of the Sold Receivables" will be construed as the sum of the outstanding amount of all the Tariff Deficit Receivables sold or, with respect to each type of Tariff Deficit Receivable sold, the outstanding amount of that type, calculated pursuant to the provisions of section 9 of Royal Decree 437/2010.

In accordance with the foregoing, the Receivable Nominal Balance of the Sold Receivables sold to the Fund will be calculated as follows:

- The Receivable Nominal Balance of the Sold Receivables on the Sale Date to the Fund will be equal to its sale price, which will be, in accordance with article 7 of Royal Decree 437/2010:
 - a) For Tariff Deficit Receivables described in section 2.2.2. A) 1) of this Additional Building Block, the sale price will be the outstanding amount at the time of the sale, calculated in accordance with the procedure described in section 2.2.2.B) above.
 - b) For the "2009 Deficit Receivables", described in section 2.2.2.A) 2) of this Additional Building Block, the sale price will be the amount recognized thereof, discounted in accordance with the procedure described in section 2.2.2.B) above.
 - c) For the 2010 Receivables, indicated in section 2.2.A) 3) of this Additional Building Block, the sale price will be the amount of the revenue deficit that it is estimated might be generated in the settlements of the regulated activities in the electricity sector, in the provisions approving the Access tolls, pursuant to the provisions of the 21st AP of Ley 54/1997, in other words, for the 2010 Receivables, the recognized amount is 5.5 billion euros, in accordance with Order ITC 3519/2009, of 28 December 2009, and Order ITC 2585/2011, that refers to the CNE report regarding the 14th settlement of 2010.
 - d) For the 2011 Receivables, indicated in section 2.2.2.A) 4) of this Additional Building Block, the sale price will be the amount of the revenue deficit that it is estimated might be generated in the settlements of the regulated activities in the electricity sector, in the

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provisions approving the Access tolls, pursuant to the provisions of the 21st AP of Ley 54/1997, in other words, for the 2011 Receivables, the amount recognized in accordance with Order ITC/3353/2010, of 28 December 2010, is 3 billion euros, in accordance with Order ITC/3353/2010, of 28 December, establishing the access tolls from 1 January 2011 and the tariffs and premiums of special system installations.

- e) For the 2012 Receivables, indicated in section 2.2.2. A) of this Additional Building Block, the sale price will be the revenue deficit estimated to be generated in the settlements of the electricity sector activities regulated in the provisions approving access tolls, in accordance with what is established in the 21st AP of Ley 54/1997, as worded in Royal Decree-Law 9/2013, in other words, 5,609,213,000 euros.
- The CNMC (replacing the CNE) will inform the Directorate General of Energy Policy and Mining of the Ministry of Industry, Energy and Tourism and the Sociedad Gestora of the Receivable Nominal Balance of the Sold Receivables at 31 December, with regard to each of the Sold Receivables at the end of each financial year, which must be approved in a Resolution from the aforementioned Directorate General before 31 January of the following year.
- For the calculation of the Receivable Nominal Balance of the Sold Receivables at 31 December of the immediately preceding year for each of the Sold Receivables, the following rules will be applied:
 - i) For the year in which sale is made:
 - a) The initial amount will be the sale price.
 - b) This amount will be increased by the recognized interest resulting from the application of the pertaining accrual interest rate in accordance with the provisions of article 8.2 of Royal Decree 437/2010, and described in section E) below, as per the following discounting factor:

$$FA_i = \left(1 + \frac{n_i}{365} \times r_i \right)$$

Where:

FA_i = Discounting Factor of the Sold Receivable associated to Issue i

r_i = Accrual interest rate corresponding to the sale associated to Issue i according to the provisions of article 8 section 2 of Royal Decree 437/2010, described in point E) below.

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n_i = Number of days of the year elapsed since the time of the sale associated to Issue i until 31 December of the year in which the sale is made.

c) From the amount resulting from the transaction described under letter b) above, the amount of the accrued settlements pertaining to the current year as of the sale date associated with the issue and the 31 December will be deducted, in accordance with the table attached hereto as Appendix II of Royal Decree 437/2010 and which is as follows:

Settlement	Start of accrual	End of accrual
1	1 January	31 January
2	1 January	31 January
3	1 February	28 February
4	1 March	31 march
5	1 April	30 April
6	1 May	31 may
7	1 June	June 30
8	1 July	31 July
9	1 August	31 August
10	1 September	30 September
11	1 October	31 October
12	1 November	30 November
13	1 December	31 December
14	1 December	31 December

the Fund will receive the part of the settlement pertaining to the month in which the sale has taken place in proportion to the number of days lapsed since the Sale Date until the last day of the month (both included).

ii) For the other years:

- a) The initial amount will be the last outstanding amount recognized as receivable at 31 December published in the Resolution from the Directorate General of Energy Policy and Mining of the Ministry of Industry, Energy and Tourism.
- b) Said amount will be increased by the recognized annual interest, resulting from the application of the pertaining accrual interest rate as set forth in article 8, paragraph 2 of Royal Decree 437/2010 and described in paragraph E) below, calculated on 30 November of the immediately preceding year.
- c) The amount of the annuity recognized in the provision establishing access Tolls will be deducted from the amount resulting from the transaction described under letter b) above,

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- iii) In the event that it should prove necessary to calculate the Receivable Nominal Balance of the Sold Receivables at a date other than 31 December or a Sale Date of the Sold Receivables, the Sociedad Gestora will carry out this calculation and applying the same methodology described in this section D).

E) Interest accrued by amounts outstanding on Tariff Deficit Receivables as of the sale thereof to the Fund.

In accordance with the provisions of Royal Decree 437/2010, after their sale to the Fund, the Sold Receivables will accrue interest to be calculated in accordance with what is set forth in article 8, in order to calculate the Receivable Nominal Balance of the Sold Receivables referred to in paragraph D) above.

This interest will be calculated as follows:

- The amounts outstanding of Sold Receivables will accrue annual interest as of the Sale Date until full payment thereof.
- In the year of the sale, the interest rate at which each of the Sold Receivables will accrue, as of the Date of Sale until 31 December of the year in which the sale is made will be: the internal rate of return resulting from the Bonds Issue associated with the sale plus a spread of thirty basis points (0.30%).
- For the rest of the years the interest rate that each of the Sold Receivables will accrue will be the internal weighted rate of return of the outstanding Issues plus a spread of thirty basis points (0.30%). This spread can be rounded up or downward by Resolution from the Interministerial Committee or if this power is delegated in the future, as described in section 2.2. of the Additional Building Block, the Monitoring Committee, given the purpose thereof, which is to cover both the financial cost arising from the possible difference between the outstanding balance or Sold Receivables and that of the financial instruments issued by the Fund, and all other costs thereof that are not included in the calculation of internal rates of return, which under no circumstance will be below said thirty basis points.
- For the calculation of the abovementioned internal rates of return the following rules will be applied according to the category of the financial instruments issued:
 - For the calculation of the internal rate of return of Fixed Rate Bonds (category A of Bonds of section 4.8.1 of the Securities Note) the internal rate of return with coupon of the Issue will be calculated by the Sociedad Gestora of the Fund for each Issue using the same calculation method applicable to Public Debt, whose details are attached hereto as Appendix II. An updated

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version may be found on the Bank of Spain website, currently via this link:

<http://www.bde.es/webbde/es/secciones/informes/banota/actuesp.pdf>).

- For the calculation of the internal rate of return of the Bonds that are not included under the category of Fixed Rate Bonds, (category B of Bonds of section 4.8.1 of the Securities Note) the Interministerial Committee, or the Monitoring Committee (if it has been delegated this power, pursuant to the provisions of section 2.2. of the Additional Building Block) must approve the methodology for fixing the internal rate of return at the proposal of the Sociedad Gestora.

Once approved and prior to the registration of Final Terms and Conditions that contemplate the issue of variable interest bonds, this method will be reported to the CNMV by registration of the supplement to this Prospectus.

- These internal rates of return must be calculated, including financial fees for placement and insurance as well as the commission for the State Guarantee which the Ministry of the Economy and Taxation may determine (which on the date of registration of this Prospectus has been fixed at zero (0), in accordance with the provisions of section 3.4.2.1 of the Additional Building Block). The financial fees and Guarantee commission, if any of each Issue will be contained in the Final Terms and Conditions of each Issue.
- In order to calculate the weighted internal rate of return for outstanding issues, the following formula will be applied:

$$r = \sum_{i=1}^K w_i R_i + \sum_{j=1}^N w_j R_j$$

Where:

R_i is the internal rate of return resulting from the Issue i of fixed rate bonds.

$i = 1$ is the oldest outstanding Issue of fixed rate bonds with an outstanding balance at the time of calculation.

$i=K$ is the most recent outstanding Issue of fixed rate bonds with an outstanding balance at the time of calculation.

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w_i is the ratio between the balance of outstanding fixed rate bond issues i and the total balance of outstanding issues in the debt of the Fund at the time of calculation.

R_j is the internal rate of return resulting from the Issue j of Bonds that are not included in the category of fixed rate Bonds.

$j=1$ is the oldest outstanding issue of bonds that are not included in the category of fixed rate bonds with an outstanding balance at the time of calculation.

$j= N$ is the most recent outstanding issue of bonds that are not included in the category of fixed rate bonds with an outstanding balance at the time of calculation.

w_j is the ratio between the balance of outstanding bond issues that are not included in the fixed rate bonds j and the total balance of outstanding issues in the debt of the Fund at the time of calculation.

- The interest of the Sold Receivables that conform to this description will be calculated on each appropriate date in accordance with Royal Decree 437/2010, and in particular whenever there is a new Issue or redemption of Bonds and for the purposes of calculating the new annual instalment that corresponds to the Sold Receivables.

2.2.3 Legal nature of the assets.

All the Tariff Deficit Receivables are subject to Spanish legislation.

The different rules and regulations applicable to each of the Tariff Deficit Receivables are set forth throughout the section 2.2, 2.2.1 and 2.2.2. *supra*, and therefore the Tariff Deficit Receivables are governed by such rules and regulations.

2.2.4 Expiry or maturity dates of the assets.

Pursuant to the provisions of article 10.1 of Royal Decree 437/2010, each of the Receivables Sold to the Fund must be recovered in fifteen (15) annual instalments from the respective Date of Sale of each one of them to the Fund.

2.2.5 Amount of the assets.

The amount of the Tariff Deficit Receivables that will be sold to the Fund on each Date of Sale of each Issue will be stated in the Final Terms and Conditions of that Issue that is arranged to acquire such Tariff Deficit Receivables.

2.2.6 Loan to value ratio or level of collateralization.

Not applicable.

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2.2.7 Asset origination or creation method.

A description of the Spanish electricity system and of the origin of the Tariff Deficit Receivables is given in section 2.1.9. of this Additional Building Block.

Section 3.4.1 of the Additional Building Block describes the Settlement Procedure and how the payments of the Sold Receivables are made to the Fund.

2.2.8 Indication of declarations and warranties given to the issuer relating to the assets.

The respective Seller made in the Deed of Incorporation and, where applicable, has made in the relevant Set of Supplementary Articles, only with respect to itself and to each of the Tariff Deficit Receivables that it sells on the Date of Sale to which the Deed of Incorporation or the Set of Supplementary Articles refer, the following representations to the Sociedad Gestora, acting on behalf of the Fund, which were deemed to have been repeated by the respective Seller on the respective Date of Sale:

- (i) It is a corporation duly incorporated under the applicable laws, and it has its own legal status and capacity to act.
- (ii) The sale of the Tariff Deficit Receivables does not contravene its corporate purpose and does not involve the breach of its statutory provisions or its articles of association.
- (iii) The sale of the Tariff Deficit Receivables has been properly authorized by its competent corporate bodies and no other approval and/or authorization of such corporate bodies is required.
- (iv) The powers of attorney of the person/s who has/have signed the Deed of Incorporation or the Set of Supplementary Articles, as the case may be, on its behalf, for the purposes of the sale of the Tariff Deficit Receivables, are sufficient and are in force.
- (v) It is duly authorized to grant the Deed of Incorporation or the Set of Supplementary Articles, as appropriate, and to meet each and every one of the commitments undertaken thereunder.
- (vi) The granting and signing of the Deed of Incorporation or the Set of Supplementary Articles, as appropriate, and of the sale transaction specified therein will not enter into conflict with contracts or agreements to which the Seller is party, or by which it is bound, nor will it cause the breach or termination of any such contracts or agreements; nor is it in conflict, nor does it contradict, any regulation applicable to the Seller or to its assets, obligations or income.
- (vii) Neither it nor any third party has filed for, and it does not intend to proceed to or seek, and is not aware that any third party is going to

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seek, its winding up or insolvency. Moreover, on the Date of Sale it is not subject to insolvency proceedings.

- (viii) Prior to the granting of the Deed of Incorporation or the pertaining Set of Supplementary Articles, as appropriate, no contract has been entered into for the sale or assignment, either full or in guarantee, of all or part of any rights over the Tariff Deficit Receivables that are sold to the Fund, nor has any right in rem, beneficial interest or right of any other kind been granted with respect to all or part thereof.
- (ix) Neither the Seller (nor any of the companies of its group, as indicated in article 42 of the Spanish Commercial Code) have lodged any appeal that is pending ruling against the statutory and regulatory provisions that affects the recognition of the Tariff Deficit Sold Receivables.
- (x) Pursuant to the provisions of article 1,529 of the Spanish Civil Code, it guarantees and vouches for the existence and legitimacy of the Tariff Deficit Receivables to be sold, on the Date of Sale, but not for the solvency of the debtor, be this the consumer or the Spanish State, according to the nature, rights and obligations recognized in the Tariff Deficit Receivables.
- (xi) Given the legal nature of the Tariff Deficit Receivables and the last certificate available issued by the National Energy Commission, regarding the ownership and amount of such Tariff Deficit Receivables, it is not aware of the existence of any rights to compensation that might be claimed by third parties with respect to the Tariff Deficit Receivables that are sold to the Fund.
- (xii) Both the characteristics of the Seller and of the Receivables that it owns, and the other information about itself that the Seller has furnished to the Sociedad Gestora is true and complete.
- (xiii) Unless this requirement is exempted by the CNMV, in accordance with the provisions of article 2.2. a) 1) of Royal Decree 926/1998, it has audited annual accounts for the last three (3) financial years, which have been filed at the CNMV and at Companies House.

2.2.9 Indemnity for latent defects in the security-backed assets

In accordance with the requirement set forth in article 6.2.c) of Royal Decree 926/1998 and notwithstanding the special legal nature of the Tariff Deficit Receivables, in the exceptional event that, despite the declarations made by the Seller, it should be detected subsequent to the Date of Sale of the Fund that some of the Tariff Deficit Receivables do not match on said Sale Date the statements made that are described in **section 2.2.8** of the Additional Building Block or should otherwise present latent defects, the Sociedad Gestora will report this to the pertaining Seller for redress of this situation.

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Should this situation not be eligible for redress or should fail to be remedied within a period of thirty (30) calendar days as of awareness of said defect or notification from the Sociedad Gestora, the relevant Seller will, in accordance with the provisions of articles 1.474 and following of the Civil Code, indemnify the Fund.

In order to avoid potential damage to the Fund's financial equilibrium, the pertaining Seller will bear all the expenses arising for the Fund arising from the redress and indemnity that may ensue, if any.

This compensation will be reported to the CNMV, the Rating Agencies, the Interministerial Committee, the Monitoring Committee and the Bondholders.

2.2.10 Relevant insurance policies relating to the securitized assets.

Not applicable.

2.2.11 Information on the debtors where the securitized assets including obligations of five or fewer debtors which are legal persons, or if a single debtor accounts for more than 20% of the assets, or where a single debtor accounts for a material portion of the assets.

The ultimate debtors of the recovery of the Tariff Deficit Receivables are, ultimately, the electricity consumers, through the Access Tolls, as explained in section 2.1 of this Additional Building Block, so there is no single debtor who accounts for more than 20% of the assets or a material portion of them.

2.2.12 Details of the relationship, if it is material to the issue, between the issuer, guarantor and obligor.

No relationships exist between the Fund, the Sellers, the Sociedad Gestora and the parties to this transaction other than as set forth in sections 5.2. and 7 of the Registration Document.

2.2.13 Where the assets include equity fixed interest securities, description of the principal terms and conditions.

Not applicable.

2.2.14 Where the assets include equity securities, description of the principal terms and conditions.

Not applicable.

2.2.15 Where more than 10% of the securitized assets comprise equity securities that are not traded on a regulated or equivalent market, a description of the principal terms and conditions

Not applicable.

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2.2.16 A valuation report setting out the valuation of the property and the cash flow / income streams if an important part of the assets is backed by real estate.

Not applicable.

2.3 Actively managed pool of assets backing the Issue.

Not applicable.

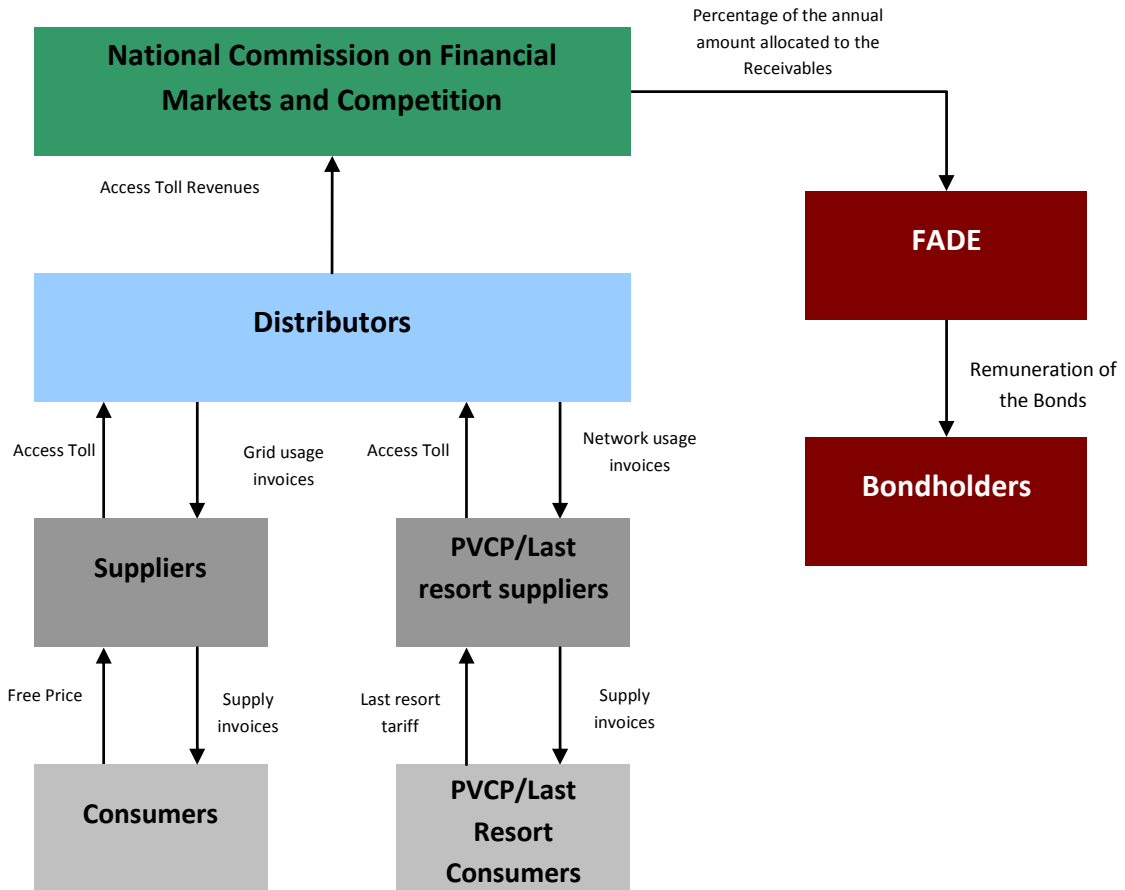
2.4 Where an issuer proposes to issue further securities backed by the same assets, a statement to that effect and description of how the holders of that class will be informed.

If the sale of Tariff Deficit Receivables results in the Issue of new Series or the increase of Series already issued, the Bondholders will be informed in the relevant Final Terms and Conditions of the new Issue, and in accordance with the provisions of section 4.1.3.2 of this Additional Building Block.

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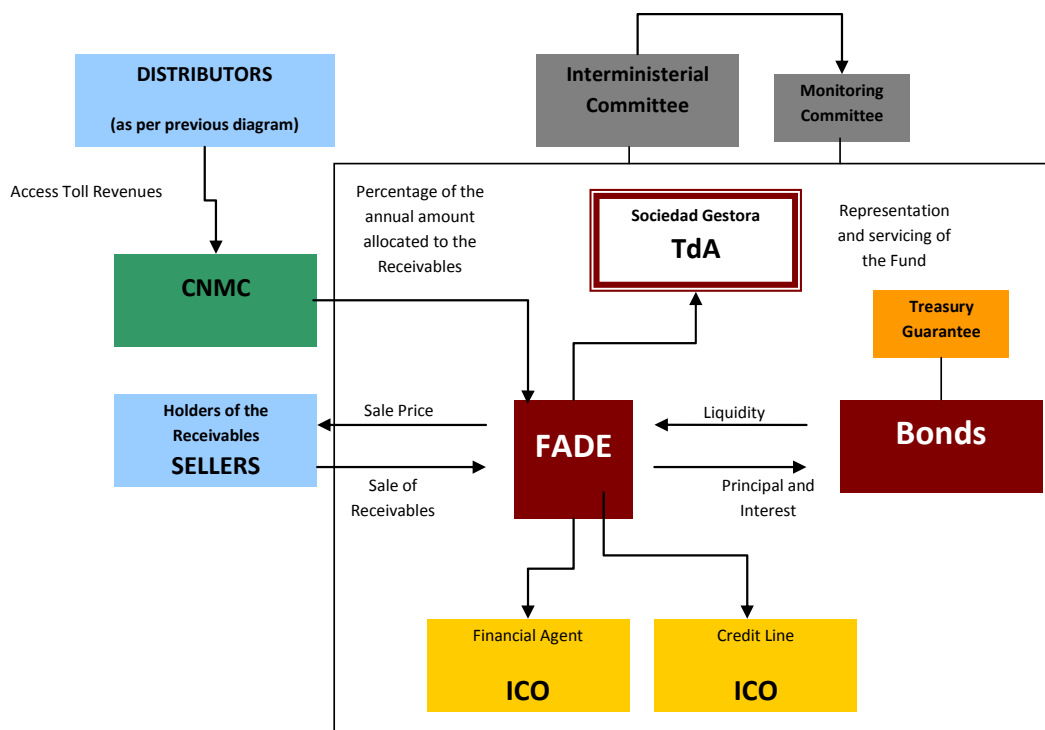
3. STRUCTURE AND CASH FLOW.

