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Order of the Minister of Economy and Finance

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This translation is published for information purposes and while it is intended to be faithful and accurate, the official binding text remains the Spanish version

ORDER OF THE MINISTER OF ECONOMY AND FINANCE GRANTING THE GUARANTEE OF THE GENERAL STATE ADMINISTRATION TO CERTAIN FINANCING TRANSACTIONS OF THE INSTITUTION (NAME OF THE INSTITUTION), IN ACCORDANCE WITH THE PROVISIONS OF ROYAL DECREE-LAW 7/2008 OF 13 OCTOBER 2008, ON URGENT ECONOMIC AND FINANCIAL MEASURES RELATED TO THE JOINT ACTION PLAN OF THE COUNTRIES IN THE EUROZONE, AND OF ORDER EHA/3364/2008 OF 21 NOVEMBER 2008.

Article 1 of Royal Decree-Law 7/2008 of 13 October 2008, on urgent economic and financial measures related to the joint action plan of the countries of the Eurozone, authorised the granting of State guarantees to new financing transactions extended by lending institutions after the effectiveness of the aforesaid Royal Decree-Law.

Specifically, for the year 2008, article 1.6 of the aforesaid rules provided that guarantees could be extended in a maximum amount of 100 billion euros, the cap established in article 54 of Act 51/2007 of 26 December 2007 on the General State Budgets for the year 2008 being deemed to be increased by that amount

Also, the Order EHA 3364/2008 of 21 November 2008 implementing article 1 of Royal Decree-Law 7/2008 of 13 October 2008 set the basic parameters of the system for granting guarantees to lending institutions, specifying the characteristics of the guarantees to be granted, the requirements the beneficiary institutions must satisfy, the transactions to be guaranteed and the procedure to be followed in the granting of the guarantees.

As a result, taking the foregoing into account and as provided in article 116 of General State Budgets Act 47/2003, of 26 November 2003, which provides that the granting of the General State Administration guarantees must be resolved by the Minister of Economy and Finance.

I ORDER:

FIRST.- The General State Administration, waiving the benefit of excussio established in article 1830 of the Civil Code, guarantees, up to a maximum amount of **xxx** euros, the payment of the monetary obligations resulting from the issues of commercial paper/ promissory notes, bonds and debentures made by **the guaranteed institution** that meet the requirements established in the following sections, .

The aforementioned maximum amount of the guarantee granted is understood to refer to the principal of the transactions, the guarantee reaching the corresponding ordinary interest. The guarantee does not apply to any obligation other than as indicated, whether late payment interest, fees, financial expenses or otherwise.

The guarantee is understood to be granted irrevocably and unconditionally, once the provisions in the seventh section of this order have been satisfied.

SECOND.– The issues of promissory notes, bonds and debentures made in Spain by the guaranteed institution, up to the maximum amount indicated in the preceding section, that are guaranteed are those meeting the following requirements:

a) Kinds of transactions: They may be individual transactions or issue programmes.

b) Kinds of securities: They must be unsubordinated, unsecured debt securities with no other kind of collateral. Inter-bank deposits shall not be guaranteed.

c) Term to maturity: The term to maturity must be between three months and three years after issuance. By way of exception, after a report from the Bank of Spain, transactions with terms to maturity of up to 5 years may be authorised. In the case of guaranteed promissory note programmes, the final maturity date of the last obligation resulting from each of them in any event must be prior to 31 December 2010.

d) Yield: The interest rate may be fixed or floating. In the case of a floating interest rate, the reference rate must be broadly available and used in the financial markets.

The effective interest rate must be within the range of yields in the market of issues and issuers having similar characteristics, and be consistent with prior transactions of the issuer. For purposes of evaluating compliance with this requirement, the rate resulting from adding the interest rate on government debt for the equivalent term at the time of the issue to the differential resulting from applying the fee calculation rules reflected in the

SIXTH section of this order shall be used as the theoretical reference rate. The Directorate General of the Treasury and Financial Policy shall verify the appropriateness of the proposed interest rate for each transaction based on the requirements established in this paragraph and the market conditions existing at that time.

e) Structure of the guaranteed transactions: Repayment must be made at a single payment at maturity (bullet). Also, the guaranteed issues shall not include options neither other derivative financial instruments, nor any other feature that may hinder evaluation of the risk assumed by the guarantor.

f) Minimum amount: The amount of each issue may not be less than 10 million euros, calculated as the face value of the issue. In the case of programmes for the issuance of guaranteed promissory notes, the aforesaid minimum shall refer to the maximum amount of the guaranteed programme.

g) Admission to trading: The securities must be admitted to trading on one of the official Spanish secondary markets.

h) The issues guaranteed by this guarantee must have been made prior to 15 December 2009.

i) Payments deriving from these issues to be made by the guaranteed issuing institution must be made through the paying agent appointed by the institution.

