

Offering Circular dated 26 January 2015



Kingdom of Spain

€9,000,000,000 1.60% Obligaciones del Estado due 30 April 2025

Issue Price: 99.478%

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

CAIXABANK

CRÉDIT AGRICOLE CIB

MORGAN STANLEY

J.P. MORGAN

CREDIT SUISSE

GOLDMAN SACHS INTERNATIONAL BANK

SANTANDER GLOBAL BANKING & MARKETS

**SOCIÉTÉ GÉNÉRALE CORPORATE AND INVESTMENT
BANKING**

BNP PARIBAS

BARCLAYS

CITIGROUP

HSBC

COMMERZBANK

NATIXIS

BANKIA

CECABANK

DEUTSCHE BANK

THE ROYAL BANK OF SCOTLAND

NOMURA

BANKINTER

The €9,000,000,000. 1.60% Obligaciones del Estado due 30 April 2025 (the "**Obligaciones**") will be issued on the terms of this Offering Circular.

The delivery of this Offering Circular at any time does not imply the information herein is correct as of any time subsequent to the date of this Offering Circular. This Offering Circular does not constitute an offer of or an invitation by or on behalf of the Kingdom of Spain (the "**Kingdom**") or the Managers (as defined under "*Subscription and Sale*") to subscribe for or purchase any of the Obligaciones.

The distribution of this Offering Circular and the offering or sale of the Obligaciones in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Kingdom and the Managers to inform themselves about and to observe any such restriction. For a further description of certain restrictions on offering and sale of the Obligaciones and on distribution of this Offering Circular, see "*Subscription and Sale*".

The Obligaciones have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Obligaciones are being offered and sold in the United States to qualified institutional buyers only (as defined in Rule 144A ("**Rule 144A**") under the Securities Act) ("**QIBs**") in reliance on Rule 144A. Prospective purchasers in the United States are hereby notified that the seller of the Obligaciones is relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Obligaciones are not transferable except in accordance with the restrictions described under "*Subscription and Sale*".

In this Offering Circular all references to royal decrees, ministerial orders, income tax codes and laws are to such royal decrees, ministerial orders, income tax codes and laws, as amended from time to time.

The Obligaciones will be admitted to listing on the *Mercado de Deuda Pública en Anotaciones* or Public Debt Market of the Kingdom.

IN CONNECTION WITH THE ISSUE OF THE OBLIGACIONES, THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER ALLOT THE OBLIGACIONES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE OBLIGACIONES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OBLIGACIONES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE OBLIGACIONES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE OBLIGACIONES. SUCH STABILISATION SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

THE OBLIGACIONES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION,

ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE OBLIGACIONES OR THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955 ("**RSA 421-B**"), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR THE QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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DESCRIPTION OF THE OBLIGACIONES

The €9,000,000,000 1.60% Obligaciones del Estado due 30 April 2025 (the "**Obligaciones**") of the Kingdom of Spain (the "**Kingdom**") will be issued by the Kingdom on 27 January 2015 pursuant to the Order ECC/4/2015, of 13 January, Order ECC/30/2015, of 20 January 2015, and Order ECC/35/2015, of 21 January 2015. The following are the principal terms of the Obligaciones.

General

Obligaciones are tradable instruments, which represent indebtedness of the Kingdom. Each issue of obligaciones is identified by a specific International Securities Identification Number ("**ISIN**"). Obligaciones are issued pursuant to the Spanish General Budgetary Law, subject to and in accordance with the provisions of the Budget Law for the relevant year. Order ECC/4/2015, of 13 January, regulates the creation of Public Debt for 2015 and January 2016.

The ISIN of the Obligaciones is ES00000126Z1.

Issue price

The Obligaciones will be issued at 99.478 per cent. of their principal amount.

Status

The Obligaciones are backed by the full faith and credit of the Kingdom. Pursuant to article 135.3, second paragraph of the Spanish Constitution of 1978, the credits to satisfy the interest and capital of the public debt of the Administrations shall be always deemed to be included in their budget expenditure and their payment will benefit from absolute priority.

Form and Denomination

The Obligaciones will be issued and cleared in book entry (i.e. dematerialised) form in accounts held with the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Unipersonal* ("**Iberclear**"). A bridge exists which allows the Obligaciones to be cleared through Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream Luxembourg**"). No certificates representing Obligaciones will be issued.

The Obligaciones will be subscribed in minimum principal amounts of €1,000 or multiples thereof.

Maturity

The Obligaciones will be repayable by the Kingdom on 30 April 2025 at their principal amount.

Interest

The Obligaciones bear interest from, and including, 27 January 2015 (the "**Issue Date**") at the rate of 1.60 per cent. per annum (the "**Rate of Interest**") payable in arrear on 30 April in each year (each, an "**Interest Payment Date**"), except that the first payment of interest shall be made on 30 April 2015 (also, an "**Interest Payment Date**") in respect of the period from (and including) the Issue Date to (but excluding) such Interest Payment Date (the "**First Interest Period**"), in accordance with the Actual/Actual (ICMA) day count fraction.

The amount of interest payable on the first Interest Payment Date shall be calculated in accordance with the following formula:

$(IR * d)/365$, where "**IR**" is the interest rate expressed as a percentage and "**d**" is the number of days in the First Interest Period and rounding the resulting figure to six decimals. The amount of interest payable on the First Interest Period is 0.407671 per cent.