3.1 Description of the structure of the transaction, including, if necessary, a diagram.



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3.2 Description of the entities participating in the issue and description of the duties to be performed by them.

A description of the entities participating in the Programme and a description of their duties can be found in section 5.2. of the Registration Document.

The Final Terms and Conditions will list the specific entities participating in the Programme, as well as any other entity that is a Fund counterparty (underwriting or placement agents and suppliers of interest swaps, as appropriate).

The Sociedad Gestora declares that the summary descriptions of the contracts in this Prospectus, contain the most important and material information on each of the contracts and give a true and fair view of their content, and no information that might affect the contents of the Prospectus has been omitted.

3.3 Description of the method and date of the sale, transfer, novation, assignment of the assets, or of any right and/or obligation in the assets to the Fund.

3.3.1 Sale to the Fund of the Receivables.

The Fund can acquire Tariff Deficit Receivables during the Purchase Period, in other words, until the date on which five (5) years have elapsed since the Disbursement Date of the First Issue of the Fund (in other words, until 25 January 2016), or until any earlier date on which the Sociedad Gestora determines that no more Tariff Deficit Receivables can be sold through the

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Fund, and provided that (i) there is a current Prospectus registered at the Official Registers of the CNMV, (ii) the Sellers have audited annual accounts for the last three (3) financial years and (iii) the Sociedad Gestora has not initiated the proceedings for the Early Liquidation of the Fund pursuant to section 4.4.3 of the Registration Document.

On the date of registration of this Prospectus, the Fund has already been sold all the Tariff Deficit Receivables.

Each Seller sells Tariff Deficit Receivables to the Fund by granting the relevant Set of Supplementary Articles, (although the sale will actually take place on the respective Date of Sale).

In accordance with the provisions of article 6.7 of Royal Decree 437/2010, once the effective sale of a certain Tariff Deficit Receivable has taken place, the relevant Seller and the Fund will inform the CNMC (replacing the CNE) of the sale made and provide data on the List of Holders that the CNMC (replacing the CNE) must keep in accordance with article 14 of the abovementioned Royal Decree 437/2010. A copy of the Deed of Incorporation and the Set of Supplementary Articles through which each sale is instrumented, as well as a copy of the relevant disbursement certificates, will be filed with the CNMV, the CNMC (replacing the CNE) and the Directorate General of Energy Policy and Mining.

Prior to the registration of the pertinent Final Terms and Conditions of each Issue of the Fund, the Monitoring Committee will issue a certificate with:

- (i) Provided that Tariff Deficit Receivables are going to be acquired in that Issue, an estimated appraisal and distribution of the outstanding amount of the Tariff Deficit Receivables on the pertinent Disbursement Date, and
- (ii) The definitive terms and conditions of the relevant Issue.

The sale conforms to the provisions of Royal Decree 437/2010, articles 347 and 348 of the Spanish Commercial Code, articles 1526 et seq. of the Spanish Civil Code, Royal Decree 926/1998, the fifth additional provision of Ley 3/1994, the twenty-first additional provision of the Electricity Sector Act 21/1997, and to the specific terms of the sale.

The Tariff Deficit Receivables to be sold on each Date of Sale, as defined below, will be sold for the amount corresponding to the result of the Bond Issue on that Date of Sale, and allocated to the purchase of Tariff Deficit Receivables (therefore excluding the Refinancing Amount, where applicable).

According to the provisions of paragraph two, article 6.4 of Royal Decree 437/2010, if the amount of the Issue for the acquisition of Tariff Deficit Receivables, with respect whereof there is a sale commitment, is not enough to acquire the Tariff Deficit Receivables notified by the Sellers, the Sociedad Gestora will prorate the Tariff Deficit Receivables of whose sale commitment it

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has been informed. This will be based upon the amounts committed at the time of each Issue by each Seller and within the amount pertaining to each Seller, the most recent Tariff Deficit Receivables will be the first to be sold.

The Set of Supplementary Articles and the Final Terms and Conditions of each Issue will state the outstanding amount of each category of Tariff Deficit Receivables that are sold on the pertinent Date of Sale to the Fund, calculated in accordance with the provisions of section 3 of Royal Decree 437/2010.

3.3.2 Date of Sale

Given the particular nature of the Tariff Deficit Receivable, the effective date of the sale to the Fund of the Tariff Deficit Receivables must match the Disbursement Date of the relevant Issue ("**Date of Sale**").

From (and including) the Date of Sale, the risk and venture inherent to the Sold Receivables will be transferred to the Fund and, pursuant to the provisions of article 1,529 of the Spanish Civil Code, each Seller will only be held accountable for the existence and legitimacy of the receivables that it has sold, on the relevant Date of Sale and for the representations and warranties set forth in section 2.2.8 of this Additional Building Block and relative to itself and to the Tariff Deficit Receivables that it has sold.

The pertinent Seller does not assume any liability for the non-payment of Tariff Deficit Receivables that it has sold; such that the Fund will assume the inherent risk of the purchases of such Receivables, and will not be entitled to take any action against the pertinent Seller in this respect.

Additionally, it is hereby expressly stated that the Sellers will not be liable either for:

- The contents of this Prospectus;
- Changes in the statutory arrangements of the Deficit Tariff receivables, including changes in the tariffs; or
- Any other circumstance not expressly described in this Prospectus or in the Deed of Incorporation or in a Set of Supplementary Articles.

All without prejudice to the respective Seller's liability for the representations and warranties described in section 2.2.8. of the Additional Building Block, and the liability derived from the Deed of Incorporation and the Sets of Supplementary Articles.

3.3.3 Price and payment

According to the provisions of article 7 of Royal Decree 437/2010, the sale price of the Tariff Deficit Receivables will be as follows,

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- a) For Tariff Deficit Receivables indicated in section 2.2.2 A) 1) of this Additional Building Block, the sale price has been the Receivable Nominal Balance of the Sold Receivables at the time of the sale, calculated in accordance with the procedure described in section 2.2.2.B) above.
- b) For the "2009 Deficit Receivables" described in section 2.2.2.A) 2) of this Additional Building Block, the sale price has been the amount recognized thereof, discounted in accordance with the procedure described in section 2.2.2.B) above.
- c) For the "2010 Deficit Receivables", described in section 2.2.2 A) 3), the sale price has been the recognized amount of 5.5 billion euros.
- d) For the "2011 Deficit Receivables", indicated in section 2.2.2 A) 4) of this Additional Building Block, the sale price has been 3 billion euros.
- e) For the "2012 Deficit Receivables" described in section 2.2.2 A) 4) of this Additional Building Block, the amount recognized and actually sold has been FIVE THOUSAND SIX HUNDRED AND NINE MILLION TWO HUNDRED AND THIRTEEN THOUSAND (5,609,213,000) euros.

For the Tariff Deficit Receivables described above in points a) and b), the price of each sale has been paid by the Sociedad Gestora, acting on behalf of the Fund, to the relevant Seller on the Date of Sale (which coincides with the Disbursement Date), for value that same day, once the Fund received the subscription price of the Bonds issued in that Issue.

For the Tariff Deficit Receivables described above in points c), d) and e) above), in accordance with the provisions of article 6 of Royal Decree 437/2010, the price of each sale must be paid by the Sociedad Gestora, acting on behalf of the Fund, to the CNMC in the specific account that the CNMC, or, as the case may be, the agency that it designates for such purposes, opens and designates in the Bank of Spain, in the Instituto de Crédito Oficial or in an entity authorized to perform, in Spain, the activities typical of financial institutions, in accordance with the provisions of article 6.6. of Royal Decree 437/2010, on the Date of Sale (which coincides with the Disbursement Date), for value that same day, once the Fund has received the subscription price of the Bonds issued in that Issue. Such payment will release the Fund from its sale price payment obligation, vis-à-vis the respective Sellers and/or the CNMC, as appropriate.

Should any of the circumstances envisaged in section 4.4.5 of the Registration Document occur, the Sociedad Gestora will terminate the sale of the relevant Tariff Deficit Receivables, the Issue of Bonds of the relevant Series and any contracts signed by the Fund in connection with that Series.

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3.3.4 Description of rights conferred to the Fund through the sale of the Tariff Deficit Receivables.

The Fund, as legal holder of the Sold Receivables after their full and unconditional sale to the Fund on the pertinent Date of Sale by the Seller, will hold the rights recognized to the Fund in Royal Decree 437/2010, and which are described in section 2.2 of this Additional Building Block. Therefore the sale will comprise, from (and including) the pertinent Date of Sale, all the rights, products and actions, whether as a primary party, or as an accessory and under a guarantee (real or personal, as well as related rights) including management rights and legal rights, whether establishing a basis for demanding capital, or to demand interest, expenses, costs, penalties, or any other circumstance, ensuing from the Tariff Deficit Receivables sold to the Fund.

Notwithstanding the existence of the State Guarantee, the Fund, in accordance with the provisions of section 2.e) of the Contentious-Administrative Jurisdiction Act 29/1998, of 13 July, may file a suit against the State Administration, should it be held personally liable on account of the Sold Receivables or of the result of any legislative and administrative acts related thereto.

3.4 Explanation of the flow of funds.

3.4.1 How the cash flow from the assets will meet the Issuer's obligations to the Security holders.

Pursuant to article 10.2 of Royal Decree 437/2010, the Fund will receive the part of the annual amount to which it is entitled and that is recognized in the provisions approving the access tolls, as well as the adjustments made thereto as described in the previous paragraph of section 10.1 of Royal Decree 437/2010. The annual amount will be distributed in accordance with the general cost accrual procedure applied by the CNMC or the agency responsible for making the settlements, set forth in Appendix I of Royal Decree 437/2010.

There follows an explanation of the procedure for paying such annual instalments.

A) Electricity sector settlement procedure

As explained earlier, one of the energy-related functions previously attributed to the CNE and that have been transferred to the Ministry of Industry, Energy and Tourism, according to the 8th AP of Ley 3/2013 is the settlement of the payment obligations and receivables required to cover the costs of transport, distribution, as well as the fixed costs of the system and diversification and security of supply costs¹⁵. However, the Fourth Transitory Provision of Law 3/2013 states

¹⁵As indicated, pursuant to the Electricity Sector Act 24/2013, there is no longer any distinction between permanent costs and diversification and security of supply costs, all of which are now regarded as system costs.

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that the CNMC will continue performing this function on a transitional basis, until such time as the Ministry of Industry, Energy and Tourism has the means necessary to exercise it effectively.

Consequently, as part of the settlement process, the CNMC, provisionally, is responsible, from the amounts collected from Distributors and Transporters (in future, one single Transporter, REE), for the payment to the holders of Tariff Deficit Receivables of the amounts included in the Fees designed to cover the payment of the Tariff Deficit Receivables in accordance with what is set forth in the 21st AP of Ley 54/1997 and Royal Decree 437/2010.

Therefore, the CNMC transitionally ensures that the payments received for this item are allocated and transferred to the holders of the Tariff Deficit Receivables, including the Fund, in accordance with article 10 of Royal Decree 437/2010.

The electric system settlement procedure established by Royal Decree 2017/1997 is transitory, as specified in section 2.2.E) of this Additional Building Block, and its features are as indicated in that section. According to the description of Spanish electricity system made throughout sections 2.1 and 2.2. of this Additional Building Block, included in section 3.1 of this Additional Building Block is a diagram of the flows of payments of the electricity system that are relevant for the purposes of the Tariff Deficit Receivables.

B) Calculation of the annual amounts payable to the Fund for the Sold Receivables.

B.1) Calculation of the annual instalment for paying the Sold Receivables

As explained in section 2.1 of the Additional Building Block, the provisions (Ministerial Orders) modifying the Access tolls will determine, for the purposes of their inclusion, as a permanent system cost, in the pertinent Access Tolls, the annual instalment required to pay the Receivables Sold to the Fund (in other words, those referred to in article 8 of Royal Decree 437/2010), which will be recovered in fifteen (15) years from the pertinent Date of Sale of each one of them to the Fund, according to the following formula:

$$A = \left(\text{IMPORTE}_{\text{pendiente_de_cobro}} \times \frac{r}{1 - (1 + r)^{-P}} \right)$$

Where:

A: Annuity.

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AMOUNT outstanding: Amount outstanding defined in article 9 of Royal Decree 437/2010 (described in section 2.2.2 D) supra), in other words, the Receivable Nominal Balance of the Sold Receivables.

r: Rate of interest accrued by the receivables established in article 8.2 of Royal Decree 437/2010 (described in section 2.2.2 E) supra).

p: Number of annual payments outstanding, from 1 January of the year in which the annual instalment is going to be calculated until the final maturity date.

For the purposes of discounting the amounts that have to be included in the provisions approving the access tolls, The Directorate General of Energy Policy and Mines will ask the CNMC for a reporting estimating the annual amount to be paid to the Fund in each of the access tariff reviews. For its part, the Sociedad Gestora of the Fund must send the CNMC, on 30 November each year or whenever the CNMC requests it, the accrual interest rate of the Sold Receivables for the next year.

B.2) Calculation of the annual instalment in the year in which the sale is made

In the year in which the sale is made, and for each sale of Tariff Deficit Receivables, the CNMC will calculate a new annual instalment associated to Issue i with the following formula:

$$A_i = \left(\text{IMPORTE}_{\text{pendiente de cobro}_i} \times \frac{r_i}{1 - (1 + r_i)^{-15}} \right) \times \frac{n_i}{365}$$

Where:

A_i : Annuity.

AMOUNT outstanding_i: Price of the sale associated to Issue i.

r_i = Accrual interest rate corresponding to the sale associated to Issue i according to the provisions of article 8 section 2 of Royal Decree 437/2010 (described in section 2.2.2 E) above)

n_i = Number of days of the year elapsed since the time of the sale associated to Issue i until 31 December of the year in which the sale is made.

B.3) Consequences of the existence of differences between the new annual instalments calculated as described above and the annual instalments determined in the rules regulating the Access tolls for the same period.

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The resulting positive difference between the new annual instalments calculated with the procedure described in the previous paragraph and the proportional part of the annual instalment included in the access tolls for the same period will be deemed a Payable Cost of the system.

The resulting negative difference between the new annual instalments calculated with the procedure described in the previous paragraph and the proportional part of the annual instalment included in the access tolls for the same period will be deemed a Payable Revenue of the system.

Therefore, if a difference exists between the annual instalment to be received by the Fund for the Sold Receivables, in accordance with the foregoing calculation procedure, and the annual instalment determined in the rules regulating the Access tolls, such difference will not affect the Fund, which will receive the annual instalment calculated with the foregoing calculation procedure, and any positive or negative difference will be passed onto the electricity system players, described in article 21 of Royal Decree-Law 6/2010 as appropriate. This is so because the Settlement Procedure is not only used to settle the annual instalments associated with the Sold Receivables, but also to settle the income and expenses of the regulated activities of the electric system, as explained below:

- On the date of this Prospectus, in accordance with current legislation, the electricity system revenue included in the last settlements made by the CNMC consists in: **(i)** the revenue from Access toll bill (including the fees charged for specific purposes); **(ii)** the revenue from the surcharge to customers Supplied at the Last Resort Tariff without being entitled thereto; **(iii)** “the revenues under Ley 15/2012”; **(iv)** “the CO2 auction revenue”; and **(v)** “the extraordinary credit revenue”. For these purposes, items (i) to (v) will be referred to jointly as the “**Payable Revenues**”.
- On the date of this Prospectus, in accordance with current legislation, the main cost items of the regulated activities included in the last settlements made by the CNMC consists, among others, in: **(i)** the transmission, distribution and sales management costs, **(ii)** the payment to the CNMC , System Operator and Off-Peninsular Compensation, **(iii)** the diversification and security of supply costs (Nuclear Moratorium, Second Nuclear fuel cycle, Special Regime Premiums and Interruptibility Service) and **(iv)** annual instalments for financing the peninsular and off-peninsular deficits. For these purposes, items (i) to (iv) will be referred to jointly as the “**Payable Costs**”.
- In the settlement procedure described above, all the Payable Revenues will be allocated to paying the overall Payable Costs (as an exception, the fees charged for specific purposes are applied to the permanent

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costs¹⁶). In other words, no percentages or specific items of the Payable Revenues are allocated to the payment of a Payable Cost in particular.

- If the Payable Revenues exceed or are equal to the Payable Costs, the Fund will receive, regularly, the relevant amounts of the Sold Receivables through the Settlement Procedure supervised by the CNMC.
- It may occur that, in a specific settlement or period, the Payable Revenues are insufficient to meet all the Payable Costs, giving rise to a tariff deficit in the settled period. In this event, the Securitization Fund retains the right to continue receiving the payments of the Sold Receivables, and the deficit of that period will be borne by the system agents designated in article 21 of Royal Decree-Law 6/2010.

B.4) Calculation of the annual instalments if new Issues are arranged that are not associated with sales of Tariff Deficit Receivables or Bond redemptions.

If new Issues are arranged that are not associated with sales of Tariff Deficit Receivables (i.e., in accordance with the provisions of the Securities Note, refinancing of Series already issued) or Bond redemptions, the following expression will be considered as payable revenue or cost of the system:

$$L = \left(IMPORTE_{pendiente_de_cobro} \times (r_1 - r_2) \right) \times \frac{n}{365}$$

Where:

L: Payable Cost of the system (if r_1 is bigger than r_2) or Payable Revenue of the system (if r_2 is bigger than r_1).

AMOUNT_{outstanding}: Amount outstanding on 31 December of the year immediately preceding the new issue or redemption.

r_1 = Accrual interest rate of the Sold Receivables calculated at the time of the new issue or redemption.

r_2 = Accrual interest rate calculated on 30 November of the year immediately preceding the new issue or redemption.

n = Number of days of the year elapsed since the time of the new issue or redemption until 31 December of the current year.

¹⁶ As indicated below, pursuant to the Electricity Sector Act 24/2013, there is no longer any distinction between permanent costs and diversification and security of supply costs, all of which are now regarded as system costs.

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Additionally, both the CNMC and the Directorate General of Energy Policy and Mines may ask the Sociedad Gestora for any information required to calculate the annual instalments, as well as any other information required to exercise their powers.

So, because "L" measures the change in the accrual interest rate of the Receivables generated by new Issues not associated with new sales of Tariff Deficit Receivables or Bond redemptions, the Fund's revenues will be adjusted positively (if L is considered a system Payable Cost) or negatively (if L is considered a system Payable Revenue). This adjustment will be applied pursuant to the Settlement Procedure of the CNMC and in particular, according to the distribution of the annual instalment indicated in Appendix I of Royal Decree 437/2010, Described in section c) below, and the table listing the time allocation of the accrued settlements in Appendix II of Royal Decree 437/2010, described in section 2.2.2 D) of the Additional Building Block above.

B.5) Additional adjustments to the revenues derived from the Receivables.

Pursuant to the Resolution adopted by the Board of Directors of the CNE on 21 October 2010, the methodology described in the proposal "Procedure for calculating settlements in the year of the sales" and "Procedure for the adjustment settlement in the case of refinancings" sent to the CNE by the Interministerial Committee on 15 September 2010, including the observations that the CNE includes in its Resolution, will be applied.

These procedures describe: (i) the adjustment to be made to the first annual instalment that the Fund will receive for each Sold Receivable, which will entail taking into account the proportion represented by the percentage remuneration of each settlement divided by the sum of the percentage of the settlements yet to accrue, according to Appendix I of Royal Decree 437/2010. This procedure will enable the settlements to be received by the Fund for said annuity to be equal to 100%, and (ii) the adjustment to be made to the revenues from the Sold Receivables if there are new several new Issues not associated with new sales of receivables or Bond redemptions during one same year.

C) *Payment of the annual instalments obtained with the previous calculations*

The annual instalment received by the Fund, derived from the Access tolls, on each Collection Date, in accordance with the Settlement Procedure, will be paid by the CNMC in accordance with the general accrual procedure that applies and is set forth in Appendix I of Royal Decree 437/2010, and which is as follows:

The flows for two successive years (where D_{n-1} , D_n , D_{n+1} are the annual amounts to which the parties entitled to receive them in years $n-1$ to $n+1$) are entitled, will be structured as shown in the following table:

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Settlement	Latest date for collecting the Receivables	Remuneration
1 n-1	15 April n-1	2.333% D_{n-1}
2 n-1	15 May n-1	7.083% D_{n-1}
3 n-1	15 June n-1	8.333% D_{n-1}
4 n-1	15 July n-1	8.333% D_{n-1}
5 n-1	15 August n-1	8.333% D_{n-1}
6 n-1	15 September n-1	8.333% D_{n-1}
7 n-1	15 October n-1	8.333% D_{n-1}
8 n-1	15 November n-1	8.333% D_{n-1}
9 n-1	15 December n-1	8.333% D_{n-1}
10 n-1	15 January n	8.333% D_{n-1}
11 n-1	15 February n	8.333% D_{n-1}
12 n-1	15 March n	8.333% D_{n-1}
13 n-1 + 1 n	15 April n	6% D_{n-1} + 2.333% D_n
14 n-1 + 2 n	15 May n	1.25% D_{n-1} + 7.083% D_n
3 n	15 June n	8.333% D_{n-1}
4 n	15 July n	8.333% D_{n-1}
5 n	15 August n	8.333% D_{n-1}
6 n	15 September n	8.333% D_{n-1}
7 n	15 October n	8.333% D_{n-1}
8 n	15 November n	8.333% D_{n-1}
9 n	15 December n	8.333% D_{n-1}
10 n	15 January n+1	8.333% D_{n-1}
11 n	15 February n+1	8.333% D_{n-1}
12 n	15 March n+1	8.333% D_{n-1}
13 n + (1 n+1)	15 April n+1	6% D_n + 2.333% D_{n+1}
14 n + (2 n+1)	15 May n+1	1.25% D_n + 7.083% D_{n+1}

In the aforementioned Appendix I of Royal Decree 437/2010, the sum of these amounts of remuneration is 99.996%. However, Appendix I must be interpreted by the CNMC (replacing the CNE), and the 100% will be obtained by the CNMC with a division of 1/12 (to distribute those twelve monthly instalments into fourteen settlements) without rounding up or down, so that the total will be obtained.