THIRD.- The General State Administration guarantee shall remain in effect for so long as the monetary obligations resulting from each guaranteed transaction remain outstanding. In any event the liability of the General State Administration shall be extinguished if, six (6) months having elapsed after the final maturity date of the last obligation, or guaranteed promissory note programme, without its having been performed, enforcement has not commenced.

FOURTH.- The obligations assumed by the General State Administration by virtue of this guarantee shall not be subject to conditions other than those established in this order, in Royal Decree-Law 7/2008 of 13 October 2008, and in Order EHA/3364/2008 of 21 November 2008. The obligations shall be paid, if applicable, in the currency in which the transaction was contracted when, upon natural maturity of the obligation, it being liquid and enforceable, the debtor has not paid it in the corresponding amount and payment is demanded of the guarantor.

For purposes of this guarantee natural maturity of the obligation shall be deemed to be the maturity corresponding to normal fulfilment of the guaranteed obligation. Payment from the guarantor may not be required prior thereto, whatever the grounds for the acceleration of the guaranteed obligation, except as provided for in the following section.

FIFTH.– Any modification or alteration of the transactions to which the guarantee is granted is prohibited, except for prepayment after written authorisation from the General State Administration, through the Ministry of Economy and Finance on proposal of the Directorate General of the Treasury and Financial Policy.

Any change violating the provisions of this section shall be of no effect against the General State Administration, which shall remain liable on the terms contemplated in this Order.

SIXTH.- As provided in article 4 of Order EHA/3364/2008 of 21 November 2008, the guarantees granted will entitle the General State Administration, for each transaction at the time of the issue, to the fees specified in the annex to that article.

The fees shall be settled by the Directorate General of the Treasury and Financial Policy on a one-time basis, in advance, once the guaranteed issuing institution gives notice of its intention to issue on a given date. They shall be calculated based on the total term of the issue and shall be paid by the guaranteed issuing institution at any cooperating bank as stated in Order PRE/3662/2003 of 29 December 2003 regulating a new procedure for collection of non-tax revenues by the Delegations of Economy and Finance offices and collection of cash revenue at branches of the General Deposit Fund that are a part thereof

In the case of guaranteed promissory note programmes, the fee shall be calculated on the maximum amount of the guaranteed programme and the term for computation shall be the term from the notice referred to in section seventh b) of this Order to final maturity of the last obligation resulting from the guaranteed programme.

The procedure for the refund of the amounts resulting from the difference between the amount notified by the issuing institution and used as the basis for calculation of fees for the guarantee, and the amount actually issued shall be established by resolution of the Director General of the Treasury and Public Finance.

SEVENTH.- In accordance with the provisions of article 7 of Order EHA/3364/2008 of 21 November 2008, effectiveness of the granted guarantee shall be conditioned on fulfilment of the following procedures:

a) At least 10 calendar days prior to the planned transaction date, the guaranteed issuing institution must notify the Directorate General of the Treasury and Financial Policy of the details of the specific transaction it intends to undertake, using for that purpose a copy of the private document, prospectus, issuance deed, if any, which it shall present to the CNMV (Spanish Securities and Exchange Commission) for registration.

b) The Directorate General of the Treasury and Financial Policy shall examine the details of the aforementioned transaction and, if the requirements necessary for the transaction to be covered by the State guarantee are satisfied, on the terms established in this granting order, in Royal Decree-Law 7/2008 of 13 October 2008, and in Order EHA/3364/2008 of 21 November 2008, it shall so notify to the guaranteed issuing institution using the model established in annex I of this Order together with, the settlement of the corresponding fee and the payment form “069” so that, after payment of the fee is evidenced, it may proceed with the issue. The evidence of the payment shall be made by way of presenting the aforementioned payment form “069” duly validated by the cooperating bank in which the payment was made.

c) Once the transaction has been completed, the guaranteed issuing institution shall give notice of the details of the transaction, by way of the private document, prospectus or issuance deed referenced in point a) of this section, duly registered by the CNMV (Spanish Securities and Exchange Commission) to the Directorate General of the Treasury and Financial Policy, to the Bank of Spain and to the CNMV (Spanish Securities and Exchange Commission), and shall apply for admission to listing of the issue on an official Spanish secondary market.

d) The Directorate General of the Treasury and Financial Policy shall verify that the characteristics of the transaction actually undertaken are consistent with those notified.

e) Within the term of 3 working days after the date of listing on an official Spanish secondary market, the CNMV (Spanish Securities and Exchange Commission) shall notify the Directorate General of the Treasury and Financial Policy of the effective admission to trading of the issued securities.