3.4.2 Information on any enhancement.

As a mechanism for credit enhancement in the event of possible losses due to the payments of the Sold Receivables not matching the payments actually foreseen in the annuity, by the determination of the Access Tolls, or due the existence of treasury shortfalls between the revenues and payments of the Fund, and for the purpose of allowing payments to be made by the Fund in accordance with the Priority of Payment Order and the Liquidity Priority of Payment Order, the Series of Bonds have the following credit enhancements:

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- To guarantee the payment of principal and ordinary and default interest of the Bonds of each Series, the Ministry of Economy and Competitiveness (previously the Ministry of the Economy and Finance) will grant the State Guarantee, waiving the benefit of surety set forth in Article 1830 of the Spanish Civil Code, in the terms described in section 3.4.2.1 below.
- On the Date of Incorporation the ICO, as the Liquidity Provider, granted a Credit Line, allocated to pay the ordinary interest and the principal of the Bonds of each Series, provided that it is necessary because there are no other Available Funds, provided that it necessary because there are no other Available Funds, without resorting to the State Guarantee, as well as the Formation Expenses, Issue Expenses and/or Periodic Expenses, in the terms described in section 3.4.2.2 below.
- To hedge against the interest rate risk that might exist due the Bonds of a Series being subject to a floating interest rate, the pertinent Final Terms and Conditions may specify an interest swap, in the terms described in section 3.4.8.2 below, and as set out in the pertinent Final Terms and Conditions.

3.4.2.1 State Guarantee

Characteristics

The Ministry of Economy and Competitiveness (previously the Ministry of the Economy and Finance), on behalf of the State Administration, by the means of a Ministerial Order, and by virtue of section 9 of the 21st AP of Ley 54/1997, and in accordance with the amounts determined by the relevant General State Budget acts, will grant the State Guarantee, by virtue of which the Spanish State will guarantee, waiving the benefit of surety set forth in article 1830 of the Spanish Civil Code, the payment of the economic obligations binding the Fund derived from the Bonds that meet the requirements set forth in the relevant Order.

Accordingly, on the Date of Incorporation of the Fund a bank guarantee that was charged to the 2011 State Budget by virtue of the Order of the Minister of 14 January 2011 was granted, for an outstanding balance of TWENTY-TWO BILLION (22,000,000,000) euros, the maximum outstanding balance that matches the figure specified in section 49.2 of the 2011 General State Budget for 2011 Act 39/2010, of 22 December, although the Issues that are guaranteed can be arranged after the year 2011.

Subsequently, on 27 August 2013, a new bank guarantee that was charged to the 2013 State Budget by virtue of the Ministerial Order of 27 August 2013, was granted for a maximum outstanding balance of FOUR BILLION EUROS, this maximum outstanding balance matching the figure stipulated in section 54.2 of the 2013 State Budget Act 17/2012, of 27 December, although the Issues that are guaranteed can be arranged after the year 2013.

The maximum outstanding balance of FOUR BILLION (4,000,000,000) EUROS of the bank guarantee granted in the new Ministerial Order of 27

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August 2013 was added to the bank guarantee granted for the amount of TWENTY-TWO BILLION (22,000,000,000) EUROS, in the Ministerial Order of 14 January 2011, which remains in force for these purposes. Therefore both Orders result in a granted bank guarantee with a maximum outstanding balance of TWENTY-SIX BILLION (26,000,000,000) EUROS.

The guaranteed transactions that, under the granted bank guarantee with a maximum outstanding balance of TWENTY-SIX BILLION (26,000,000,000) EUROS, are carried out from the date that the Order of 27 August 2013 enters into force, will be governed by the provisions thereof. The issues arranged before the date on which this order enters into force will continue to be governed by the provisions of the said Order of 14 January 2011.

Accordingly, all the references made to the "**Bank Guarantee**" or to the "**State Bank Guarantee**" in the Prospectus will be construed as referring to the two bank guarantees granted under the Ministerial Order of 14 January 2011 and the Ministerial Order of 27 August 2013, which refer, jointly, to a maximum outstanding balance amount of TWENTY-SIX BILLION (26,000,000,000) EUROS.

All the Bonds of all the Series issued by the Fund will be guaranteed by the State Guarantee.

The maximum amount of the Guarantee granted will be understood as referring to the principal of the transactions. The said guarantee will extend to the relevant ordinary interest, and to the debtor's default interest provided that, in this case, the enforcement of the bank guarantee is sought within the five (5) business days following the maturity date of the guaranteed obligation.

For the purposes of the Guarantee, pursuant to the provisions of section 48 of Ley 19/1992 of 26 November, on the Legal Regime for Public Administrations and the Common Administrative Procedure, Sundays and holidays indicated on the official work calendar, will be considered non-business days.

The amount of the default interest will be the result of applying to the payment entailed in enforcing the guarantee the Euro Overnight Index Average interest rate published by the Bank of Spain, of the due date of the guaranteed obligation multiplied by the number of days that elapse between this date and the date of actual payment by the guarantor, calculated on a 360-day year basis.

The Director General of the Treasury and Financial Policy is authorized to modify this interest rate, by issuing a justified resolution, provided that there are justified reasons for doing so.

The Guarantee does not extend to any obligation other than that mentioned, be they commissions, financial expenses or of any other nature.

The Guarantee will be deemed to have been enforced irrevocably and unconditionally, once what is established herein has been fulfilled and will be applicable to all guaranteed transactions.

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Bond issues in euros made by the Fund in Spain and that meet the following requirements will be guaranteed up to the maximum amount mentioned above:

- a) Type of security: must be non-subordinated debt securities that are not guaranteed by any other type of guarantee.
- b) Maturity period: the maturity period for each Series will be, at the most, of 16 years from its disbursement, without prejudice of the Legal Maturity Date of the Fund.
- c) Yield: the interest rate may be fixed or variable. In the case of a variable interest rate, the reference rate must be widely known and used in the financial markets.
- d) Structure of guaranteed transactions: redemption may be made in one single payment or by regular payments over the life of the guaranteed bond; redemption structure and payment on given dates will be defined upon issue of the bond. Likewise, guaranteed issues will not have options attached, or any other financial derivatives, or any other element that hinders the valuation of the risk assumed by the guarantor.
- e) Admission to trading: the securities must be admitted to trading on one of the Spanish official secondary markets.
- f) Payments arising from these issues to be made by the Fund must be made via a paying agent, and that agent will be the Official Credit Institute or whoever should act in lieu thereof.

The State Guarantee will remain in effect whilst any of the economic obligations arising from the guaranteed bonds should remain outstanding, with extinction, in any event, of the liability on the part of the General State Administration if after six (6) months as of the Final Maturity Date of the last obligation of each guaranteed bond not being met, should lapse without having requested execution thereof.

The obligations undertaken by the General State Administration under this Guarantee will not be subject to any terms and conditions other than those set forth in the Ministerial Orders through which these are granted and will become effective, if applicable, when, once the obligation has fallen due and is due for settlement and payable, the debtor (i.e., the Fund via the Available Funds set aside for this purpose) has not paid the appropriate amount and payment is required from the Guarantor.

For the purposes of the Guarantee, natural maturity of an obligation will be understood as the maturity pertaining to the normal or early payment of guaranteed bonds, in accordance with the provisions of this Prospectus and in the pertaining Final Terms and Conditions; payment may not be requested from the Guarantor before this time, irrespective of the reason for the early callability of the guaranteed obligation, except in the case set forth below.

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Any modification or alteration of the requirements set forth in points a) to f) above regarding the issues that have already been guaranteed is forbidden, except for the early redemption in the cases contemplated in the regulations for security-backed funds. Exceptionally, early redemption will be permitted in cases not covered by such regulations, provided that it has been authorized beforehand by the General State Administration, via the Ministry of the Economy and Competitiveness and at the request of the Secretariat General of the Treasury and Financial Policy will be required.

Any modification that breaches the foregoing provisions will be rendered void in terms of the General State Administration, who will have the obligations as stated in the Ministerial Order.

Effectiveness of each Guarantee

The effectiveness of the Guarantee granted will be subject to the following conditions being met:

- a) At least ten (10) calendar days in advance of the date of issue of the guaranteed bonds, the Sociedad Gestora must inform the Directorate General of the Treasury and Financial Policy of the details of each specific transaction that it intends to carry out, by presenting a copy of the Prospectus, Final Terms and Conditions or issue deed, if any, to the CNMV for registration thereof.
- b) The Directorate General of Treasury and Financial Policy will examine the details of the transaction and, if the requirements necessary for the transaction to be covered by the State Guarantee are met, in the terms set out in the Order and in 21st AP Ley 54/1997, it will notify the Sociedad Gestora of the Fund in the manner established for such purposes.
- c) Once the guaranteed Issue has been carried out, the Sociedad Gestora will report on the specifics thereof, by means of the Prospectus, Final Terms and Conditions or a copy of the Complementary Deed referred to in the Final Terms and Conditions of point a) above duly registered with the CNMV, to the Secretariat General of the Treasury and Financial Policy and will request the admission to trading on an official secondary market.
- d) The Directorate General of the Treasury and Financial Policy will verify that the characteristics of the transaction carried out are in line with those reported and will confirm the effectiveness of the Guarantee.

Information

The Directorate General of the Treasury and Financial Policy will be responsible for the control and monitoring of the guaranteed transactions. To this end, the Sociedad Gestora must provide all the information on the guaranteed transactions that said Directorate General may request.

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The Sociedad Gestora will be responsible for informing the guarantor of the date and conditions of the issue and the maturity of each of the guaranteed transactions, as well as dates and amounts of payments due on ordinary interest, and any other circumstance that, if any, might affect the operation and the possibility of executing the guarantee that has been granted. It shall also report any circumstances that could justify the Director General of the Treasury and Financial Policy delaying the refund of the amounts drawn from the Guarantee.

Likewise, the Sociedad Gestora will be responsible for the obligation of informing the Directorate General of the Treasury and Financial Policy of the inability to meet any of the obligations arising from the guaranteed transaction at least 15 calendar days in advance of the maturity date thereof. Said communication will include all exceptions that the Fund could present to the creditor.

In any event, prior to 31 January of each financial year, the Sociedad Gestora will inform the Directorate General of the Treasury and Financial Policy of the amount at 31 December of the previous year of the estimated principal and ordinary interest outstanding until the final maturity date of the last obligation of each guaranteed transaction.

In order to automate the receipt and handling of the information referred to in this section, the Directorate General of the Treasury and Financial Policy may establish that this is sent by certain means and in specific formats of which it will inform the Sociedad Gestora.

Any failure by the Sociedad Gestora fails to meet its obligations to report the guaranteed transactions will not affect the effectiveness of the Guarantee.

Enforcement

Notwithstanding the provisions of the foregoing paragraphs, the enforcement of the Guarantee on the State and the payment of the amounts arising therefrom will be carried out as follows:

1. The guarantee will be enforced when, on a Payment Date, the Fund cannot make the interest and principal payments payable on the Bonds, because it lacks enough Available Funds, with the Credit Line being considered part of those Funds for those purposes. The amount of the Guarantee that is enforced will be calculated as described in the following paragraphs:

- (a) For paying the ordinary interest of the Bonds, the amount will equal the difference between the ordinary interest accrued on that Payment Date by the Bonds and the Available Funds applied to paying the interest of the Bonds, according to the priority of payment order and to the terms and conditions set forth in this Prospectus.
- (b) For paying the principal of the Bonds, the amount will equal the difference between the accrued amount of principal for redeeming the Bonds and the Available Funds applied to paying the principal of the

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Bonds, according to the priority of payment order and to the terms and conditions set forth in this Prospectus.

- (c) For paying any debtor's default interest that is accrued both by the ordinary interest of the guaranteed Bonds and their principal, the provisions of the first paragraph of the Order, described in the "Characteristics" section above, will be taken into consideration.

2. With the aim of speeding up the payment process, the enforcement will be requested once per each maturity, both in terms of principal and interest. To this end, and at least fifteen (15) calendar days in advance of the Payment Date, the Sociedad Gestora must inform of the pertaining amounts on maturity that will not be met, as well as any exceptions precluding payment.

3. Once the default by the Fund of a matured, due and payable obligation of a guaranteed transaction has taken place, in accordance with the terms of the order, the Sociedad Gestora, on behalf of all legitimate holders of the securities issued, will present a claim for payment in writing to the Directorate General of the Treasury and Financial Policy, in the manner established to this end.

4. Once the legitimate right of the Fund has been established, the Directorate General of the Treasury and Financial Policy will immediately begin the necessary proceedings to recognize the obligation and subsequent order of payment resulting from the enforcement of the guarantee transferring the pertaining amount to the account of the Fund opened exclusively for this purpose with the ICO or whoever may replace it as payment agent of the Fund (hereinafter the "**Guarantee Account**"), that is registered in the third party file of the Directorate General of the Treasury and Financial Policy.

5. Under no circumstance will offsetting balances against accounts, securities or assets of the guarantor be possible.

6. The amount of the late payment interest will be the result of applying to the amount of Bond principal or interest that has not been paid on its due date the Euro Overnight Index Average interest rate on the day payment is actually made to the Bondholder, published by the Bank of Spain or the interest rate that, where necessary, is determined by the Director General of the Treasury and Financial Policy, in a justified ruling. This interest will be calculated according to the number of days that elapse from the notification of such date to the date indicated to the Fund for the payment to the guarantor of the amounts drawn down from the Guarantee, on a 360-day year basis.

In the event of enforcement of the Guarantee against the General Administration of the State, the latter will take responsibility, with regard to the amounts executed under any item, for all rights and actions recognized to the holders of the Bonds against the Fund.

The amounts drawn down from the Guarantee, as well as the interest that such amounts accrue, will be reimbursed on the next Payment Date foreseen in the

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Fund payment schedule and will be charged to the Available Funds according to the Priority of Payment Order and the Liquidation the Priority of Payment Order, as appropriate.

The Director General of the Treasury and Financial Policy is authorized to transitorily delay the date for the repayment the amounts drawn down from the guarantee when, due to a shortage of Available Funds, such repayment entails enforcing the Guarantee again or the Early Liquidation of the Fund.

Optionally, the Fund may refund such amounts before the date established in the previous paragraphs, albeit in accordance with the Priority of Payment Order and the Liquidation Priority of Payment Order, as appropriate.

Legislation

Any controversies arising with regard to the interpretation, enforcement and application of the guarantee will be resolved, in the event of failure by the parties to reach an agreement, by the Courts of the City of Madrid.

Fees

Initially, the State Guarantee will not accrue any type of commissions payable by the Fund.

3.4.2.2 Credit Line.

According to the resolution passed by the Government Committee on Economic Affairs on 29 July 2010, the Fund has a credit line in accordance with the provisions of article 13 of Royal Decree 437/2010 (the "**Credit Line**") that was granted on the Date of Incorporation by the ICO (the "**Liquidity Provider**").

The characteristics of the Credit Line will be as follows:

(i) Amount of the Credit Line.

The "**Maximum Limit of the Credit Line**" is TWO BILLION EUROS (€2,000,000,00).

At the prior request by the Liquidity Provider and/or the Sociedad Gestora, from the end of the Purchase Period, the Maximum Limit of the Credit Line may be reduced, in accordance with the procedure and calculations that the parties agree.

In the event of reduction of the Maximum Limit of the Credit Line, the new amount will be included in the relevant Addendum to the Credit Line Contract and will be notified to the CNMV and Bond holders, in the manner set forth in section 4.1.3.2 of this Additional Building Block and, where applicable, after modifying the Deed of Incorporation of the Fund, pursuant to the procedure set forth in section 7 of Ley 19/1992 and referred to in section 4.3 of the Registration Document.

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(ii) Purpose of the Credit Line.

The Maximum Limit of the Credit Line will be used by the Sociedad Gestora, on behalf of the Fund, to meet possible treasury gaps between income and payments of the Fund, to exclusively make the payment of:

- The Bond principal;
- The ordinary interest of the Bonds,
- The Formation Expenses,
- The Issue Expenses and/or
- The Periodic Expenses,

if and when this were necessary in light of the absence of other Available Resources, without resorting to the State Guarantee.

For these purposes, "treasury shortfalls" will be used to refer to the shortfalls between the Fund's income and payments, "income" being construed as the income from the Receivables Sold to the Fund and any other income other than drawdowns from the Credit Line or State Guarantee, which may form of the Fund's assets. "Payments" will be construed as the payments made by the Fund as interest and/or principal of the relevant Bonds, Formation Expenses, the expenses arising out of any Issue, including the placement and/or underwriting fees, as well as any Periodic or Extraordinary Expenses that accrue throughout the life of the Fund.

Under no circumstance will the Credit Line be used to cover a specific income deficit or specific gaps between income and expenses in regulated activities in the electricity sector or to reimburse the Spanish State the amounts, if any, paid to the Fund due to execution of the State Guarantee to meet payment of principal and/or interest on the Bonds.

(iii) Credit Line Drawdown.

The Fund, via the Sociedad Gestora, may use the Credit Line for the purposes thereof as described above and without exceeding the Maximum Limit of the Credit Line.

Notwithstanding the above, the Credit Line may only be used in the event of insufficient Available Resources in the following cases:

- (i) To meet the Formation and Issue Expenses and/or the Periodic Expenses; or
- (ii) when, at any Payment Date of a specific Bond Series, insufficient Available Resources were to have been received (excluding as Available Resources in this instance the amounts that may be received from the State Guarantee) to meet the payment of interest and/or principal of the Bonds in question.

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To this end, the last Payment Date on which the Credit Line may be used will be the Payment Date immediately preceding the twenty-four (24 months) prior to the Final Maturity Date of the outstanding Bond Series with the most remote Final Maturity Date.

In the event that, on one same Payment Date, the Sociedad Gestora should request the use of the Credit Line for payment of the obligations arising from the different Bond Series, and in the event that the amount available under the Credit Line at that time were not enough to meet said payment commitments, the available amount will be distributed proportionately among the Series of Bonds requiring said use of the credit line, on the given Payment Date, according to the share of the Outstanding Balance of each of the Series compared to the Outstanding Balance of all the Series in the Fund.

(iv) Drawdown request and delivery of funds.

Whenever the Sociedad Gestora intends to draw an amount from the Credit Line, it must submit a written request to the Liquidity Provider at the latest before 2.00 p.m. (C.E.T.) of the fifth (5th) Business Day before the date on which the amount is to be drawn (which must be a Business Day, a Payment Date or a Disbursement Date). The request must state: (i) the date on which it intends to draw the amount and (ii) the amount that it intends to draw.

For the purposes of the Credit Line Contract, "Business Day" will be construed as the day fixed from time to time by the European Central Bank for the operation of Target2 (Trans-European Automated Real-Time Gross-Settlement Express Transfer System).

After receiving a drawdown request, the Liquidity Provider will pay the Fund, before 10.00 a.m. (C.E.T.), on the drawdown date indicated in the request, the amount requested, by depositing it in the Treasury Account opened on behalf of the Fund in the Financial Agent that the Sociedad Gestora has indicated, for value the same day.

(v) Remuneration of the Credit Line.

(A) Facility fee

The Credit Line will accrue, as of the Date of Incorporation, an availability fee equal to 0.15% of the outstanding balance of the undrawn amounts of the Credit Facility on the previous Payment Date, payable on each Payment Date on 17 March, 17 June, 17 September and 17 December of each year and, if any of those days is not a Business Day, the next Business Day, unless that Business Day falls in the next month, in which case it will be the previous Business Day), pursuant to the Priority of Payment Order and the Liquidation Priority of Payment Order and will be considered a Periodic Expense of the Fund.

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Accrual periods of the availability fee of the Credit Line will have the duration equal to the period between a given Payment Date (included) and the following Payment Date (excluded), except in the first accrual period which will have a duration equal to the period between the Date of Incorporation (included) and the first Payment Date (excluded) and except for the last accrual period, which will run from (a) the Payment Date prior to the Payment Date immediately prior to the twenty-four (24) months prior to the Final Maturity Date of the outstanding Series of Bonds with the latest Final Maturity Date (inclusive) to (b) the Payment Date immediately prior to the twenty-four (24) months prior to the Final Maturity Date of the outstanding Series of Bonds with the latest Final Maturity Date (excluded).

The facility fee will be calculated on a 365-day year basis.

(B) Interest.

The Credit Line will accrue, on the amounts used of the Credit Line, variable interest equal to the sum of:

(1) The following reference interest rate

- i. For the first period, one (1) month EURIBOR appearing on the REUTERS screen, page EURIBOR01 at 11.00 a.m. (C.E.T.) of the second (2nd) Business Day prior to the date on which the Credit Line is used.
- ii. for the successive periods of interest of drawdowns, the one (1) month EURIBOR displayed on the REUTERS screen, page EURIBOR01 at 11.00 a.m. (C.E.T.) on the second (2nd) Business Day prior to the start of the interest accrual period in question.

If the EURIBOR rate cannot be obtained as indicated in the previous paragraph, the last one (1) month EURIBOR published on the REUTERS screen, page EURIBOR01, will be used.

plus

(2) A margin of 1%.

(C) Interest accrual periods.

Each use of the Credit Line will generate successive interest accrual periods that will have a duration equal to the period between:

a) The date of the Credit Line drawdown (included), to

b) The earlier of the following dates:

- (i) The same date of the month following the date on which the Credit Line is drawn down (excluded). If this day is not a Business Day, the next Business Day; unless that Business Day falls in the next month, in which case it will be the previous Business Day; or

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- (ii) The date on which the Fund refunds the amount drawn from the Credit Line as set forth in point (vi) below (excluded).