EIGHTH.- The Directorate General of the Treasury and Financial Policy, with the cooperation of the Bank of Spain, shall be responsible for monitoring and tracking the guarantee transactions. For that purpose, the guaranteed issuing institution shall be obliged to provide all information regarding the guaranteed transactions requested of it by that authority.

The guaranteed issuing institution is responsible of giving notice to the guarantor of the date and conditions of the issue and maturity of each of the guaranteed transactions, and of the dates and amounts of payments of ordinary interest, and any other circumstance, if any, that may affect the transaction and the possibility of enforcement of the granted guarantee.

The guaranteed issuing institution also is responsible of giving notice to the Directorate General of the Treasury and Financial Policy in the case of the impossibility of meeting any of the obligations resulting from the guaranteed transaction; that notice shall be made at least 15 calendar days prior to the maturity date thereof. That notice shall include all defences and waivers the guaranteed issuing institution could raise against the creditor.

In any event, prior to 31 January of each fiscal year, the guaranteed issuing institution shall notify the Directorate General of the Treasury and Financial Policy of the outstanding principal amount of each transaction as at 31 December of the fiscal year, plus an estimate of the debt corresponding to ordinary interest.

In order to automate the receipt and processing of the information referred to in this section, the Directorate General of Treasury and Financial Policy may stipulate that the aforementioned information is to be sent using certain means of communication, with specific formats that it will make available to the institution that is the beneficiary of the guarantee.

NINTH.- In the case of issues in foreign currency, for purposes of the provisions of article 1.c) of Order EHA/3364/2008 of 21 November 2008, the issuer shall place in the possession of the General State Administration (Directorate General of the Treasury and Financial Policy) titles of Spanish public debt in an amount equivalent to the exchange rate risk assumed by the General State Administration, corresponding to all pending maturities deriving from each issue in foreign currency that has been guaranteed. For purposes of calculating the amount for which this security is to be posted, the evaluation prices and discounts (haircuts) used by the Eurosystem in its monetary policy transactions shall be applied to the aforementioned titles.

Valuation of the exchange rate risk of each issue shall be made at least monthly, on the first working day of each month and in any event when so expressly requested by the Directorate General of the Treasury and Financial Policy. When upon the evaluation there is a change in the exchange rate risk, the security posted by the issuer shall be adjusted, within a term of 2 working days following the date of the evaluation, for the purposes contemplated in the aforesaid article 1.c) of Order EHA/3364/2008 of 21 November 2008

Determination of the exchange rate risk shall be based on the variation between the exchange rate at the time of each issuance and the rate in effect at the time of each valuation.

Ownership of the securities and the interests thereon shall belong to the issuer. Nevertheless, if on the date of enforcement of the guarantee the exchange rate of the guaranteed transaction had changed by comparison with the rate in effect on the issue date, the General State Administration, through the Directorate General of the Treasury and Financial Policy, shall foreclose on the security that is posted in the amount necessary to compensate the losses deriving from the change in the exchange rate.

The security referred to in this section shall remain in place, with the necessary adjustments, until cancellation of the guarantee granted by the

General State Administration in accordance with the provisions of paragraph Third of this Order.

TENTH.-Without prejudice to the provisions of the foregoing sections, enforcement of the guarantee against the State and payment of the amounts deriving from such action shall be accomplished as follows:

1. In order to expedite the payment procedure, enforcement shall be brought only once for each maturity of both principal and interest. For this purpose, at least 15 calendar days prior to the payment date, the guaranteed issuing institution must give notice of the amounts corresponding to the maturity in respect of which there shall be default, and of all defences that could be raised against payment.

2. The guaranteed issuing institution having defaulted on payment of an obligation that is liquid, due and enforceable on a guaranteed transaction, under the terms of this Order, the paying agent, representing all of the lawful holders of the issued securities, must present a written claim for payment to the Directorate General of the Treasury and Financial Policy, using the model set forth in annex II.

3. Once the creditor's lawful entitlement has been demonstrated, the Directorate General of the Treasury and Financial Policy shall immediately take the steps necessary for acknowledging the obligation and subsequently ordering the payment resulting from enforcement of the guarantee, transferring the corresponding amount to the payment agent's account opened at the Bank of Spain exclusively for this purpose; this account shall be registered in the third party database of the Directorate General of the Treasury and Financial Policy.