However, if when a new drawdown is made, there is any drawdown that has not been reimbursed by the Fund, that new drawdown of the Credit Line will give rise to successive interest accrual periods that will run from:

- a) The date of the Credit Line drawdown (included), to
- b) The earlier of the following dates:
 - (i) The last day of interest accrual period of the drawdown not reimbursed by the Fund (excluded). Consequently, the next interest accrual period of the new drawdown will coincide from then on with the next interest accrual period of the drawdown not reimbursed by the Fund and, for interest calculation purposes, the sum of the drawdowns not reimbursed by the Fund (including the new drawdown) will be considered as the outstanding balance of the amounts drawn from the Credit Line; or
 - (ii) The date on which the Fund refunds the amount drawn from the Credit Line as set forth in point (vi) below (excluded).

The interest applicable to the Credit Line will be calculated on a 360-day year basis.

Accordingly, if the Fund does not reimburse a drawdown before the same day of the month following the date of another drawdown not reimbursed by the Fund, those drawdowns will be consolidated as one, and from then be regarded as a single drawdown.

(v) Credit Line refund.

(A) Interest Payment

The interest accrued on the outstanding balance of the amounts drawn down on the Credit Line, will be paid by the Fund to the Liquidity Provider on the earlier of the following dates, provided that the Available Funds allow it and subject to the Liquidation Priority of Payment Order on the Final Maturity Date of the Fund or on the date of Early liquidation of the Fund):

- a) From the date on which the ICO pays the drawdown made under the Credit Line, on the same day on which the Fund draws down Available Funds excluding from this item the undrawn amount of the Credit Line (understanding that the Fund will draw down such Available Funds if they are deposited in the Collection Account before 12 noon (C.E.T.) of that day), or
- b) On the date on which the Early Liquidation of the Fund has taken place, or

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c) On the Final Maturity Date of the Fund.

If there are not enough Available Funds to pay all the interest accrued on the outstanding balance of the drawn amounts, the interest accrued by the oldest drawdowns will be paid first.

The amounts that remain unpaid to the Financial Institution based on the terms of this section will not accrue default interest in their favour.

(B) Refund of drawn amounts.

Amounts drawn under the Credit Line will be refunded to the Liquidity Provider at the earlier of the following dates and provided this is possible with Available Funds, (subject to the Liquidation Priority of Payment Order on the Final Maturity Date of the Fund or on the date of Early liquidation of the Fund):

a) From the date on which the ICO pays the drawdown made under the Credit Line, on the same day on which the Fund draws down Available Funds excluding from this item the undrawn amount of the Credit Line (understanding that the Fund will draw down such Available Funds if they are deposited in the Collection Account before 12.00 noon (C.E.T.) of that day), or

b) On the date on which the Early Liquidation of the Fund has taken place, or

c) On the Final Maturity Date of the Fund.

In any event, payment of interest will be given priority over refund of the amounts used under the Credit Line. If there are not enough Available Funds to repay the Credit Line, when all the interest has been paid, the principal of the oldest drawdowns will be repaid first.

In any event, at the end date of the Credit Line, all amounts used thereunder must have been paid back, so long as this was possible with Available Resources.

(vii) Expiry of the Credit Line Contract

The Credit Line Contract will remain in force until the Legal Maturity Date or the date of extinction of the Fund in accordance with the provisions of section 4.4. of the Registration Document, if it falls earlier.

(viii) Early termination of the Credit Line

Termination by the Sociedad Gestora

In the event of a breach by the Liquidity Provider of its contractual obligations or if a corporate, legal or court decision is made or issued for the dissolution, winding-up or receivership of the Liquidity Provider, the Sociedad Gestora will

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be entitled to discharge the Liquidity Line Contract, with respect to such Liquidity Provider, providing that this is permitted by the applicable Law.

Once terminated, and in the event that this is allowed under applicable legislation, a new participant will, if needed, be appointed by the Sociedad Gestora following consultation with the appropriate administrative authorities, seeking to protect the rating granted to the Bonds by Moody's and Fitch, who will be informed of said appointment.

The remuneration and conditions of this new participant may not match those set forth in the Credit Line Contract, in which case they will be stated in the new contract, and the CNMV, the Rating Agencies and the bondholders will be notified, pursuant to the procedure set forth in the Deed of Incorporation and in section 4.1.3.2. of this Additional Building Block and, where applicable, after modifying the Deed of Incorporation pursuant to the procedure set forth in section 5.10 of Ley 19/1992 and referred to in section 4.3 of the Registration Document.

Termination by the Liquidity Provider

The Liquidity Provider may deem the Credit Line Contract terminated, with compensation paid being, where applicable, by the Fund for damages caused to the Liquidity Provider (in which case that amount will be considered an Extraordinary Expense of the Fund), in the following instances of early termination:

- a) in the event of any breach on the part of the Fund regarding its obligation to make payments due under the Credit Line Contract, so long as the Fund has sufficient Available Funds to make such payments, unless this were the result of a prior breach on the part of the Liquidity Provider of any of its obligations or any circumstance technically preventing payment that were not remedied with a period of ten (10) Business Days as of the receipt by the Sociedad Gestora of the notice sent by the Liquidity Provider to this end, in which case any uses of the Credit Line by the Fund would become due and payable, to be amortized as set forth in point (vi) above; or
- b) in the event of breach by the Sociedad Gestora of any of its legal obligations contained in the Credit Line Contract (and summarized in this section 3.4.2.2 of the Additional Building Block), or in the event of misrepresentation or inaccuracy of the statements and warranties contained in the Credit Line Contract, may terminate said Agreement, provided this termination is allowed under applicable legislation.

The termination of the Credit Line Contract will not, per se, entail the early liquidation of the Fund, although such termination may give rise to one of the Events for Early Liquidation of the Fund set forth in section 4.4.3 of the Registration Document.

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(ix) Review of Terms and Conditions

In terms of the market's behaviour, the parties may renegotiate the conditions of the Credit Line, in order to find, if and when necessary, a more balanced formula for bringing them into line with the market's needs. To this end, the parties to this Contract commit to revise it at the request of either of them and always in accordance with objective parameters.

In any case, the conditions may only be modified with the prior authorization of the Interministerial Committee or, if this power is delegated in the future, as described in section 2.2. of the Additional Building Block, of the Monitoring Committee, and after completing the appropriate legal formalities.

If the conditions are revised, the revised conditions will be set out in the relevant addendum to the Credit Line, and will be reported to the CNMV, the Rating Agencies and the bondholders, following the procedure set forth in the Deed of Incorporation and in section 4.1.3.2 of this Prospectus and, where applicable, after modifying the Deed of Incorporation of the Fund, pursuant to the procedure set forth in section 7 of Ley 19/1992 and referred to in section 4.3 of the Registration Document.

(x) Other obligations of the Sociedad Gestora

Summarized below are other obligations that the Sociedad Gestora will acquire vis-à-vis the Liquidity Provider under the Credit Line Contract:

- (i) Send the Liquidity Provider a copy of the Deed of Incorporation Or of the sets of Supplementary Articles;
- (ii) Send the Liquidity Provider certain information about the Fund, in the terms set forth in the Credit Line Contract (a copy of the audited financial statements, relevant information about the revenues and payments expected by the Fund in the normal course of its operations, regarding the next Payment Date, etc.) and report certain events that affect the Fund (for example, any material breach of the Credit Line Contract, any circumstance that might have an adverse material effect on the Sociedad Gestora's compliance with of the obligations accepted under the Credit Line Contract, and summarized in this section 3.4.2.2 of the Additional Building Block, or any contract in relation to this securitization transaction, etc.).
- (iii) Obtain and renew from time to time any approvals and authorizations required for the performance or validity of the obligations accepted by the Fund under the Credit Line Contract and summarized in this Prospectus;
- (iv) Comply, at all times, with the material obligations accepted under any contract in relation to the securitization transaction;
- (v) Refrain from altering the nature of the Fund in any way liable to impair the rating assigned to the Bonds by the Rating Agencies or from modifying any of the stipulations of the documents relating to this securitization transaction

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without (a) the confirmation of the Rating Agencies that this will not impair the rating of the Bonds and (b) the prior consent of the Liquidity Provider;

- (vi) For the mere purposes of keeping the Liquidity Provider informed, allow the Liquidity Provider to conduct an audit, in reasonable terms, of the Sociedad Gestora's management and servicing of the Fund.

3.4.3 Details of any subordinated debt financing.

Not applicable.

3.4.4 Parameters for the investment of temporary liquidity surpluses and a description of the parties responsible for such investment.

At the same time as the Deed of Incorporation is granted, the Sociedad Gestora, on behalf of and for the account of the Fund, and the Financial Agent entered into a financial services contract which will regulate, inter alia, the operation of the Treasury Account and of the Collection Account (together, the "**Fund Accounts**").

The Sociedad Gestora and the Financial Agent may agree to open new accounts in the Fund's name other than the Treasury Account, the Collection Account and the Guarantee Account, depending on the Fund's needs in connection with the new Bond Issues. For these purposes, the parties will add the regulation of the aforementioned accounts in an addendum to the Financial Services Contract and the accounts will also be considered Fund Accounts. Any new accounts that are opened will be reported to the CNMV, the Rating Agencies and the bondholders, following the procedure set forth in section 4.1.3.2 of the Additional Building Block and, where applicable, after modifying the Deed of Incorporation of the Fund, pursuant to the procedure set forth in section 7 of Ley 19/1992.

3.4.4.1 Treasury Account

According to the provisions of the Financial Services Contract, the Fund will have with the Financial Agent a treasury account through which all of the Fund's payments will be made (the "**Treasury Account**"). The account has been opened in its name in the terms set forth in this Prospectus and in the Financial Services Contract.

The amounts that the Sociedad Gestora receives on behalf of the Fund on the following grounds will be deposited in the Treasury Account:

- (i) The amount actually disbursed for the subscription of all the Bonds. These amounts will be allocated to:
 - a) Pay the price of the Tariff Deficit Receivables to the Sellers or the CNMC, as appropriate, for vale the same day that they are received, transferring this amount to the accounts of the Sellers or of the CNMC that the Sociedad Gestora will indicate for these purposes to the Financial Agent; or

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- b) Refinance the payment derived from the maturity of one or several Series of Bonds already in the Fund, taking into account that:
- If the Issue occurs before or on the same maturity date of the Series that is or are to be redeemed, the amount received from the new Issue may only be used to redeem the existing Series. In this event, if these amounts are deposited in the Treasury Account more than thirty (30) calendar days before the Payment Date on which the refinanced Series must be paid, these amounts will be transferred to the Collection Account, for value on the same date as which they are received, in keeping with the instructions of the Sociedad Gestora.
 - If the Issue occurs after the maturity of the Series that is or are to be redeemed, the amount of the new issue will be considered Available Funds for application pursuant to the Priority of Payment Order or Liquidation Priority of Payment Order and will be transferred to the Collection Account for value the same date as the date on which it is received, in accordance with the instructions of the Sociedad Gestora.
- (ii) Any payments derived from the Tariff Deficit Receivables that are deposited in the Collection Account for an amount that makes it possible to make the Fund's payments. For these purposes, the Sociedad Gestora will transfer to the Treasury Account, for value the third (3rd) Business Day immediately prior to each respective Payment Date, and always before 12.00 noon (C.E.T.), of that day, the necessary amounts deposited in the Collection Account to make the Fund's payments, with the Sociedad Gestora giving appropriate instructions to the Financial Agent. However, transfers may also be made from the Collection Account to the Treasury Account on dates other than as stipulated in this paragraph to make certain Fund payments in the circumstances set forth in the Deed of Incorporation (or where applicable, Set of Supplementary Articles) and in this Prospectus.
- (iii) The amounts that are drawn from the Credit Line according to the Credit Line Contract; and
- (iv) Any amounts received under the pertinent Interest Swaps.

All the Fund payments that must not be made through the Collection Account or from the Guarantee Account will be transacted through the Treasury Account, in accordance with the Priority of Payment Order or the Liquidation Priority of Payment Order, described respectively in sections 3.4.6.2 and 3.4.6.3. of the Additional Building Block, following instructions from the Sociedad Gestora.

The amounts deposited in the Treasury Account will not accrue interest in favour of the Fund.

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3.4.4.2 Collection Account

The Fund has in the Financial Agent a current account in its name, into which will be placed all the amounts to which the Fund is entitled, except for amounts that must expressly be placed directly in the Treasury Account, pursuant to the provisions of section 3.4.4.1 above (the "**Collection Account**"), in accordance with the provisions of the Deed of Incorporation, this Prospectus and the Financial Services Contract.

The amounts that the Fund receives on the following dates and following grounds will be deposited in the Collection Account:

- (i) Any payments derived from the Sold Receivables, to be deposited by the CNMC on the relevant Collection Dates.
- (ii) The amounts transferred from the Treasury Account and allocated to refinancing Series already issued, in the terms set out in section 3.4.4.1) above.
- (iii) The surpluses of the Available Funds, after applying the Payment Priority Order 1) to 5).
- (iv) The interest earned by the balance of the Collection Account.

Pursuant to the provisions of section 3.4.4.1 above, the Sociedad Gestora will transfer to the Treasury Account, for value the third (3rd) Business Day immediately prior to each respective Payment Date, and always before 12 noon (C.E.T.), of that day, the necessary amounts deposited in the Collection Account to make the Fund's payments, with the Sociedad Gestora giving appropriate instructions.

The Sociedad Gestora may also order transfers from the Collection Account to the Treasury Account on dates other than those indicated in the previous paragraph, to make any other payment payable by the Fund a date other than a Payment Date, in the terms set forth in the Financial Services Contract, in this Prospectus and in the Deed.

The Sociedad Gestora may order payments from the Collection Account to pay, as appropriate, the interest accrued by the Credit Line drawdowns or the reimbursements of such drawdowns, in the terms set out in the Credit Line Contract.

Whenever the Fund has a positive balance in the Collection Account, such balance will accrue an annual interest, from (and including) the Disbursement Date, which will be calculated as follows:

- (a) If the balance of the Collection Account at the start of each Collection Account Interest Accrual Period (as this is defined below) is less than or equal to TWO THOUSAND FIVE HUNDRED MILLION EUROS (€2,500,000,000), such balances will accrue interest (on a 360 day year basis), that will be settled every

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month (the first day of each month), on the basis of an annual interest rate equal to the one (1) month EURIBOR published on the REUTERS screen, EURIBOR01 page at 11.00 a.m. (C.E.T.) of the second Business Day prior to the date on which that Collection Account Interest Accrual Period starts, minus a margin of 0.40%, pursuant to the provisions of the Financial Services Contract. Said amount will be rounded up to the nearest thousandth. If the one (1) month EURIBOR is less than 0.40%, the interest for such balances will be zero (0).

If the EURIBOR rate cannot be obtained as indicated in the previous paragraph, the last one (1) month EURIBOR published on the REUTERS screen, page EURIBOR, will be used.

(b) If the balance of the Collection Account at the start of each Collection Account Interest Accrual Period exceeds TWO THOUSAND FIVE HUNDRED MILLION EUROS (€2,500,000,000), the balance exceeding this amount will accrue interest (on a 360 day year basis) on the basis of an annual interest rate equal to the applicable interest rate of the European Central Bank deposit facility applicable on the second Business Day before the day on which that interest accrual period starts and that will be published on <http://www.ecb.int/stats/monetary/rates/html/index.en.html>.

For information purposes, the interest rate applicable to the European Central Bank deposit facility on 8 May 2013, the date it was last revised, was 0.00%.

Each Collection Account Interest Accrual Period (hereinafter, the "**Collection Account Interest Accrual Period**") will run from (and include) from the first day to (and include) the last day of each calendar month.

The interest of the Collection Account will accrue daily and be settled every month in arrears on the first day of the month following the month to be settled, for value the same day as the settlement date.

3.4.4.3 Guarantee Account

According to the provisions of the Financial Services Contract, the Fund has with the Financial Agent a current bank account into which will be paid only the amounts stemming from the enforcement of the State Guarantee, in the terms set forth in section 3.4.2.1 of this Additional Building Block and from which will be made all the Fund's payments to the bondholders stemming from the enforcement of the Guarantee (the "**Guarantee Account**"). The account has been opened in its name in the terms set forth in this Prospectus and in the Financial Services Contract.

The amounts deposited in the Guarantee Account will be considered Available Funds of the Fund. However, they will only be used to pay the principal or interest of the Bonds that have not been paid on the pertinent Payment Date and that have resulted in the enforcement of the Guarantee, together with any pertinent default interest.

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Payments to the Bondholders will be made for value on the same date on which the Fund has received the amounts derived from the enforcement of the Guarantee together with the default interest, provided that they have been deposited in the Guarantee Account before 12 noon (C.E.T.), or for value on the next Business Day, if they have been deposited after 12 noon (C.E.T.) and will be made in accordance with the instructions of the Sociedad Gestora.

The amounts deposited in the Guarantee Account will not accrue interest in favour of the Fund.

3.4.5 How payments are collected in respect of the assets.

The payments derived from the Sold Receivables will be received by the Fund through the CNMC on each Collection Date, according to the procedure described in section 3.4.1. of this Additional Building Block and will be deposited in the Collection Account.

3.4.6 Order of priority of the payments made by the issuer.

3.4.6.1. Source and application of funds on the Disbursement Date of each Issue

The source and application of the amounts available to the Fund on the Issue Disbursement Date will be :

1. Source:

- a) Disbursement of the Issue of the Bonds of that Series.
- b) In the First Issue, drawdown of the Credit Line to pay the Formation Expenses and the Issue Expenses of the First Issue.
- c) In the following Issues, other than the first, the Available Funds, as they are defined below, will be used to pay the Issue Expenses that must be paid on the Disbursement Date of the pertinent Issue.

2. Application:

- a) Payment of the price of the Receivables sold in that Issue.
- b) Allocation of the Refinancing Amount in question, where applicable.

Each Refinancing Amount deposited in the Treasury Account or in the Collection Account, as appropriate, may only be used to pay the ordinary interest and principal of the Bonds that have been refinanced, on the respective Payment Date, and cannot be used for any other items until the refinanced Series of Bonds has been fully redeemed.

If the Disbursement Date of the new Issue falls after the Final Maturity Date of the refinanced Series of Bonds, the amount of the new Issue will be considered Available Resources for application in accordance with the

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Priority of Payment Order or the Liquidation Priority of Payment Order, as appropriate and will be transferred of the Collection Account on the same value date as the date on which they are received, in keeping with the instructions of the Sociedad Gestora.

- c) Payment of the Formation and Issue Expenses to be paid on the Disbursement Date of the corresponding Issue.

3.4.6.2. Source and application of funds from the Disbursement Date and until the last Payment Date or the liquidation of the Fund, excluded.

1. Source:

The available funds that the Fund has (the "**Available Funds**") will consist in:

- i. the income obtained from the Sold Receivables;
- ii. the interest earned by the amounts deposited in the Collection Account;
- iii. the amount of the Credit Line not drawn down, which may only be used for the purposes indicated in section 3.4.2.2. of this Additional Building Block;
- iv. as appropriate, the amounts received from any Interest Swaps, and
- v. any other amounts placed in the Treasury Account or in the Collection Account, or in other accounts that are opened in accordance with the Financial Services Contract.

Additionally, the holders of the guaranteed Bonds may make use of the amount drawn down from the State Guarantee that is paid to the Fund in the Guarantee Account, and that will be applied pursuant to the provisions of section 3.4.2.1 of the Additional Building Block.

2. Application

The Available Funds will be used to meet the Fund's binding payment or withholding obligations, irrespective of when they accrue, on each Payment Date, except for the payment of the items referred to in order number 1), which will be made as and when they become enforceable, according to the following next order (the "**Priority of Payment Order**"):

- 1) Prorata payment of: a) Formation and Issue Expenses, Periodic Expenses, Extraordinary Expenses and taxes and b) refund to the State, in the terms set forth in section 3.4.2.1 of this Additional Building Block, of any amounts that it had paid to the Fund from the Guarantee for the payment of interest (ordinary and default) and redemption of the Bonds, together with any interest that may have accrued in favour of the State.

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The Periodic Expenses will be paid by the Fund on each of the Fund Payment Dates, which will be 17 March, 17 June, 17 September and 17 December each year, or if any of those days is not a Business Day, the next Business Day, unless that Business Day falls in the next month, in which case it will be the previous Business Day.

- 2) Prorata payment of: the Net Amount due under the existing Interest Swaps, where necessary, including the amount for the liquidation payment, provided that the Fund is the breaching or affected party. However, it does not include the amounts payable by the Fund if such swaps are terminated for unforeseeable objective reasons or when the Fund is not the breaching or affected party, this payment ranking fifth (5th) in the Priority of Payment Order.
- 3) Pro rata payment of the ordinary interest, and where applicable, default interest, on the Bonds of the Series in question.
- 4) Pro rata payment of the principal of the Bonds of all the Series that are to be redeemed.
- 5) Pro rata liquidation payment of the Interest Swaps that corresponds to the Fund, due to the termination of the swaps on grounds other than those specified in point two (2) above.
- 6) Withholding in the Collection Account of the surplus Available Funds, after applying the preceding items.

If there are not enough Available Funds to pay one of the amounts mentioned in the previous sections on a Payment Date, the following rules will be applied on that Payment Date:

- (i) The amounts that remain unpaid will rank, on the next Payment Date, in an order of priority that places them immediately before the actual position for the same payment in question (unless it is the Final Maturity Date of the Fund or the date of early liquidation of the Fund).
- (ii) The amounts owed by the Fund that are not paid on their respective Payment Dates will not accrue additional interest, except the Bonds, which might accrue default interest.