4. In no case may there be any setoff or compensation of balances against the guarantor's accounts, securities or assets.

ELEVENTH.- If the guarantee is enforced against the General State Administration, the State shall be subrogated as regards the amounts enforced in any category to all rights and actions available to the principal creditor.

TWELFTH.- The Director General of the Treasury and Financial Policy is authorised to arrange a line of credit with the beneficiary institutions of the guarantees up to a maximum amount of 5 billion euros, which shall be established for the purpose of facilitating timely payment of any of the obligations deriving from enforcement of the guarantees granted to them.

THIRTEENTH.- Disputes arising regarding interpretation, enforcement and application of the granted guarantee shall be resolved, absent mutual agreement of the parties, by the courts and tribunals of Madrid.

FOURTEENTH.- The Directorate General of the Treasury and Financial Policy shall notify this Order to the guaranteed issuing institution.

FIFTEENTH.- The Director General of the Treasury and Financial Policy, on behalf of the guarantor, is authorised to deliver and receive notices and statements as may arise from this guarantee, to issue the resolutions necessary for its clarification and application, to take all actions necessary for enforcement of the guarantee, and to request all kinds of information regarding the guaranteed obligations from both the guaranteed issuing institution and the paying agent, if any, for each of the guaranteed issues.

SIXTEENTH.- The Director General of the Treasury and Public Finance is authorised to issue such resolutions as may be necessary for application and enforcement of the provisions of this order.

Madrid, December 2008
THE SECOND VICE PRESIDENT OF THE GOVERNMENT
AND MINISTER OF ECONOMY AND FINANCE

PEDRO SOLBES MIRA

ANNEX I

Model notice of satisfaction of requirements for a transaction to be guaranteed by the General State Administration.

1. The General Office of Treasury and Financial Policy, in accordance with the provisions of article 7, section 2 of Order EHA/3364/2008 of 21 November 2008, and section SEVENTH of the order of the Minister of Economy and Finance regarding the granting of guarantees, dated (*date*), has examined the details of the transaction described in the document attached to this notice, received on (*date of receipt*) at the register of the General Office of Treasury and Financial Policy with registration number (*registration number*).

2. The Directorate General of the Treasury and Financial Policy, based on the examination of the information received, concludes that the transaction satisfies the requirements necessary to be guaranteed by the General State Administration, on the terms established in the granting order dated (date), Order EHA/3364/2008 of 21 November 2008 and in Royal Decree 7/2008 of 13 October 2008.

3. In order to proceed to issue with the guarantee of the State, it first shall be evidenced that the fee corresponding to the guarantee, the settlement of which is attached, has been paid. That evidence shall be by way of presentation to the General Office of Treasury and Financial Policy of payment form “069”, duly validated by the cooperating banking institution through which the payment was made.

Madrid, 200

The Director General of the Treasury and Public Finance

ANNEX II

<u>Model of notice in event of breach of issuer's obligations regarding the transaction guaranteed by the General State Administration</u>

Mr./Ms. (Identification of the person) on behalf of (Company name) the paying agent for the (……..) issue guaranteed by the General State Administration, with sufficient authority for this purpose, given on (date) the original or certified photocopy of which I attach, acting on behalf of all holders of securities issued within the framework of the aforesaid transaction, for purposes of enforcement of the guarantee, as established in point 2 of the Eighth section of the Order of the Minister of Economy and Finance granting the guarantee of the General State Administration, for certain financing transactions of the institution (…), in accordance with the provisions of Royal Decree-Law 7/2008 of 13 October 2008 on urgent economic and financial measures regarding the Joint Action Plan of the countries of the Eurozone, and in Order EHA/3364/2008 of 21 November 2008,

GIVES NOTICE THAT:

The issuer (indicate corporate name) has not satisfied its payment obligations resulting from the guaranteed transaction on the due dates, in an amount of (indicate defaulted amount) as follows:

<u>DETAILS OF DEFAULTED DEBT</u>

CATEGORY	CURRENCY OF ISSUE	AMOUNT	MATURITY DATES
Principal of the credit Ordinary interest			
		AMOUNT DEFAULTED	

AND THAT:

The issuer has not paid the defaulted amount, nor has any third party done so on its behalf.

AND I REQUIRE FROM THE GENERAL STATE ADMINISTRATION, in respect of the Defaulted Debt and in accordance with the terms of the guarantee that has been granted, make the indicated payments of the defaulted amount to the holders of the affected securities through the aforesaid paying agent.

(DATE AND SIGNATURE)

Mrs. Director General of Treasury and Public Finance

Paseo de Prado 6

28014 Madrid