3.4.6.3. Liquidation Priority of Payment Order.

The Sociedad Gestora will proceed to liquidate the Fund on the Final Maturity Date or when the early liquidation of the Fund occurs, in accordance with the provisions of section 4.4.3 of the Registration Document, by applying the Available Funds in the following priority of payment order (the "**Liquidation Priority of Payment Order**"):

- 1) Prorata payment of: a) Issue Expenses, Periodic Expenses, Extraordinary Expenses and taxes; b) interest accrued on the outstanding balance of the drawn amounts of the Credit Line and refund of the amounts drawn down on the Credit Line and c) refund to the

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State of any amounts that it had paid to the Fund from the Guarantee for the payment of interest (ordinary and default) and redemption of the Bonds, together with any interest that may have accrued in favour of the State.

- 2) Prorata payment of: the Net Amount due under the existing Interest Swaps, where necessary, including the amount for the liquidation payment, provided that the Fund is the breaching or affected party. However, it does not include the amounts payable by the Fund if such swaps are terminated for unforeseeable objective reasons or when the Fund is not the breaching or affected party, this payment ranking fifth (5th) in the Liquidation Priority of Payment Order.
- 3) Pro rata payment of the ordinary interest, and where applicable, default interest, on the Bonds of all the Series.
- 4) Pro rata payment of the principal of the Bonds of all the Series.
- 5) Pro rata liquidation payment of the Interest Swaps that corresponds to the Fund, due to the termination of the swaps on grounds other than those specified in point two (2) above.
- 6) Withholding in the Collection Account of the surplus Available Funds, after applying the preceding items.

In the Early Liquidation of the Fund, the Available Funds remaining after the early liquidation will be delivered to the CNMC (replacing the CNE), or, as the case may be, the agency responsible for making the settlements and considered system Payable Revenue for the financial year in which the Fund is liquidated, pursuant to the provisions of the fifth additional provision of Royal Decree 437/2010.

3.4.6.4. Rules regarding the use of the Credit Line and the State Guarantee: direct application of certain Available Funds

The Credit Line and the State Guarantee can only be used to pay the ordinary interest (or, in the case of the State Guarantee, for paying the default interest on the Bonds) and principal of the Bonds or, in the case of the Credit Line, for also paying the Formation Expenses, Issue Expenses or the Periodic expenses.

Accordingly, the Credit Line cannot, under any circumstances, be used for the payment of Extraordinary Expense, default interest on the Bonds or reimburse to the State, as appropriate, any amounts that it has paid to the Bondholders by drawing down on the Guarantee to pay the Bond principal or interest, or any interest that has accrued in favour of the State after the payment of the amounts enforced in the terms set forth in paragraph 3.4.2.1. of this Additional Building Block.

Each Refinancing Amount deposited in the Treasury Account or in the Collection Account, as appropriate, may only be used to pay the ordinary interest and principal of the Bonds that have been refinanced, on the respective Payment Date that coincides with the Final Maturity Date of the Series that is being refinanced, and cannot be used for any other items until the refinanced Series of Bonds has been fully redeemed.

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Additionally, in accordance with the provisions of the Credit Line Contract, the Fund will pay the amounts that correspond to the reimbursement of the interest and principal of the Credit Line without having to pay them on a Payment Date, and provided that the Available Funds allow it to do so from the date on which the ICO makes available the amount drawn down under the Credit Line, on the same day on which the Fund has Available Funds (it being understood that the Fund will have such Available Funds if they are deposited in the Collection Account before 12.00 noon (C.E.T.) on that day.)

3.4.7. Fund Expenses.

(i) Issue Expenses.

The Fund will pay the following expenses from the Available Funds:

- a) IBERCLEAR Tariffs for the inclusion of the Bonds in the accounting register.
- b) AIAF Market Expenses.
- c) Expenses of the Spanish Public Debt Book-Entry Market.
- d) Fees of the Rating Agencies.
- e) Notary's fees.
- f) Legal fees for each Bond Issue
- g) Management, underwriting and placement fee, as appropriate.
- h) Other Issue expenses as determined by the Sociedad Gestora.

All the fees will be construed as gross, therefore including any applicable tax or withholding. Furthermore, any expenses that the respective entities that are entitled to such fees may incur in discharging their duties will be for their account.

(ii) Periodic expenses.

The Fund must pay the Periodic Expenses from the Available Funds:

- a) Fund annual auditing expenses.
- b) Expenses incurred in the publication of announcements or serving notices relating to the Fund or the Bonds.
- c) IBERCLEAR fees for partial redemptions of the Bonds.
- d) Facility fee of the Credit Line.
- e) Financial Agent's Fee.
- f) As appropriate, the State Guarantee fee.

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- g) Sociedad Gestora's periodic fee.
- h) The Rating Agencies' fees for maintaining the assigned ratings, in the terms agreed with such Agencies.
- i) Expenses incurred in renewing the Prospectus and the Programme.
- j) Where necessary, periodic expenses of the Spanish Public Debt Book-Entry Market.

The Periodic Expenses will be paid by the Fund, as they fall due, and in particular the Periodic Expenses listed under items d), e) and g) will be paid, in any event, on each of the Fund Payment Dates, which will be 17 March, June, September and December each year, from 19 September 2011 (inclusive), or, if any of those days is not a Business Day, on the next Business Day, unless that Business Day falls in the next month, in which case it will be the previous Business Day.

(iii) Extraordinary Expenses.

Extraordinary Expenses will mean any expenses other than those listed above, including, without implying any limitation, the Liquidation expenses incurred during the liquidation of the Fund.

3.4.8 Other arrangements upon which payments of interest and principal to investors are dependent.

3.4.8.1. Financial Services Contract

At the same time as the Deed of Incorporation of the Fund was granted, the Sociedad Gestora, acting for and on behalf of the Fund, and the Financial Agent entered into a Financial Services Contract, the main terms and conditions whereof are set forth in section 5.2. of the Securities Note.

3.4.8.2. Interest Swaps.

In the case of a floating interest rate Bond Issue, the Sociedad Gestora, acting on behalf of the Fund, and a counterparty (for these purposes, the "**Counterparty**") may enter into one or several financial swaps according to the 1997 or 2009 models of the Financial Transaction Master Agreement of the Spanish Banking Association, or according to the 1992 or 2002 models of the International Swaps and Derivative Association or future versions thereof, that replace them on the markets (each one of them, the "**Interest Swap Agreement**" or "**Swap Agreements**" or "**Swaps**").

The signing of the Swaps would address the need to hedge against the risk of changes in the interest rate of Series of Bonds subject to a floating interest rate.

The specific characteristics of each Interest Swap would be stated in the Final Terms and Conditions of the floating interest rate Series in question.

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In any case, unless stated otherwise in the Final Terms and Conditions, the Swap will have the following characteristics:

- Parties:
 - Party A: Counterparty.
 - Party B: The Sociedad Gestora, on behalf of and for the account of the Fund.
- The Settlement Dates will fall on the Payment Dates of the Bond of the Series in question.
- The Maturity Date will be the earlier of (i) the Legal Maturity Date, (ii) the Final Maturity Date of the Bonds and (iii) the date on which the Fund is extinguished pursuant to the provisions of section 4.4.3 of the Registration Document. Upon the Bond Final Maturity Date, neither of the Parties will be under the obligation to pay any settlement amount to the other, without detriment to the provisions regarding the responsibilities derived from the occurrence of an event of breach of the Interest Swap.
- Any payments (or collections) that have to be made under the Interest Swap Agreement will be made on each Payment Date for their net value, that is to say, for the positive (or negative) difference between the Amount Payable by Party A and the Amount Payable by Party B (the "**Net Amount**"). The payments to be made by Party B will be made in accordance with the Priority of Payment Order or the Liquidation Priority of Payment Order.
- If an Interest Swap is terminated, except in a permanent situation of alteration of the Fund's financial equilibrium, the Sociedad Gestora, for and on behalf of the Fund, will endeavour to enter into a new interest swap for the Series in question.
- The courses of action that are determined for the purposes of Counterparty rating change events, at the time that each Interest Swap is entered into, may be established.

All costs, expenses and taxes incurred as a result of non-compliance of the above obligations will be borne by Party A.

For these purposes, Party A will give an irrevocable undertaking to notify the Sociedad Gestora, as soon as such circumstance occurs, throughout the life of the Fund, if the long and short term rating assigned to it by Moody's and Fitch is modified or withdrawn.

3.5 Name, address and significant economic activities of the originators of the securitized assets.

The Sellers of the securitized assets are listed in section 5.2 of the Securities Note and were stated in the pertinent Final Terms and Conditions.

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3.6. Return and/or repayment of the securities with others that are not assets of the Issuer.

Not applicable.

3.7. Calculation Agent or equivalent.

The Sociedad Gestora is responsible for making the calculations and for performing the actions set forth in the Deed of Incorporation and in this Prospectus and in the different Fund transaction contracts that are listed in this Prospectus.

3.7.1 Administration and safekeeping of the credit rights.

Servicing of the Sold Receivables

Pursuant to the provisions of the Deed of Incorporation, the Sociedad Gestora will be responsible for the safekeeping, administration and management of the Sold Receivables, and also for the financial servicing of the Fund ("**Administration of the Receivables**").

The Sociedad Gestora services the Receivables with all the due diligence, according to the instructions or requirements issued by the Interministerial Committee, in accordance with the provisions of Royal Decree 437/2010, and will be held liable by the Fund for any damages incurred by the latter due to the negligence of the Sociedad Gestora.

The Sociedad Gestora will indemnify the Fund for any damage, loss or expense that it may have incurred due to the non-fulfilment of the Administration of the Receivables or due to its deceitful or negligent conduct in discharging such duties. The Sociedad Gestora will take no responsibility for directly or indirectly guaranteeing the success of the transaction.

The Bondholders will bear the risk of non-payment of the Sold Receivables. Therefore the Sociedad Gestora will not assume any liability for their non-payment.

The tasks involved in servicing the Receivables include the following:

(i) Collection Management.

The Sociedad Gestora, as the Sold Receivables collection representative, will receive, on behalf of the Fund, on each Collection Date, any amounts that the CNMC pays on account thereof, in accordance with the provisions of the Royal Decree 437/2010 and will proceed to take any steps appropriate to ensure that the amounts payable to the Fund are deposited in the Collection Account.

The Sociedad Gestora will take appropriate steps to determine and verify that the amount of the revenues received for the respective Sold Receivables match the revenues that the Fund should have received for such Sold Receivables.

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Under no circumstances will the Sociedad Gestora advance any amount that it has not received first from the CNMC, derived from the Sold Receivables.

(ii) Calculations.

The Sociedad Gestora will make all the calculations and report all the information referred to in Royal Decree 437/2010 in connection with the Sold Receivables, in the time frames and conditions determined therein.

(iii) Duration.

The Sociedad Gestora will be responsible for the Servicing of the Receivables until (i) all the Receivables Sold to the Fund have been redeemed, or (ii) the extinction of the Fund concludes when all the Sold Receivables and the Fund's assets have been liquidated; all the above, without detriment to the mandatory substitution of the Sociedad Gestora in the terms set forth in section 3.7.2 infra.

Functions of the CNMC and of the MINISTRY OF INDUSTRY, ENERGY AND TOURISM

• **Termination of the CNE and commencement of the CNMC**

According to the 1st Additional Provision of Ley 3/2013, the CNMC will start to operate, and its bodies will start to effectively exercise the functions they have been attributed, on the date stipulated for these purposes by an Order of the Minister for the Economy and Competitiveness. To this end, on 5 October 2013, the Official State Gazette (BOE) published the Order of 4 October, which stipulates that the CNMC will start operating on 7 October 2013, and that the CNE will be terminated on the same date.

• **Continuation by the CNMC of the functions that the CNE had been performing in the securitization processes**

In accordance with the provisions of this Prospectus, the functions assigned in current regulations to the CNE, will now be performed by the CNMC, on the basis of the following provisions:

Section 7.22 of Ley 3/2013, of 4 June, Creating the National Commission on Financial Markets and Competition, states that the function of the CNMC is as follows:

"22. Regarding the regulated activities deficit and its financing mechanisms, to maintain and provide the information that is stipulated, issue the reports, statements, invoices and correspondence that are required, and make the necessary calculations in coordination with the Ministry of Industry, Energy and Tourism, as well as to provide technical advice to the Interministerial Committee of the Electricity System Tariff Deficit Securitization Fund under the provisions of the Twenty-First Additional Provision of Ley 54 /1997, of 27 November, and the legislation developing the regulation of the electricity system deficit management and securitization process".

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According to the 2nd AP of Ley 3/2013, the creation of the CNMC entails the termination of the CNE. However, any references that current legislation makes to the CNE shall be deemed made to the CNMC or appropriate Ministry according to the function in question.

In this regard and notwithstanding other responsibilities and functions entrusted to it in regulations, the CNMC has been entrusted with the following functions in connection with the Tariff Deficit Receivables and the Sold Receivables:

- According to article 6.3 of Royal Decree 437/2010, prior to the sale of the Tariff Deficit Receivables to the Fund, the CNMC must issue a certificate stating that the information furnished by the Seller to such CNMC is correct and complete.

The CNE issued that certificate for all the Tariff Deficit Receivables subject to a sale commitment from the Sellers through the resolutions issued by the CNMC on 30 July 2010, 17 September 2010, 1 March 2012, 8 March 2012 and 25 July 2013.

- Additionally, in accordance with the provisions of article 6.7 of Royal Decree 437/2010, once the effective sale of a certain Tariff Deficit Receivable has taken place, the Sellers and the Fund inform the CNMC of the sale made and provide data on the List of Holders that the CNMC must keep in accordance with article 14 of the aforementioned Royal Decree 437/2010.
- According to articles 3.1 and 9.1 of Royal Decree 437/2010, for the purposes of calculating the outstanding amount of the receivables that can be or already have been sold to the Fund (the Receivable Nominal Balance of the Sold Receivables), the provisionally the CNMC (previously the CNE) will inform the Directorate General of Energy Policy and Mines of the Ministry of Industry, Energy and Tourism (and the Sociedad Gestora, with regard to the receivables sold) the amount outstanding on 31 December, with respect to each of the Deficit Tariff Receivables not sold at the end of each financial year and the Receivables Sold, which must be published in a Resolution by the Directorate General before 31 January of the next financial year.

These calculations will be made in accordance with the provisions of section 2.2.2 of this Additional Building Block.

- The 5th AP of Ley 3/2013 stipulates that the powers attributed in current regulations to the agencies that will be terminated when the CNMC is incorporated and that the Law has not attributed expressly to the competent ministerial departments of the State Administration will be exercised by the CNMC.
- **Temporary performance of the settlement functions by the CNMC, until it is transferred to the Ministry of Industry, Energy and Tourism**

The energy-related functions that they are transferred to the Ministry of Industry, Energy and Tourism are those listed in the 8th AP of Ley 3/2013. They include

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making the settlements of regulated activities in the electricity sector. Therefore the Ministry of Industry, Energy and Tourism will be responsible for the Settlement Procedure described in sections 2.2. and 3.4.1 of the Additional Building Block.

The 4th Transitory Provision of Ley 3/2013 states that the CNMC will continue performing this function on a transitional basis, until such time as the Ministry of Industry, Energy and Tourism has the means necessary to exercise it effectively. This date will be determined in a ministerial order, according to the provisions of the 6th Transitory Provision of Royal Decree 657/2013.

- The party responsible for paying the annual instalment for the Sold Receivables to the Fund on each Collection Date will be Ministry of Industry, Energy and Tourism, although, according to the 4th Transitory Provision of Ley 3/2013, the CNMC will continue performing this function on a transitional basis, until such time as the Ministry of Industry, Energy and Tourism has the means necessary to exercise it effectively.
- For the Tariff Deficit Receivables of 2010, 2011 and 2012, in accordance with the provisions of article 6 of Royal Decree 437/2010, it will receive the price of their sale to the Fund, in the specific account that the CNMC, or, as the case may be, the agency that it designates for such purposes opens and designates in the Bank of Spain, in the Instituto de Crédito Oficial or in an institution authorized to perform, in Spain, the activities of financial institutions, in accordance with the provisions of article 6.6. of Royal Decree 437/2010.
- Finally, in accordance with the provisions of the 4th AP of Royal Decree 437/2010 and the Liquidation Priority of Payment Order, the cash left in the Treasury Account or in the Collection Account, after applying the Priority of Payment Order in liquidating the Fund, will be transferred to the Ministry, or, as the case may be, the agency responsible for making the settlements, in the account indicated by the latter, and will be considered system income for the current financial year.

3.7.2 Description of the duties and responsibilities undertaken by the Sociedad Gestora regarding the management and legal representation of the Fund and Bondholders.

The Sociedad Gestora, TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A., will be responsible for the administration and legal representation of the Fund, in accordance with the provisions of 21st AP Ley 54/1997, Royal Decree 437/2010, Royal Decree 926/1998, Ley 19/1992 vis-à-vis any aspects not covered by Royal Decree 926/1998, when applicable, and the rest of the applicable legal regulations, as well as the provisions of the Deed of Incorporation and of the Sets of Supplementary Articles.

The Sociedad Gestora will perform for the Fund those duties attributed to it in Royal Decree 437/2010 and in Royal Decree 926/1998.

As the manager of third party funds, the Sociedad Gestora is also responsible for representing and safeguarding the interests of the Bondholders. Consequently, the Sociedad Gestora must strive all times to defend the interests of the Bondholders, and

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must subordinate its actions to safeguarding the interests of such persons, abiding by the applicable provisions in this regard prevailing from time to time. In this respect, the Sociedad Gestora will be held liable vis-à-vis the Bondholders and other creditors for any damages caused to them through the non-fulfilment of its legally imposed functions or non-compliance with the provisions of the Deed of Incorporation, the Sets of Supplementary Articles and this Prospectus.

The Bondholders and remaining ordinary creditors will have no recourse against the Sociedad Gestora, other than from non-performance of its duties or non-compliance with the provisions of the Deed of Incorporation, the Sets of Supplementary Articles, this Prospectus and current regulations.

The Sociedad Gestora will inform the Bondholders and the other ordinary creditors of the Fund of any circumstances that may be of their interest by publishing appropriate announcements in the manner established in section 4 of the Additional Building Block.

Merely by way of illustration, and notwithstanding other actions stipulated in the Deed of Incorporation, and/or Sets of Supplementary Articles, and/or in the Prospectus and/or Final Terms and Conditions, the obligations and actions that the Sociedad Gestora will carry out in discharging its duties as the administrator and legal representative of the Fund will be as follows:

- a) Check that the amount of the revenues actually received by the Fund from each Sold Receivable matches the revenues that the Fund should have received from each Sold Receivable, in accordance with the provisions of the different contracts from which such revenues derive. Should it be necessary, the Sociedad Gestora will take any action, either in court or out of court, necessary or appropriate to protect the rights of the Fund and Bondholders.
- b) Apply the Fund's revenues from each sold Receivable to the payment of the Fund's obligations, with respect to the Bonds, as provided in the Deed of Incorporation, Sets of Supplementary Articles, in this Prospectus and in the Final Terms and Conditions.
- c) Sign any contracts specified in the Deed of Incorporation or in the relevant Sets of Supplementary Articles in this Prospectus and in the respective Final Terms and Conditions.
- d) Exercise the rights inherent to the ownership of the Tariff Deficit Receivables acquired by the Fund and, in general, to perform any acts of administration and disposal that are necessary for it to properly discharge its duties as the administrator and legal representative of the Fund.
- e) Replace each of the providers of services to the Fund, in the terms set forth in the Deed of Incorporation, Supplementary Articles and in this Prospectus, provided that this is permitted under current law and, if and when necessary, the authorization of the competent authorities is

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obtained, the Rating Agencies are notified and the interests of the Bondholders are not harmed.

- f) Determine the rate of interest applicable to each Series of Bonds in each Interest Accrual Period.
- g) Issue the appropriate instructions to the Financial Agent in relation to the Fund's accounts.
- h) Issue appropriate instructions to the Financial Agent regarding payments to be made to the Bondholders and, where applicable, to other entities in charge of making payments.
- i) Calculate and make the Credit Line principal, interest and fee payments.
- j) Determine the amount that the State must disburse as the amounts owed under the Bonds and, as appropriate, enforce the State Guarantee in the terms set forth in the Guarantee itself and check that the amounts received in enforcing the Guarantee in the Guarantee Account and the relevant default interest are correct.
- k) Comply with the requirements and instructions of the Interministerial Committee and the Monitoring Committee, in the matters that fall within their sphere of competence.
- l) Perform all the actions, calculations and notifications referred to in Royal Decree 437/2010.
- m) Appoint and replace the auditor, where applicable, with the prior approval of the CNMV, where necessary.
- n) Make appropriate decisions relating to the early redemption of Bonds, and relating to the liquidation of the Fund, including the decision to proceed with the early liquidation of the Fund, pursuant to the provisions of the Deed of Incorporation and this Prospectus.

The Sociedad Gestora will be able to act as administrator and legal representative of other Asset Securitization Funds, pursuant to the provisions of Royal Decree 926/1998.

The Sociedad Gestora will make available to the public any documents and information necessary in accordance with the Deed of Incorporation and this Prospectus.

Resignation and substitution of the Sociedad Gestora.

The resignation and substitution of the Sociedad Gestora will be governed by Royal Decree 437/2010, Royal Decree 926/1998 or the laws in force from time to time. Be that as it may, the Sociedad Gestora will be substituted in accordance with the procedure described below, provided that such procedure is not in conflict with the regulatory provisions established for such purposes:

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- a) The Sociedad Gestora may resign from such duties whenever it deems such resignation appropriate and voluntarily ask to be substituted by submitting a written request to the CNMV, to the Interministerial Committee and to the Monitoring Committee. The request must enclose a document from the new Sociedad Gestora, which must be properly authorized and registered in the Special Registers of the CNMV, in which the new Sociedad Gestora states that it is willing to accept such duties and seeks appropriate authorization. The resignation of the Sociedad Gestora and the appointment of a new company as the Sociedad Gestora of the Fund must be approved by the CNMV and the Interministerial Committee. Under no circumstances will the Sociedad Gestora resign from its duties until all the requirements and formalities have been completed and its substitute can take over its duties with respect to the Fund. Furthermore, the Sociedad Gestora will not be entitled to resign from its duties if such substitution leads to the downgrading of the rating assigned to the Bonds. Any expenses incurred in such substitution will be for the account of the Sociedad Gestora or, where applicable, of the new Sociedad Gestora.
- b) The Sociedad Gestora will be substituted in the event of the occurrence, in the Sociedad Gestora, of any of the causes for dissolution set forth in section 260.1 of the Ley de Sociedades Anónimas (Spanish Corporations Act). The Sociedad Gestora will report the occurrence of any such cause to the CNMV, to the Interministerial Committee and to the Monitoring Committee. In this event, the Sociedad Gestora will be bound to comply with the provisions of the preceding paragraph before its dissolution; and
- c) If the Sociedad Gestora is declared bankrupt or its authorization is withdrawn, or else if the Interministerial Committee resolves for any reason to dismiss the Sociedad Gestora, it will proceed to appoint a substitute Sociedad Gestora. The substitution must take place within four months of the date on which the event giving rise to such substitution occurs. Should the Sociedad Gestora fail to find another sociedad gestora willing to take over the administration and representation of the Fund or the CNMV, the Interministerial Committee or, as appropriate, the Monitoring Committee consider that the proposal is not suitable, the Fund will be liquidated in advance and all the Bonds will be redeemed; and

The substitution of the Sociedad Gestora and the appointment of the new company must be approved by the CNMV and the Interministerial Committee, as stipulated supra, must be notified to the Rating Agencies, and published, within fifteen (15) days, in the AIAF Daily Bulletin and in two (2) nationwide newspapers. The Sociedad Gestora undertakes to grant any necessary private and public documents for its substitution by another Sociedad Gestora, pursuant to the provisions of the previous paragraphs. The substitute sociedad gestora must be subrogated to the rights and obligations of the Sociedad Gestora relating to this Prospectus and the relevant Final Terms and Conditions, the Deed of Incorporation and the relevant sets of Supplementary Articles. Furthermore, the Sociedad Gestora will hand over to the new Sociedad Gestora any accounting or computer documents and records relating to the Fund in its possession.

Subcontracting.

The Sociedad Gestora will be authorized to subcontract with, or delegate on, third parties of recognized solvency and capacity vis-à-vis the performance of any of the services stipulated in the Deed of Incorporation and in the Prospectus, provided that the

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subcontractor or delegate has waived any action claiming liability against the Fund. In any case, such subcontract or delegation must not imply any additional expense or cost for the Fund. Notwithstanding any subcontract or delegation, the Sociedad Gestora will not be exonerated or released by such subcontract or delegation from any of the responsibilities accepted in the Deed of Incorporation and in the Prospectus.

Such subcontract may be entered into if it is legally possible, after notifying the CNMV, the Interministerial Committee and the Rating Agencies, and after all the corresponding authorizations have been obtained.

Remuneration of the Sociedad Gestora for performing its duties.

The Sociedad Gestora will receive the fees that are determined in the resolution issued by the Interministerial Committee on 13 October 2009, by virtue of Royal Decree 1301/2009, for the designation of the Sociedad Gestora of the Fund by which the Sociedad Gestora was designated, and according to the economic proposal made by the Sociedad Gestora in the tender procedure.

This remuneration, according to the economic proposal of the Sociedad Gestora in the proceedings for the award thereof, will be formed by (i) a fixed initial fee payable on the Disbursement Date of the First Issue and (ii) a periodic fee that will be deemed a Periodic Expense of the Fund and that will accrue quarterly, calculated as a percentage of the Bond Payable Principal Balance on the Payment Date immediately prior to the Payment Date on which it must be paid. The Sociedad Gestora's periodic fee on the first Payment Date will be calculated using the number of days elapsed since the Date of Incorporation. Such fee will be construed as a gross fee, insofar as it includes any direct or indirect tax or withholding that may be levied on it.

3.8. Name, address and brief description of any swap, credit, liquidity or account transaction counterparty.

The ICO is (i) the Liquidity Provider of the Credit Line, (ii) the Financial Agent of the Fund and (iii) the entity where the Fund will have the Treasury Account, the Collection Account and the Guarantee Account.

Details of the full name, address and a brief description of the previous entities is included in section 5.2. of the Registration Document.

If an Interest Swap is entered into, this will be stated in the pertinent Final Terms and Conditions.

4. POST-ISSUE INFORMATION.

4.1 Indication of whether or not it intends to provide post-issuance transaction information regarding securities to be admitted to trading and the performance of the underlying collateral. Where the issuer has indicated that it intends to report such information, specification of what information will be reported, where such information can be obtained and the frequency with which such information will be reported.

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The information proposed to be provided after issue is described below.

4.1.1 Issue, verification and approval of annual accounts and other accounting documentation of the Fund

Within the four (4) months following the end of the accounting period, together with the audited annual financial statements of the Fund, the Sociedad Gestora will issue a management report containing the information that must be issued pursuant to Circular 2/2009, as currently worded.

4.1.2 Obligations and periods envisaged for making periodic information on the financial and economic situation of the Fund available to the public and the CNMV.

The Sociedad Gestora will make publicly available a copy of all the documentation and information that is necessary according to the Deed of Incorporation, as well as any other information that is listed in this Prospectus.

a) Regarding the financial and economic situation of the Fund.

This information will be sent to the CNMV on the models stipulated in CNMV Circular 2/2009 of 25 March, on accounting standards, annual financial statements, public financial statements and confidential statistical information statements of Securitization Funds.

Moreover, periodically the Rating Agencies will be sent the information that they request, and in particular any amounts enforced from the State Guarantee.

b) With respect to the Bonds of each Series.

The Notification Dates of the payments to be made by the Fund on each Payment Date will be two (2) Business Days before each Payment Date of each Series.

Finally, within the seven (7) Business Days following each Payment Date, the Sociedad Gestora will issue a certificate in which it will give the following information with respect to the Bonds of that Series, and in reference to the previous Payment Date:

b.1) With respect to the Bonds of each Series:

- 1) Original amount of the Bonds.
- 2) Amount of the Bonds redeemed.
- 3) Ordinary interest accrued by the Bonds since the previous Payment Date.
- 4) Default interest accrued by the Bonds since the previous Payment Date.

b.2) With respect to the Credit Line.

- 1) Drawn balance of the Credit Line.

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2) Interest accrued by the Credit Line since the previous Payment Date.

b.3) With respect to the State Guarantee.

1) State Guarantee enforced.

2) Interest accrued by the State Guarantee since the previous Payment Date.

A copy of this report will be filed with the CNMV.

Furthermore, all the public information described in this section will be available at the registered offices of the Sociedad Gestora, at the offices of AIAF Market and at the CNMV Registry and on the TdA website on the Fund www.fade-fund.com.

4.1.3 Procedure for notifying the Bondholders.

4.1.3.1 Ordinary notification of the Bondholders.

Unless provided otherwise by law, regulations or in this Prospectus, whenever the Sociedad Gestora has to notify the Bondholders it will do so through publication in the AIAF Market Daily Bulletin or other channels generally accepted by the market on which the Bonds are listed (AIAF), as well as the clearing systems in which they have been registered (IBERCLEAR) that guarantee that the information is disseminated properly and on time.

4.1.3.2 Material disclosure requirements and extraordinary disclosure obligations.

The Sociedad Gestora, on behalf of the Fund, undertakes to immediately inform the CNMV, the Rating Agency and the Bondholders, throughout the life of the issue, of any significant event that may occur in relation to the Tariff Deficit Receivables, the Bonds, the Fund and the Sociedad Gestora itself that could significantly influence the trading of the Bond, of the amount to be paid to the Bondholders, on each Payment Date, both as principal (on early redemption or on maturity) and interest and, in general, of any relevant modification to the assets or liabilities of the Fund and any other information that has been specified in this Prospectus. This information can be published on any day of the calendar, be it a Business Day or Non-Business Day. The Sociedad Gestora will inform the Bondholders in the event of the early redemption of the Bonds, and in the event of the early redemption of all the Bonds, the affidavit of liquidation of the Fund referred to in section 4.4 of the Registration Document will be sent to the CNMV.

Such material events and extraordinary notifications will be included on the TdA website on the Fund www.fade-fund.com.

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This Prospectus has been endorsed on each and every page and signed in Madrid, on behalf of the issuer

Mr. Ramón Pérez Hernández
General Director

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GLOSSARY OF TERMS

“Administration of the Receivables” means the financial administration of the Fund, as well as the safekeeping, administration and management of the collection of the Tariff Deficit Receivables sold to the Fund, which will be performed by the Sociedad Gestora in accordance with the provisions of section 3.4.7.1 of the Additional Building Block.

“Liquidity Provider” means the ICO.

“Financial Agent” means the ICO.

“Rating Agencies” means DBRS, Fitch, Moody’s, and/or S&P.

“Guarantee” or “State Guarantee” means the guarantee or guarantees granted by means of Ministerial Orders by the Ministry of Economy and Competitiveness (previously the Ministry of Economy and Finance) to the Fund, from time to time, in the terms set forth in section 3.4.2.1. of the Additional Building Block.

“Early Redemption of the Bonds” means the early redemption on a Payment Date of all the Bonds referred to in section 4.4.3. of the Registration Document.

“Bonds” means the securitization bonds that will be issued by the Fund, backed by the Tariff Deficit Receivables sold to the Fund.

“Net Amount” means the payment (or collection) to be made under the Interest Swap, which will be made on each Payment Date for its net amount, that is, for the positive (or negative) difference between the Amount Payable by Party A and the Amount Payable by Party B, of each of the Interest Swaps.

“Sellers” means the sellers that will be able to sell Tariff Deficit Receivables to the Fund and other entities that, in any future statutory provisions, are recognized as being entitled to sell Tariff Deficit Receivables. The original sellers of the Fund are: Iberdrola, Gas Natural, Hidroeléctrica, Endesa, Unión Eléctrica de Canarias Generación, Gas y Electricidad Generación, Endesa Generación, Elcogás, E.On Generación and E On España.

“CNE” means Spanish National Energy Commission.

“CNMC” means the National Markets and Competition Commission.

“CNMV” means the Spanish Securities and Exchange Commission.

“Suppliers” means the suppliers of electricity in Spain.

“Last Resort Suppliers” means the suppliers appointed by law whose sole activity is the supply of electricity to Last Resort Consumers.

“Interministerial Committee” means the Interministerial Committee formed according to article 16 of Royal Decree 437/2010.

“Monitoring Committee” means the Monitoring Committee formed according to article 18 *in fine* of Royal Decree 437/2010, by means of the Ministerial Order issued by the Ministry of the Presidency 2037/20 dated 26 July 2010.

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"Final Terms and Conditions" means both the **Appendix I** to this Prospectus that contains the information model regarding the special terms of each Bond Issue, as well as each of the special conditions that are registered on the occasion of each Bond Issue.

"Last Resort Consumers" means the Consumers who can choose and have chosen the Last Resort Tariff supply rather than negotiate a non-regulated price with a Supplier.

"Counterparty" means each of the counterparties of each of the Interest Swaps that the Fund enters into.

"Financial Services Contract" means the contract entered into by the Sociedad Gestora, acting on behalf of the Fund, and the ICO to perform the financial servicing of the Issue of Bonds issued from the Fund.

"Interest Swap Agreement", "Swap Agreements" or "Swaps" means each of the swaps that the Sociedad Gestora, acting on behalf of the Fund, will enter into in order to hedge against the risk of changes in the interest rate of Series of Bonds subject to a floating interest rate, as indicated in section 3.4.8.2 of the Additional Building Block.

"Payable Costs" means all the costs of the regulated activities according to the last settlements made by the CNMC and which, on the date of registration of the Prospectus, are: (i) the transmission, distribution and sales management costs, (ii) the payment to the CNMC, System Operator and Off-Peninsular Compensation, (iii) the diversification and security of supply costs (Nuclear Moratorium, Second Nuclear fuel cycle, Special Regime Premiums and Interruptibility Service) and (iv) annual instalments for financing the peninsular and off-peninsular deficits.

"Fund Accounts" means the Treasury Account, the Collection Account, the Guarantee Account and any other accounts that may be opened in the Fund's name.

"Guarantee Account" means the bank account open at the Financial Agent in the Fund's name, in the terms set forth in section 3.4.4.3. of the Additional Building Block.

"Collection Account" means the bank account open at the Financial Agent in the Fund's name, in the terms set forth in section 3.4.4.2. of the Additional Building Block.

"Treasury Account" means the bank account open at the Financial Agent in the Fund's name, in the terms set forth in section 3.4.4.1. of the Additional Building Block.

"Accrued Interest" means the interest of the first interest accrual period of each Issue of one same Series that may be deemed to have accrued from the same date as the interest pertaining to the current interest accrual period of the Bonds of this Series that have already been issued.

"2nd AP of Ley 15/2012" means the Second Additional Provision of Law 15/2012, of 27 December, on energy sustainability tax measures.

"1st Transitory Provision, 1, Royal Decree 657/2013" means the First Transitory Provision of Royal Decree 657/2013 of 30 August, approving the Organic Statute of the CNMC.

"2nd Transitory Provision, Royal Decree 657/2013" means the Second Transitory Provision of Royal Decree 657/2013 of 30 August, approving the Organic Statute of the CNMC.

"6th Transitory Provision, Royal Decree 657/2013" means the Sixth Transitory Provision of Royal Decree 657/2013 of 30 August, approving the Organic Statute of the CNMC.

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"4th Transitory Provision of Ley 3/2013" means the Fourth Transitory Provision of Law 3/2013, creating the National Commission on Financial Markets and Competition.

"2nd AP of Ley 3/2013" means the Second Additional Provision of Law 3/2013, creating the National Commission on Financial Markets and Competition.

"8th AP of Ley 3/2013" means the Eighth Additional Provision of Law 3/2013, creating the National Commission on Financial Markets and Competition.

"5th AP of Ley 3/1994" means the Fifth Additional Provision of Law 3/1994, of 14 April, adapting Spanish legislation regarding credit institutions to the Second Banking Coordination Directive and introducing other modifications to the financial system.

"21ST AP of Ley 54/1997" means the twenty-first additional provision of the Electricity Sector Act 54/1997 of 27 November, as currently worded.

"DBRS" means DBRS Ratings Limited

"Tariff Deficit" means the difference between (a) the collection of regulated tariffs set by the Administration and paid for by the Consumers for their regulated supplies and from the access Tolls until 1 July 2009 and, as of 1 July 2009, only said access Tolls, and (b) the real costs associated with the regulated activities and the operation of the electricity system.

"Sold Receivables" means the Tariff Deficit Receivables sold to the Fund.

"2009 Deficit Receivables" means the receivables for an outstanding amount, as at 31 December 2009, of 3,500,000,000.00 euros.

"2010 Deficit Receivables" means the receivables for the financing the deficit recognized in Order ITC 3519/2009, of 28 December 2009, and Order ITC 2585/2011, that refers to the CNE report regarding the 14th settlement of 2010 for the amount of 5.5 billion euros.

"2011 Deficit Receivables" means the receivables for the financing of the peninsular and off-peninsular deficits generated for the financial year 2011. These amounts have been recognized by Order ITC/3353/2010, of 28 December that sets the access tariffs for the year 2011, and from this moment the receivables may be sold to the Fund, as 3 billion euros.

"2012 Deficit Receivables" means the receivables for the financing of the peninsular and off-peninsular deficits generated for the financial year 2012. These amounts have been recognized in Order IET/3586/2011, of 30 December, amended by Order IET/843/2012, that sets the access tariffs for the year 2012 and the moment from which the receivables may be sold to the Fund, at 1.5 billion euros. Subsequently, the amount of this category has been increased, in accordance with the provisions of Royal Decree-Law 9/2013 (which has amended paragraph 4 of the 21st Additional Provision of Ley 54/1997), by the amount of 4,109,213,000 euros, such amount being deemed as definitive for purposes of the sale.

"Tariff Deficit Receivables" means jointly all the categories of Tariff Deficit Receivables that can be sold to the Fund, according to the 21st Additional Provision of Ley 54/1997 and article 2 of Royal Decree 437/2010.

"2001-2002 Off-Peninsular Receivables" means the receivables recognized in Order ECO/2714/2003, of 25 September, developing Royal Decree 1432/2002, of 27 December, regarding the assignment and/or securitization of the cost corresponding to the imbalance in revenue for regulated activities prior to 2003

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and to the cost corresponding to the reviews derived from the off-peninsular costs. As at 31 December 2008, the outstanding recognized amount of these receivables was 264,327,140.00 euros.

"2003-2005 Off-Peninsular Receivables" means the receivables recognized in Ministerial Order ITC/3860/2007, of 28 December, reviewing the electricity tariffs from 1 January 2008. As at 31 December 2008, the outstanding recognized amount of these receivables was 471.988140,00 euros.

"2006 Off-Peninsular Receivables" means the receivables for an outstanding amount, as at 31 December 2008, of 745,594,000.00 euros.

"2007 Off-Peninsular Receivables" means the receivables for an outstanding amount, as at 31 December 2008, of 346,620,000.00 euros.

"2008 Off-Peninsular Receivables" means the receivables for an outstanding amount, as at 31 December 2008, of 467,228,000.00 euros.

"2006 Peninsular Receivables" means the receivables recognized in Royal Decree 485/2009, of 3 April, regulating the implementation of the last resort supply in the electricity sector. As at 31 December 2008, the outstanding recognized amount of these receivables was 2,082,719,651.47 euros.

"2008 Peninsular Receivables" means the receivables recognized in Order ITC/3860/2007, of 28 December, reviewing the electricity tariffs from 1 January 2008, and Order ITC/1857/2008 of 26 June, reviewing the electricity tariffs from 1 July 2008. As at 31 December 2008, the outstanding recognized amount of these receivables was 4,136,117,970.01 euros.

"Business Day" means the days set from time to time by the European Central Bank for the operation of Target2 (Trans-European Automated Real-Time Gross-Settlement Express Transfer System) or any calendar that replaces it in the future.

"Distributors" means the subsidiaries of large private electricity utilities.

"Registration Document" means the securitization securities registration document included in this Prospectus and issued in accordance with Annex VII of Commission Regulation 809/2004.

"Elcogás" means ELCOGÁS, S.A.

"Issues" means each of the successive issues of Bonds, formed in Series, until the maximum outstanding balance of the Programme is reached, that will be issued by the Fund and secured by Tariff Deficit Receivables. The Issues may refer to (a) the Issue of a new Series of Bonds and/or (b) the increase of the amount of a series of Bonds already issued. The Issues may be issued during the Issue Period, provided that the conditions established for the Issue Period in section 4.4.2 of the Registration Document are met.

"Endesa" means ENDESA, S.A.

"Endesa Generación" means ENDESA GENERACIÓN, S.A.

"E.ON Generación" means E.ON GENERACIÓN, S.L.

"EON España" means E.ON ESPAÑA, S.L.

"Set of Supplementary Articles" means each of the sets of supplementary articles to the Deed of Incorporation through which the incorporation of the Issues of the successive Series (or increases of

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Series already issued) will be instrumented, and where applicable, the sale of additional Tariff Deficit Receivables, and any amendments thereto.

“Deed of Incorporation” means the Deed of Incorporation of the Fund, of sale of Tariff Deficit Receivables and of the Bond Issue, and any amendments thereto.

“Spanish State” means the State Administration that is acting as the entity granting the State Guarantee.

“Risk Factors” means the section of this Prospectus that includes a description of the main risk factors with respect to the issuer, to the Bonds and to the assets backing the issue.

“Calculation Date” will mean the date on which the Sociedad Gestora will calculate the amount of the Available Funds of the Fund for the immediately next Payment Date, taking into account the amounts requested from the Guarantee and/or from the Credit Line. Such Calculation Dates will be the fourth (4th) Business Day before each Fund Payment Date.

“Date of Sale” means the date on which the Tariff Deficit Receivable will actually be sold to the Fund, which will be the Disbursement Date of the respective Issue.

“Collection Date” means the monthly collection date on which the CNMC (replacing the CNE) will pay the Fund, through the Collection Account, the amounts ensuing from such Receivables, in accordance with the provisions of article 10 of Royal Decree 437/2010 and according to the provisions of section 3.4.1 of the Additional Building Block.

“Date of Incorporation” means the date on which the Fund was incorporated, in other words, 14 January 2011.

“Disbursement Date” means the date on which each Issue is disbursed, stated in the Final Terms and Conditions.

“Issue Date” means the Bond Issue date, which will be the same as the date on which the Deed of Incorporation or a Set of Supplementary Articles, as appropriate, is granted.

“Notification Date” means the second (2nd) Business Day prior to each Payment Date throughout the lifetime of the Fund. On these dates the Sociedad Gestora will notify the amounts to be paid for principal and interest to the holders of the Bonds issued, in the manner described in section 4.1.3.1. of the Additional Building Block.

“Payment Date” means the date on which the Sociedad Gestora will apply the Priority of Payment Order of the Fund (or the Liquidation Priority of Payment Order, in the event of the Final Maturity Date or on the date of early liquidation of the Fund), that is to say, on 17 March, 17 June, 17 September and 17 December of each year, and if any of those days is not a Business Day, the next Business Day, unless that Business Day falls in the next month, in which case it will be the previous Business Day.

“Guarantee Request Date” will mean the date on which the Sociedad Gestora will calculate the amount necessary to make the Bond principal and interest payments on the immediately next Payment Date that are not going to be covered with the Available Funds of the Fund on the Guarantee Request Date. The Guarantee Request Date will fall at least fifteen (15) calendar days before the Payment Date.

“Credit Line Request Date” will mean the date on which the Sociedad Gestora will request, from the Credit Line, the amount of the drawdown necessary to pay the Fund's obligations that can be covered

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with the Credit Line. This date will be the fifth (5th) Business Day before the date on which the drawdown must be made.

“Legal Maturity Date” means the date on which twenty-three (23) years have passed since the Disbursement Date of the First Issue of the Fund, in other words, 25 January 2034, or, if this day is not a Business Day, the next Business Day unless beforehand the Fund is liquidated early.

“Fund Final Maturity Date” means the final maturity date of the Fund, which will not, under any circumstances, occur later than the date on which twenty-one (21) years have passed since the Payment Date following the Disbursement Date of the First Issue of the Fund, in other words, 17 March 2032.

“Final Maturity Date” means, relative to each Series of Bonds, the final maturity date of that Series established in the pertinent Final Terms and Conditions of each Issue.

“Fitch” means FITCH RATINGS ESPAÑA, S.A.U. or the Fitch Ratings Limited group entity that replaces it rating the Bonds.

“Prospectus” means this Prospectus and its supplements.

“Fund” means “FONDO DE TITULIZACIÓN DEL DÉFICIT DEL SISTEMA ELÉCTRICO, FONDO DE TITULIZACIÓN DE ACTIVOS”, which may also be named commercially as the “ELECTRICITY DEFICIT AMORTISATION FUND” or “FADE”.

“Garrigues” means J&A Garrigues, S.L.P.

“Gas Natural” means GAS NATURAL SDG, S.A.

“Gas y Electricidad Generación” means GAS Y ELECTRICIDAD GENERACIÓN, S.A.

“Formation Expenses” means, in accordance with the provisions of section 3.4.7. (i) of the Additional Building Block, all the following expenses:

- a) CNMV fees for the registration of the Prospectus and supervision of the admission to trading.
- b) Notary's fees.
- c) Sociedad Gestora's initial fee.
- d) Other formation expenses as determined by the Sociedad Gestora.

“Issue Expenses” means, in accordance with the provisions of section 3.4.7.(ii) of the Additional Building Block, all the following expenses:

- a) IBERCLEAR Tariffs for the inclusion of the Bonds in the accounting register.
- b) AIAF Market Expenses.
- c) Expenses of the Spanish Public Debt Book-Entry Market.
- d) Notary's fees.
- e) Legal fees for each Bond Issue
- f) Management, underwriting and placement fee, as appropriate.
- g) Other Issue expenses as determined by the Sociedad Gestora.

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“Periodic Expenses”, means, in accordance with the provisions of section 3.4.7 (iii) of the Additional Building Block, the following Fund Expenses:

- a) Fund annual auditing expenses.
- b) Expenses incurred in the publication of announcements or serving notices relating to the Fund or the Bonds.
- c) IBERCLEAR fees for partial redemptions of the Bonds.
- d) Facility fee of the Credit Line.
- e) Financial Agent's Fee.
- f) As appropriate, the State Guarantee fee.
- g) Sociedad Gestora's periodic fee.
- h) The Rating Agencies' fees for maintaining the assigned ratings, in the terms agreed with such Agencies.
- i) Expenses incurred in renewing the Prospectus and the Programme.
- j) Where necessary, periodic expenses of the Spanish Public Debt Book-Entry Market.

“Extraordinary Expense”, means, in accordance with the provisions of section 3.4.7 (iv) of the Additional Building Block, any other Fund expense other the Formation and Issue Expenses and Periodic Expenses, including, without implying any limitation, the Liquidation expenses incurred during the liquidation of the Fund.

“Glossary of Terms” means this section of the Prospectus.

“Hidroeléctrica” means HIDROELÉCTRICA DEL CANTÁBRICO, S.A.

“IBERCLEAR” means the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.

“Iberdrola” means IBERDROLA, S.A.

“ICO” means the Instituto de Crédito Oficial.

“Refinancing Amount”, means, if the Disbursement Date of a new Issue occurs before or on the Final Maturity Date of the Series of Bonds that is going to be refinanced, the amount of the price of the new Series of Bonds that are going to be allocated to refinancing the existing Series of Bonds, which will be deposited in the Treasury Account or the Collection Account, as appropriate, according to the provisions of sections 3.4.4.1 and 3.4.4.2 of the Additional Building Block, until it must be applied according to the Priority of Payment Order and with the Liquidation Priority of Payment Order, as appropriate. Each Refinancing Amount deposited in the Treasury Account or in the Collection Account, as appropriate, may only be used to pay the ordinary interest and principal of the Bonds that have been refinanced, on the respective Payment Date, and cannot be used for any other items until the refinanced Series of Bonds has been fully redeemed.

“Payable Revenues” means all the electricity system revenues included in the last settlements made by the CNE (currently, the CNMC), and which, on the date of registration of the Prospectus, are: (i) the access tolls revenues; (ii) “the revenues under Law 15/2012”; (iii) “the CO2 auctions revenue”; and (iv) “the extraordinary credit revenue”; (v) “the revenues under Ley 15/2012”; (vi) “the CO2 auction revenue”; and (vii) “the extraordinary credit revenue”.

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“Ley 2/1981” means the Mortgage Market Act 2/1981, of 25 March.

“Ley 3/1994” means Act 3/1994, of 14 April, adapting Spanish legislation regarding credit institutions to the Second Banking Coordination Directive

“Ley 19/1992” means Law 19/1992 of 7 July, on the legal arrangements applicable to Real Estate Investment Companies and Funds and Mortgage Securitization Funds.

“Ley 15/2012” means Law 15/2012, of 27 December, on energy sustainability tax measures

“Ley 17/2012” means the 2013 State Budget Act Law 17/2012, of 27 December

“Ley 3/2013” means Law 3/2013, of 4 June, creating the National Commission of Financial Markets and Competition.

“Ley 24/2013” means the Electricity Sector Act 24/2013, of 26 December.

“Ley Concursal” means the Spanish Bankruptcy Act 22/2003 of 9 July.

“Ley del Mercado de Valores” means the Stock Market Act 24/1988, of 28 July.

“Electricity Sector Act” means the Electricity Sector Act 54/1997, of 27 November.

“Maximum Limit of the Credit Line” means the ceiling or maximum limit of the Credit Line available from time to time and which, on the Date of Incorporation, will be TWO BILLION (2,000,000,000) euros.

“Credit Line” means the credit line described in section 3.4.2.2. of the Additional Building Block, to be granted by the ICO in the terms set forth in article 13 of Royal Decree 437/2010.

“Early Liquidation of the Fund” means the early liquidation of the Fund, which will take place when one or several of the Events of Early Liquidation of the Fund occur, pursuant to the provisions of section 4.4.3. of the Registration Document.

“Additional Building Block” means the additional building block to the Securities Note included in this Prospectus, issued in accordance with the building block set forth in Annex VIII of Regulation 809/2004.

“Moody’s” means MOODY’S INVESTORS SERVICE LTD., or the Moody’s Investors Service Limited group entity that replaces it rating the Bonds.

“Securities Note” means the securities note included in this Prospectus, issued in accordance with the instructions given in Annex XIII to Regulation 809/2004.

“OMEL” means Operador del Mercado de Ibérico de Electricidad- Polo Español, S.A.

“Ministerial Order of 14 January 2011” means the Order of the Minister of Economy and Finance of 14 January 2011.

“Ministerial Order of 27 August 2013” means the Order of the Minister for the Economy and Competitiveness of 27 August 2013.

“Orders” means, jointly, the Order of 14 January 2011 and the Order of 27 August 2013.

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“Payment of Priority Order” means the priority of payment order of the Available Funds set forth in section 3.4.6.2 of the Additional Building Block.

“Liquidation Priority of Payment Order” means the Priority of Payment Order of the Available Funds set forth in section 3.4.6.2 of the Additional Building Block.

“Order IET/3586/2011” means Ministerial Order ITC/3586/2011, of 30 December, establishing the access tolls from 1 January 2012 and the tariffs and premiums of special system installations.

“Order IET/843/2012” means Order IET/843/2012, of 25 April, establishing the access tolls from 1 April 2012 and certain rates and premiums of the special system installations

“Order PRE 2037/2010” means the Order of the Ministry of Presidency PRE 2037/2010, of 26 July creating the electricity system deficit securitization process Monitoring Committee.

“Order IET/221/2013” means Order ITC/221/2013, of 14 December, establishing the access tolls from 1 January 2013 and the tariffs and premiums of special system installations,

“Order IET/107/2014” means Order IET/107/2014 of 31 January, reviewing the electricity access tolls for 2014.

“Relevant Screen”, means, unless otherwise specified in the Final Terms and Conditions, Reuters Page EURIBOR01 (or any other that may replace it in the future), from which will be taken the Reference Interest Rate of the floating interest rate Bonds.

“Tolls” means the Access tolls necessary for the supply of electricity, as described in section 2.2. of the Additional Building Block.

“Purchase Period” means the period during which the Fund may acquire Tariff Deficit Receivables, which will be until the date on which five (5) years have passed since the Date of Disbursement of the First Issue of the Fund, in other words, until 25 January 2016, or until the other earlier date on which the Sociedad Gestora decides that no more Tariff Deficit Receivables can be sold under the Fund, because the Fund has already been sold all the Tariff Deficit Receivables, and provided that (i) there is a current Prospectus registered at the Official Registers of the CNMV, (ii) the Sellers have had their annual financial statements for the last three (3) financial years audited, and (iii) the Sociedad Gestora has not initiated the proceedings for the Early Liquidation of the Fund.

“Issue Period” means the period during which the Fund may arrange (i) new Issues of Bonds not already issued by the Fund and (ii) successive increases of the Series of Bonds already issued by the Fund. The last of these Issues may take place on the date on which twenty (20) years have passed since the Disbursement Date of the First Issue of the Fund, in other words, until 25 January 2031, provided that provided that the following conditions are met:

- (i) The Bond Payable Principal Balance does not exceed the Maximum Outstanding Balance of the Facility and that, pursuant to the provisions of this Prospectus, all the Bonds are guaranteed,
- (ii) The minimum maturity of the Bonds will be one (1) year, calculated from their Disbursement Date, and the maximum maturity of the Bonds will be sixteen (16) years, and under no circumstances will the final maturity date of the Bonds of each Series, as stated in the relevant Final Terms and Conditions, (the **“Final Maturity Date”**), occur fall later than the date on which twenty-one (21) years have passed since the Disbursement Date of the First Issue of the Fund (the **“Fund Final Maturity Date”**),

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(iii) No Event of Early Liquidation of the Fund, as they are defined in section 4.4.3 below, has occurred, and

(iv) There is a current Prospectus registered at the Official Registers of the CNMV.

"Interest Accrual Period" means, unless indicated otherwise in the pertinent Final Terms and Conditions, each of the periods of time comprising the actual number of days elapsed between the dates (day and month) that are determined in the pertinent Final Terms and Conditions, with each Interest Accrual Period including the starting date and excluding the end date, except for the first Interest Accrual Period, the term of which will be equivalent to the days elapsed between the Issue Disbursement Date (included) and the first end date (excluded) (each of the latter, an "Interest Accrual Period"). Accordingly, if a Payment Date is not initially a Business Day and therefore that Payment Date is actually the next Business Day, the Interest Accrual Period applicable to that Payment Date will not be adjusted until such next Business Day, but instead will be maintained on the end date that had been determined in the pertinent Final Terms and Conditions."

"Subscription Period" means the pertinent subscription period of the Bonds of each issue, according to the provisions of the pertinent Final Terms and Conditions.

"Redemption Price" means the amount determined when the Fund redeems early all the securities of the Series in question at any time throughout the life of each Issue, in the terms and conditions and up to the limits specified in the Final Terms and Conditions.

"First Renewal Prospectus" means the First Renewal Prospectus of the Base Prospectus registered by the Spanish Stock Exchange Commission on 24 November 2011.

"First Issue" means the First Bond Issue that the Fund will arrange, by virtue of the Deed of Incorporation thereof.

"Settlement procedure" means the general settlement procedure of the Spanish electricity system established by Royal Decree 2017/1997, which is described in section 3.4.1 of the Additional Building Block.

"Facility" means the Bond Issue facility.

"PVPC" means voluntary prices for small consumers.

"Royal Decree 437/2010" means Royal Decree 437/2010, of 9 April, developing the regulation of the electricity system deficit securitization process.

"Royal Decree 1307/2011" means Royal Decree 1307/2011, of 26 September, amending Royal Decree 437/2010, of 9 April, developing the regulation of the electricity system deficit securitization process.

"Royal Decree 926/1998" means Royal Decree 926/1998, of 14 May, regulating asset securitization funds and securitization fund managers.

"Royal Decree 661/2007" means Royal Decree 661/2007, of 25 May, regulating the special system electricity production activities, in order to guarantee a reasonable return for these facilities and, at the same time, avoid any excessive remuneration of such activities that the other electricity sector agents would have to pay.

"Royal Decree 1047/2013" means Royal Decree 1047/2013, of 27 December, establishing the methodology for calculating electricity transmission remuneration.

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“Royal Decree 1048/2013” means Royal Decree 1048/2013, of 27 December, establishing the methodology for calculating electricity distribution remuneration.

“Royal Decree 216/2014” means Royal Decree 216/2014 of 28 March, establishing the methodology for calculating the voluntary prices for small electricity consumers.

“Royal Decree 413/2014” means Royal Decree 413/2014 of 6 June, regulating the production of electricity from renewable energy sources, cogeneration and wastes.

“Royal Decree-Law 6/2009” means Royal Decree-Law 6/2009, of 30 April, adopting certain measures in the energy sector and approving the social voucher.

“Royal Decree-Law 6/2010” means Royal Decree-Law 6/2010, of 9 April, approving measures to boost the economic recovery and employment.

“Royal Decree-Law 14/2010” means Royal Decree-Law 14/2010, of 23 December, establishing urgent measures to correct the tariff deficit in the electricity sector.

“Royal Decree-Law 1/2012” means Royal Decree-Law 1/2012, of 27 January, which proceeded to suspend the remuneration pre-allocation procedures and to suspend the financial incentives for new facilities for producing electric power from cogeneration, renewable energy sources and wastes.

“Royal Decree-Law 29/2012” means Royal Decree-Law 29/2012, of 28 December, on improving management and social protection in the Special System for Domestic Workers and other economic and social measures.

“Royal Decree-Law 2/2013” means Royal Decree-Law 2/2013, of 1 February, on urgent measures in the electricity system and in the financial sector.

“Royal Decree-law 9/2013” means Royal Decree-Law 9/2013, of 12 July, adopting urgent measures to guarantee the financial stability of the electricity system.

“Royal Decree-law 17/2013” means Royal Decree-Law 17/2013, of 27 December, determining the price of electricity in contracts subject to the voluntary price for small consumers in the first quarter of 2014.

“Royal Decree 657/2013” means Royal Decree 657/2013 of 30 August, approving the Organic Statute of the CNMC.

“Available Funds” means the available funds available to the Fund and which, unless specified otherwise in the pertinent Final Terms and Conditions, will consist of:

- i. The income obtained from the Sold Receivables;
- ii. The interest earned by the amounts deposited in the Collection Account;
- iii. The amount of the Credit Line not drawn down, which may only be used for the purposes indicated in section 3.4.2.2. of this Additional Building Block;
- iv. As appropriate, the amounts received from any Interest Swaps, and
- v. Any other amounts placed in the Treasury Account or in the Collection Account.

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Additionally, the holders of the guaranteed Bonds may make use of the amount drawn down from the State Guarantee that is paid to the Fund in the Guarantee Account, and that will be applied pursuant to the provisions of section 3.4.2.1 of the Additional Building Block.

"Regulation 809/2004" means Regulation (EC) N° 809/2004 dated 29 April 2004, as amended by Regulation (EC) N° 1787/2006 of 4 December 2006.

"Maximum Outstanding Balance of the Facility" means the maximum Bond Payable Principal Balance from time to time, that must never exceed TWENTY-SIX BILLION EUROS (€26,000,000,000) issuing Securitization Bonds, each with a face value of one hundred thousand (100,000) euros.

"Receivable Nominal Balance of the Sold Receivables" means be the sum of the uncollected amount not deposited in the Fund of all the Tariff Deficit Receivables or, relative to each type of Tariff Deficit Receivable, the uncollected amount not deposited in the Fund of that type, calculated pursuant to the provisions of article 9 of Royal Decree 437/2010.

"Bond Payable Principal Balance" means the sum of the outstanding balances of the Bonds of all the Series or, in connection with each Series, the outstanding balance of the Bonds of that Series.

"Second Renewal Prospectus" means the second Base Prospectus Renewal Prospectus registered by the CNMV on 27 November 2012.

"Series" means the series of Bonds issued by the Fund.

"Sociedad Gestora" means TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A.

"S&P" means STANDARD & POOR'S CREDIT MARKET SERVICES EUROPE LIMITED or the Standard & Poor's Rating Services group entity that replaces it rating the Bonds.

"Events of Early Liquidation of the Fund" means the Events of Early Liquidation of the Fund that are described in section 4.4.3. of the Registration Document.

"Last Resort Tariff" means the tariff that must be paid by the customers who are entitled to continue with the tariff supply, in accordance with the provisions of Spanish legislation, in harmony with Directive 2003/54/EC.

"Third Renewal Prospectus" means the third Base Prospectus Renewal Prospectus registered by the CNMV on 28 November 2013.

"IRR" means the internal rate of return.

"Reference Interest Rate" means, for the Bonds that are not issued at a fixed rate, that is to say, at a floating interest rate, the market reference Interest rate or the market return of other fixed income instruments, to which will be added the Spread. When nothing else is specified else in the Final Terms and Conditions, the Reference Rate of Interest will be the three (3) month Euro Interbank Offered Rate for the Euro (Euribor), taken from the Relevant Screen.

"Unión Eléctrica de Canarias Generación" means UNIÓN ELÉCTRICA DE CANARIAS GENERACIÓN, S.A.

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MODEL FINAL CONDITIONS

APPENDIX I

FINAL TERMS AND CONDITIONS

FONDO DE TITULIZACION DEL DÉFICIT DEL SISTEMA ELÉCTRICO, F.T.A.



[Total volume of the issue]

Series [numeral]

Issued under the Base Prospectus Renewal Prospectus filed with the Spanish Securities and Exchange Commission on 4 December 2014.

The following Final Terms and Conditions include the characteristics of the securities described in them.

These Final Terms and Conditions will be supplemented with the Base Prospectus Renewal Prospectus filed with the Spanish Securities and Exchange Commission on 4 December 2014 and must be read together with the aforesaid Prospectus [and its supplements dated [*]].

PERSONS RESPONSIBLE FOR THE INFORMATION

The securities described in these "Final Terms and Conditions" are issued by the Fondo de Titulización del Déficit del Sistema Eléctrico, Fondo de Titulización de Activos ("**the Fund**", the "**Issuing Entity**" or the "**Issuer**"), with registered office at nº 69, calle Orense, in Madrid, and Tax Identification Number (C.I.F.) V-86082716.

MR. [NAME AND SURNAMES], acting as [POSITION], by virtue of the [TYPE OF POWER OF ATTORNEY OR POWER AND DATE ON WHICH IT WAS GRANTED] (the "**Sociedad Gestora**"), with registered office at nº 69, Calle Orense in Madrid and with Tax Identification Number (CIF) A-80352750 assumes responsibility for the information contained in these Final Terms and Conditions

MR. [NAME AND SURNAMES] declares that, after applying reasonable diligence to ensure that this is so, the information contained in the Final Terms and Conditions is, to his knowledge, consistent with the facts and contains no omissions that could affect its content.

DESCRIPTION, CLASS AND CHARACTERISTICS OF THE ISSUED SECURITIES

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PRINCIPAL FEATURES	
1. Issuer:	The Fund
2. Guarantor and nature of the guarantee:	The Bonds will be guaranteed by the State Guarantee
3. Nature and denomination of the securities:	[[Bonds of Series [numeral]] [ISIN Code] The investors who purchase Bonds of this Series waive, by the mere fact of subscribing such Bonds and as a legal characteristic inherent thereto, any right of priority to which they might be entitled under Spanish law with respect to other holders of Bonds that the Fund issues in successive Issues.
4. Issue Currency:	Euros
5. Nominal and actual amount of the issue:	Nominal: [*] Actual: [*]
6. Nominal and actual amount of the securities:	Unit nominal: 100,000 EUR Number of Bonds: [*] Issue Price: [*]% Original actual amount: [*] per Bond
7. Issue Date:	[*]
8. Increase of Series:	[YES/NO]
9. Fungibility:	[N.A.] [YES, with the Series [] (ISIN: [])]. Therefore, from the date on which they become fungible, the Bonds of this Issue will be registered in IBERCLEAR under the same ISIN (International Securities Identification Number) as those of the Series [].]
10. Interest Rate:	[Fixed / Variable or Floating] (Additional information on the securities interest can be found in sections 15 to 17 of these Final Terms and Conditions)

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11. Final redemption date and repayment system:	Final Maturity Date of the Series: [*] [At par on maturity] [Others indicate here] (<i>additional information about the security redemption conditions can be found in section 18 of these Final Terms and Conditions</i>)
12. Prepayment options:	For the Issuer: No For the investor: No
13. Admission to trading of the securities:	AIAF Fixed Income Market
14. Representation of the securities:	Book entries managed by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, IBERCLEAR, with registered office at Plaza de la Lealtad, nº 1, 28014 Madrid.
INTEREST RATE AND REPAYMENT	
15. Fixed interest rate:	[N.A./ [*] % payable annually] <ul style="list-style-type: none"> • Calculation basis: [*] • Interest accrual start date: [*] • Irregular Amounts [As appropriate, any irregular amounts and dates must be indicated here] • Coupon payment dates: [The 17th day of [*], [*], from [*] to [*], both inclusive]. • Interest Accrual Period: [*] • Other characteristics associated with the fixed interest rate: [None / give details]
16. Floating interest rate:	N.A. / [three (3) month EURIBOR, +/- [*] % payable [quarterly] <ul style="list-style-type: none"> • Name and description of the underlying security on which it is based: [*] • Reference page or reference source for the underlying security: [*] • Recent performance of the underlying security: [*]

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	<ul style="list-style-type: none"> • Calculation Formula: [*] [Margin][Fixing Dates (e.g. day before the payment date of the previous coupon) [Rounding specifications of or other relevant conditions] • Calculation Agent: The Sociedad Gestora • Procedure for publishing the fixing of the new interest rates Basis of calculation for the accrual of interest. [Act/Act, Act/365, Act/360] • Interest accrual start date: [*] • Coupon payment dates: [17 March, 17 June, 17 September and 17 December of each year, from [*] until [*], both inclusive] • Irregular Amounts: [As appropriate se point at here the dates and the amounts inconsistent who exist] • Other characteristics related with the variable interest rate: [None / give details]
<p>17. Accrued Interest</p>	<p>[N.A./</p> <p>If, for the purposes of obtaining the fungibility between the different Issues of Bonds of Series [] and [], the interest of the first Interest Accrual Period of this Issue will be construed to have accrued from the same date as for the current interest period of the Bonds already issued (“accrued interest”), in other words, from []. In this way the subscribers of Bonds of an Issue pertaining to the increase of Series [] already issued can receive the same interest amount on the next Payment Date as previous Subscribers of Issues of the same Series [].</p>
<p>18. Redemption of the Bonds:</p>	<ul style="list-style-type: none"> • Maturity redemption date: <ul style="list-style-type: none"> - Final Maturity Date: [Date] - Price: [*]% • Repayment schedule
<p>19. Redemption reimbursement premium or</p>	<p>[N.A./Indicate]</p>
<p>20. Issue Rating:</p>	<p>[*]</p> <p>[Prior to the registration of the present Final Terms</p>

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	and Conditions, Moody's and Fitch have [provisionally/definitively] confirmed the ratings of the Bonds of the Series already issued and currently in force].
21. Group of Potential Subscribers to whom the Issue is intended:	[Qualified investors/ Subscription Agent].
22. Subscription Period:	The Issue Subscription Period will start on [*] [*], at [*] (C.E.T.) and will end on [*] [*] [*], at [*] (C.E.T.)
23. Subscription procedure:	[Directly through the Underwriting and Placement Agents / Others, indicate]
24. Security award and placement procedure:	<ul style="list-style-type: none"> • [Discretionary] • Pro-rata: [N.A. /Describe the procedure] • [Outright sale, in accordance with the provisions of article 12.2 of Royal Decree 437/2010, amended by Royal Decree 1307/2011].
25. Disbursement Date	[*]
26. Lead Managers	<ul style="list-style-type: none"> • [*]
27. Co-Managers	<ul style="list-style-type: none"> • [*] • [*]
28. Underwriters:	<p>Name of the Underwriter and Amount:</p> <ul style="list-style-type: none"> • Entity [*] / [Amount] • Entity [*] / [Amount] <hr/> <p>Total underwritten: [*]</p>
29. Placement Agents:	<p>Name of the Placement Agent and Amount:</p> <ul style="list-style-type: none"> • Entity [*] / [Amount] • Entity [*] / [Amount] <hr/> <p>Total: [*]</p>
30. Bookrunners:	[*]

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31. Subscription Agents	[*]
32. Restrictions on the sale or free circulation of the securities	[*]
33. Actual interest foreseen for the investor; Estimated average life (years) and Estimated Duration (years)	<p>IRR: [*] Estimated Average Life: [*] Estimated Duration: [*]</p> <p>In any case, the average life, yield, duration and final maturity of the Bonds depends on diverse factors, the most significant of which are as follows:</p> <ul style="list-style-type: none"> a) The collection of the Sold Receivables, b) The actual payment of the Guarantee; [and] c) The amount drawn from the Credit Line; [and] c) The change of the interest rates applicable to the Bonds].
34. Fees and expenses:	<ul style="list-style-type: none"> • Fees: [*] % for each entity of the placed amount. • Lead Managers' Fees: [[*] %/N.A.] • Underwriters' Fees: [[*] to each company on the value Insured party.] • Bookrunners' Fees: [[*] %/N.A.] • Subscription Agents' Fees: [[*] %/N.A.] • AIAF Expenses: [*] • IBERCLEAR Expenses: [*] • Rating agencies, notary's fees, legal and others:[*] • Total Issue Expenses: [*] <p>The aforementioned Formation Expenses have been previously authorized by the Interministerial Committee in accordance with the provisions of Royal Decree 437/2010.</p>
OPERATIONAL INFORMATION ABOUT THE SECURITIES	
35. Financial Agent:	ICO [or the entity that replaces it pursuant to the of Base Prospectus].

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36. Relevant calendar for the payment of the flows established in the issue:	[TARGET2]
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INFORMATION ON THE [PLACEMENT AGENTS/UNDERWRITING AGENTS/LEAD MANAGERS]

Displayed below is information identifying the [Placement Agents/Underwriting Agents/Lead Managers/Subscription Agents] of this Issue that have been selected by the [Interministerial Committee/Monitoring Committee] in accordance with the procedure established by the Secretariat General of Treasury and Financial Policy:

a) *[Entity's name]*

[Entity's details]

[Registration Data]

[Address]

[TAX IDENTIFICATION NUMBER]

[Credit ratings]

[Relations with other participants]

RESOLUTIONS TO ISSUE THE BONDS

[Here a text must be included if it is necessary to indicate the resolutions passed on the occasion of each issue.]

ADMISSION TO TRADING RESOLUTIONS:

An application has been made for the securities described in these Final Terms and Conditions to be admitted to trading on the AIAF Fixed Income Market and it is guaranteed that they will be listed within one month of the disbursement date.

These Final Terms and Conditions include the information necessary for the securities to be admitted to trading on the aforementioned market. The settlement will be made through the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR)

However, the Monitoring Committee may call upon the Sociedad Gestora to request that the Bonds of each issue be admitted to trading on the registered public debt market, if the operation of the Fund, the state of the markets or other circumstances make it advisable

PURPOSE OF THE ISSUE

The purpose of the Issue is to refinance Bond issues already issued

[According to purpose b), the Series that are being refinanced with this Issue are as follows:

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[Series Name]

[ISIN Code]

[Maturity date]

[The Refinancing Amount of this Issue amounts to [.....] EUR]

BOND FLOW CHART

[Include a chart of the flows of the issued bonds, indicating the hypotheses accepted]

INTEREST SWAP

[Here a text must be included if it is necessary to indicate the resolutions passed on the occasion of each issue.]

These Final Terms and Conditions have been countersigned on all their pages and signed in [*], on [*] [*], [*].

Signed on behalf of

TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A. (on behalf of FONDO DE TITULIZACIÓN DEL DÉFICIT DEL SISTEMA ELÉCTRICO, FONDO DE TITULIZACIÓN DE ACTIVOS)

Mr [*]

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APPENDIX II

HARMONIZATION OF YIELD AND PRICE CALCULATION CRITERIA



Bank of Spain

TRANSACTIONS

Information management

The financial integration process arising as a result of Monetary Union demands the harmonization of the criteria applied to the calculation of prices and yield rates on assets quoted on the various markets in the countries within monetary union.

This harmonization aims to facilitate the comparison of the quotes registered for one same instrument in different markets and countries. This process should involve the standardization of the basic calculation conventions, whilst taking into account the particularities of each market.

To this end, from 10 May 1999 the Bank of Spain has implemented a method for the calculation of yields for the Book-Entry and Inter-Bank Market Centre based on the introduction of the actual/actual method to determine cashflow periods, rather than the actual/365 method used previously. The new method aims to follow as closely as possible the recommendations of the EFFAS EUROPEAN BOND COMMISSION and a number of conventions with a long tradition in the market and other simplifying criteria.

The new criteria that will be applied as of the date mentioned above will be as follows:

1) Periods to payment of each flow will be determined applying the actual/actual method.

This method consists of calculating the complete coupon payment periods – generally years – between the value date of the transaction and the coupon or redemption dates, adding the fractional period remaining.

By contrast, in the case of the actual/365 convention used to date, the day-count is calculated from date to date and divided by 365. This means that any leap years between the two dates are not taken into account. In this case the denominator does not match the real average year duration and the result is a period expressed in years which is slightly greater than the real period.

2) The periods stated above will be calculated from future dates, counting backwards, i.e. from the date of each cashflow towards the settlement date of the transaction.

For example, let us assume an issue pays an annual coupon, the settlement date is 4-10-1999 and the

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redemption date is 17-4-2007; the calculation procedure would be as follows:

Complete years => 7 (from 17-4-2007 to 17-4-2000)

Days remaining => 196 (from 17-4-2000 to 4-10-1999)

Days in current coupon accrual period => 366 (from 17-4-2007 to 17-4-1999)

Fraction of year => $196/366 = 0.535519$ years

Total period in coupon payment periods => $7+0.535519 = 7.535519$ periods

3) When counting days between dates, the first date is excluded while the second date included (simple subtraction of one date from the other).

4) Price/yield calculation, based on individual cashflow updating, is to use the following formulas:

4.1) Bonds issued with explicit interest and zero coupon bonds, including stripped bonds (both principal and coupon strip bonds), whatever their residual life^{1 2}:

$$P = \sum_{i=1}^n \frac{F_i}{(1 + T_k)^{p_i + \frac{d_i}{c_i}}} - CC$$

T

where:

P = Net price (excluding accrued coupon)

Fi = Total amount of each cashflow (coupon and/or repayment)

Tk = Yield rate for coupon accrual period (annual, semi-annual, quarterly, etc.) expressed as a percentage.

pi = Number of complete coupon accrual periods between the value date and the date of payment of the cashflow (counted backwards). In the case of zero coupon or discount issues, annual periods will be taken.

di = The number days from the value date to the day obtained by subtracting pi coupon periods from the date of payment of cashflow Fi .

ci = Day count between the dates obtained by subtracting pi and (pi + 1) coupon periods from the date of payment of cashflow Fi.

k = Number of annual coupons.

n = Number of cashflows to redemption.

1 Although it seems likely that some markets will continue in future with the practice customary to date of applying simple interest for periods of less than a year, in line with the recommendations of the EFFAS, the convention of compound interest has been adopted also for these short terms.

2 The application of this formula and mode of calculation of terms also covers the case of issues with a short accrual period for the first coupon.

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CC = Accrued coupon.

Once the equivalent interest rate for the k-th of a year represented by the coupon period (T_k) has been calculated it is annualized by means of the following formula:

$$(1 + T) = (1 + T_k)^k$$

where k is the number of coupon payments a year and T is the annual interest rate on the transaction.

This annualization to an equivalent rate for the k-th of a year must be carried out even though the yield rate is always expressed in annual terms.

If the bond is zero coupon or issued at a discount, k shall be considered equal to 1, thus the annual rate may be calculated directly.

4.2) Irredeemable bond:

The formula applied to irredeemable bonds is as follows:

$$P = \frac{F}{T_k} (1 + T_k)^{1 - \frac{d}{c}} - CC$$

where:

P = Net price (excluding accrued coupon)

F = Amount of the regular coupon as a percentage.

T_k = Yield rate for coupon accrual period (annual, semi-annual, quarterly, etc.) expressed as a percentage.

d = Number of days from value date to the date the next coupon is paid.

c = Number of days between the date the next coupon is paid and the date calculated by subtracting a complete coupon period from it.

k = Number of annual coupons.

CC = Accrued coupon.

In this case it is also necessary to annualize an equivalent rate for the k-th of a year that represents the coupon period (T_k), by applying the same formula:

4.3) Treasury bills and money market instruments (interbank deposits and double sell/buy transactions)

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4.3.1) Instruments with residual life or term greater than a calendar year³:

$$P = \sum_{i=1}^n \frac{F_i}{(1 + T)^{\frac{d_i}{360}}}$$

where:

P = Initial price of the transaction

Fi = Total amount of each cashflow

T = Annual yield rate

di = Number of days from the value date to the maturity of each cashflow.

n = Number of cashflows to redemption.

In this case compound interest is updated using the actual/360 method.

4.3.2) Instruments with residual lives or terms less than or equal to a calendar year:

$$P = \sum_{i=1}^n F_i \frac{360}{360 + T \cdot d_i}$$

where:

P = Initial price of the transaction.

Fi = Total amount of each cashflow

T = Annual yield rate

di = Number of days from the value date to the maturity of each cashflow.

n = Number of cashflows to redemption.

In this case simple interest is calculated on the basis of a 360-day year

5) The accrued coupon is calculated using the formula:

$$CC = \frac{CP \cdot D_c}{D_T}$$

where:

³ Residual life is understood to be greater than a calendar year if there are 365 days between the value date of the trade and the redemption date (366 days if there are 29 days in the February of that year). In practice it is sufficient to determine whether the redemption date is later than the date obtained by moving the value date forward a year (e.g. if the value date is 23 April, any stock with redemption later than 23 April of the following year will have more than a year's residual life).

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CC = The accrued coupon expressed as a percentage.

CP = The gross coupon (%)

DC = Days since the previous coupon, or start of accrual if earlier, until the value date. In the case of public debt issued in successive tranches, the date the first tranche came into circulation is taken as the accrual start date.

DT = Total accrual period of current coupon in days.

- 6) When calculating the yield rate the payment dates are the theoretical dates given with the issuing conditions, regardless of whether they are working days or not, except in the case of the last cashflow, which must always be the actual payment date⁴.**

The TARGET calendar will be used for this calculation.

- 7) When calculating the accrued coupon the theoretical maturity dates will be taken in all cases.**
- 8) In the case of stock issued at an indexed interest rate an estimated future coupon will be taken, equal to the most recent rate known at the time of making the calculation.**
- 9) In the case of optional redemption, the final redemption date will be taken to be the first in chronological order which meets the following criteria:**

Option for issuer and holder: the first is always selected.

Option for issuer: If price is ex-coupon > redemption price.

Option for holder: If price is ex-coupon > redemption price.

This criterion is based on the assumption that financial agents will behave rationally when making their investment and finance decisions.

In effect, if the ex-coupon price is higher than the redemption price, this means that market interest rates –represented by the internal yield rate of the transaction – are below the nominal rate on the issue, thus the issuer would wish to redeem it in order to re-issue at a lower rate.

If, on the other hand, the ex-coupon price is lower than the redemption price, the holder would wish to redeem the stock, as the issue's nominal rate is below market rates and it may be supposed that he could make a better investment elsewhere.

Finally, if the option is available to both, as their interests are opposed, it must necessarily be worthwhile to one or other of them to redeem the stock.

- 10) If there are partial redemptions due to nominal reductions whose amount is subject to a given index or condition, it is considered that the amount redeemed on each date is the percentage resulting from dividing 100 by the number of outstanding redemptions.**

⁴ This displacement implies that the fractional part of $(1+Tk)$ may be increased for the last payment. However, this does not affect the earlier cashflows, which will always be the same as if the last payment had not coincided with a non-working day.

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ANNEX

A number of example calculations are given below for trades to maturity involving different stocks.

a) Trade to maturity with Treasury Bonds

Issue: ES0000011629-5. Treasury Bonds at 7.35%, redeemable on 31-3-2007.

Value date: 14-6-99

Nominal traded: 40,000,000

Actual traded: 46,432,000

Issue characteristics:

Redemption: 100% on 31-3-2007 (Falls on a Saturday, so the actual redemption date will be 2.4.2007). 7.85% each 31-3 until 31-3-2007 inclusive

Calculation method: As this issue has explicit interest formula 4.1 is applicable. The parameters required for this formula are calculated as follows:

Type of cashflow	Theoretical cashflow date	Cashflow value (Fi)	Date for calculation	Complete periods (pi)	Date resulting from subtraction of pi periods	Date one previous period	Days remaining in period (di)	Total days (ci)	Exponent (pi+di/ci)
Coupon	31-3-	7.35	31-3-2000	0	31-3-2000	31-3-1999	291	366	0.795081967
Coupon	31-3-	7.35	31-3-2001	1	31-3-2000	31-3-1999	291	366	1.795081967
Coupon	31-3-	7.35	31-3-2002	2	31-3-2000	31-3-1999	291	366	2.795081967
Coupon	31-3-	7.35	31-3-2003	3	31-3-2000	31-3-1999	291	366	3.795081967
Coupon	31-3-	7.35	31-3-2004	4	31-3-2000	31-3-1999	291	366	4.795081967
Coupon	31-3-	7.35	31-3-2005	5	31-3-2000	31-3-1999	291	366	5.795081967
Coupon	31-3-	7.35	31-3-2006	6	31-3-2000	31-3-1999	291	366	6.795081967
Coupon	31-3-	7.35	2-4-2007	7	2-4-2000	2-4-1999	293	366	7.800546448
Redemption	31-3-	100	2-4-2007	7	2-4-2000	2-4-1999	293	366	7.800546448
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(6)-v. date	(9)=(6)-(7)	(10)=(6)+(8)/(9)

(4) The actual date is only taken in the case of the last cashflow. In all other cases the theoretical date is taken.

(5) Complete periods are calculated from the date of the cashflow backwards to the value date. In this case the complete years that can be subtracted until reaching the value date are shown.

(6) This column indicates the date arrived at by subtracting the periods previous to the cashflow.

(7) The result of subtracting an exact period from the previous column.

(8) The remaining days in the period are calculated from the value date (14-6-99) to the date shown in column 6.

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(9) This column is calculated as the number of days between column 6 and column 7.

The remaining parameters are:

$$P = 46,432,000 * 100 / 40,000,000 = 116.080 \text{ (Gross price)}$$

$$n = 9 \text{ (Number of cashflows)}$$

Dt = Number of days between 31-3-1999 and 31-3-2000: 366 days
 Dc = Number of days between 31-3-1999 and value date 14-6-1999 75 days
 CP = 7.35%

$$CC = CP \cdot Dc / Dt = 7.35 \cdot 75 / 366 = 1.506147541 \text{ (Accrued coupon)}$$

The formula used is:

$$P = \sum_{i=1}^n \frac{F_i}{(1 + T_k)^{p_i + \frac{d_i}{c_i}}} - CC$$

It should be borne in mind that T_k is the same as T (annual yield rate) as the coupon is paid annually on this issue.

After calculating T by means of successive approximations, a yield rate of 5.035% is obtained. This is the ex-coupon price reached by subtracting the accrued coupon calculated above from the gross price, i.e. $116.080 - 1.506147541 = \underline{114.574\%}$

b) Trade to maturity with Community of Madrid Bonds

Issue: ES0000101073-5. Community of Madrid Bonds at 3.32%, redeemable on 30-6-2003.

Value date: 6-4-99

Nominal traded: 2,000,000

Actual traded: 2,014,875.56

Issue characteristics:

Redemption: 100%, 30-6-2003

Coupons: Variable, 1.658% semi-annually, on 30-6 and 30-12 of each year until 30-6-2003 inclusive.

Calculation method: As this issue has explicit interest formula 4.1 is applicable

The parameters required for this formula are calculated as follows:

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Type of cashflow	Theoretical cashflow date	Value of cashflow (Fi)	Date for calculation	Complete periods (pi)	Date resulting from subtraction of pi periods	Date one previous period	Days remaining in period (di)	Total days (ci)	Exponent (pi+di/ci)
Coupon	30-06-1999	1.658	30-06-1999	0	30-06-1999	30-12-1998	8	18	0.467032967
Coupon	30-12-1999	1.658	30-12-1999	1	30-06-1999	30-12-1998	8	18	1.467032967
Coupon	30-06-2000	1.658	30-06-2000	2	30-06-1999	30-12-1998	8	18	2.467032967
Coupon	30-12-2000	1.658	30-12-2000	3	30-06-1999	30-12-1998	8	18	3.467032967
Coupon	30-06-2001	1.658	30-06-2001	4	30-06-1999	30-12-1998	8	18	4.467032967
Coupon	30-12-2001	1.658	30-12-2001	5	30-06-1999	30-12-1998	8	18	5.467032967
Coupon	30-06-2002	1.658	30-06-2002	6	30-06-1999	30-12-1998	8	18	6.467032967
Coupon	30-12-2002	1.658	30-12-2002	7	30-06-1999	30-12-1998	8	18	7.467032967
Coupon	30-06-2003	1.658	30-06-2003	8	30-06-1999	30-12-1998	8	18	8.467032967
Redemption	30-06-2003	100	30-06-2003	8	30-06-1999	30-12-1998	8	18	8.467032967
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(6)-v. date	(9)=(6)-(7)	(10)=(6)+(8)/(9)

(4) The actual date is only taken in the case of the last cashflow. In all other cases the theoretical date is taken.

(5) Complete periods are calculated from the date of the cashflow backwards to the value date. In this case the complete semesters that can be subtracted until reaching the value date are shown.

(6) This column indicates the date arrived at by subtracting the periods previous to the cashflow.

(7) The result of subtracting an exact period from the previous column.

(8) The remaining days in the period are calculated from the value date (6-4-99) to the date shown in column (6).

(9) This column is calculated as the number of days between column 6 and column 7.

The remaining parameters are:

$$P = 2,014,875.56 * 100 / 2,000,000 = 100.743778 \text{ (Gross price)}$$

$$n = 10 \text{ (Number of cashflows)}$$

$$D_t = \text{Number of days between 30-12-1998 and 30-6-1999: 182 days} \\ D_c = \text{Number of days between 30-12-1998 and value date 6-4-1999: 97 days} \\ CP = 1.658\%$$

$$CC = CP \cdot D_c / D_t = 1.658 \cdot 97 / 182 = 0.883659341 \text{ (Accrued coupon)}$$

The formula used would be:

It should be borne in mind that Tk is equal to T2 (annual yield rate) as the coupon is paid semi-annually on this issue. Thus, the rate calculated using the formula is the semi-annual interest on the transaction, which in this case come to 1.6754202%. Having obtained this, it should be annualized using the equivalence $(1+T) = (1 + T2)^2$, both expressed as a decimal fraction of one.

From this it may be deduced that the annual yield rate is 3.3789107%, which is the ex-

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coupon price reached by subtracting the accrued coupon calculated above from the gross price, i.e. $100.743778 - 0.883659341 = \underline{99.860\%}$

c) Trade to maturity with Treasury Bills

Issue: ES0L00001211-3. Treasury Bills, redeemable on 21-1-2000.

Value date: 14-6-99

Nominal traded: 13,635,000

Actual traded: 13,279,126.50

Issue characteristics:

Redemption: 100%, 21-1-2000

Coupons: None.

Calculation method: Being Treasury Bills with a term of under a year, formula 4.2.2 is applicable.

The parameters required for this formula are calculated as follows:

Type of cashflow	Theoretical cashflow date	Value of cashflow (Fi)	Date for calculation	Gross price	Term in days
				$13279126.50 * 100 / 13635000$	Calculation date – Value date
Redemption	21-1-2000	100	21-1-2000	97	2

$$P = \sum_{i=1}^n F_i \frac{360}{360 + T \cdot d_i}$$

The formula used is:

From which it may be calculated that the annual yield is 4.365%