Redemption and Interest Payments

The Obligaciones will be redeemed at par. All payments in respect of the Obligaciones will be made by the Bank of Spain as paying agent for the Kingdom. In the event that the maturity date or interest payment date specified for the Obligaciones is a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET2) is not open for the settlement of payments in Euro, payment will be made on the immediately succeeding business day without any interest or other sum being payable in respect of the delay in payment.

Listing and Trading

The Obligaciones will be listed and traded on the *Mercado de Deuda Pública en Anotaciones* or Public Debt Market of the Kingdom and cleared in book entry form on Iberclear.

Governing Law

The Obligaciones are governed by Spanish law.

Early Redemption

The Kingdom may at any time repurchase all or part of the outstanding Obligaciones.

Splittings of Principal and Coupons

Ministerial Order of 19 June 1997 regulating the splitting of principal and coupons of Spanish Public Debt, authorises the Secretary General of the Treasury and Financial Policy to issue splittable securities. Only Public Debt specified as being capable of splitting in the relevant Resolution of the Secretary General (such as the Obligaciones) will be eligible for principal/coupon splitting. The moment from which splitting may occur for a specific issue of Public Debt must be determined by a Resolution of the Secretary General of the Treasury and Financial Policy.

Collective Action Clauses

Pursuant to Article 2.4 of the Order ECC/4/2015, of 13 January, the Obligaciones are subject to the standard model of the Collective Action Clauses as set out in the "Common Terms of Reference" (including the Supplemental Provisions) as set out in the Annex of the Order ECC/1/2014, of 2 January.

SPANISH TAXATION OF THE OBLIGACIONES

The comments below are of a general nature based on current Spanish law and practice. Investors who are in doubt as to their personal tax position should consult their professional advisers.

According to Article 14 of the Consolidated Text of the Non Resident Income Tax Law, which was approved by the Royal Legislative Decree 5/2004, of 5 March, interest paid on the Obligaciones to non-resident holders as well as income derived from the transfer of the Obligaciones and from redemption or transfer of stripped coupons or stripped principal (if applicable) by non-resident holders will be exempt from taxation in Spain provided that the non-resident holder is not acting through a permanent establishment in Spain. In order for the exemption to apply, certain reporting obligations in relation to the Obligaciones must be complied with.

In particular, according to Royal Decree 1065/2007, of 29 July, as amended by Royal Decree 1145/2011, of 29 July, no withholdings will be made at source on income paid on the Obligaciones to non-resident holders provided that the relevant information about the Obligaciones is submitted. Such information on the Obligaciones must be submitted to the Bank of Spain the day before the Interest Payment Date and for income to be paid without any deduction on account of withholding taxes.

The Obligaciones will not contain any provisions for the grossing-up of payments by the Kingdom in the event that, due to a change in the laws of Spain, any Spanish taxes are required to be withheld or any payment of taxes is required to be made in respect of any payments on the Obligaciones.

UNITED STATES TAXATION OF THE OBLIGACIONES

Prospective U.S. purchasers of the Obligaciones are advised to consult with their tax advisors as to the U.S. income tax implications of acquiring, owning and disposing of the Obligaciones.

SUBSCRIPTION AND SALE

Banco Bilbao Vizcaya Argentaria, S.A., Barclays Bank PLC, Caixabank, S.A., Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, HSBC France, Morgan Stanley & Co. International plc, Commerzbank Aktiengesellschaft, J.P. Morgan Securities plc, Natixis, Credit Suisse Securities (Europe) Limited, Bankia, S.A., Goldman Sachs International Bank, Cecabank, S.A., Banco Santander, S.A., Deutsche Bank Aktiengesellschaft, Société Générale, The Royal Bank of Scotland plc, BNP Paribas, Nomura International PLC and Bankinter, S.A. (the "**Managers**") have pursuant to a Subscription Agreement dated 26 January 2015, severally agreed with the Kingdom, subject to the satisfaction of certain conditions, to subscribe the Obligaciones at 99.478% of their principal amount. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Kingdom.

No action has been or will be taken in any jurisdiction by the Managers or the Kingdom that would permit a public offering of the Obligaciones, or possession or distribution of the Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Obligaciones, in any country or jurisdiction where action for that purpose is required. Each Manager will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Obligaciones or has in its possession or distributes the Offering Circular (in preliminary, proof or final form) or any such other material, in all cases at its own expense.

United States

The Obligaciones have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States, or to, or for the account or the benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Obligaciones are being offered and sold in the United States to QIBs only in reliance on Rule 144A and outside the United States in "offshore transactions" meeting the requirements of Rule 903 or 904 of Regulation S under the Securities Act.

Each purchaser of Obligaciones offered and sold in the United States pursuant to Rule 144A will, by accepting delivery of this Offering Circular and the Obligaciones, be deemed to have represented, agreed and acknowledged as follows:

1. It is (a) a QIB; (b) acting for its own account, or for the account of one or more QIBs; (c) not formed for the purpose of investing in the Obligaciones or the Kingdom; and (d) aware, and each beneficial owner of the Obligaciones offered or sold in reliance on Rule 144A has been advised, that the sale of the Obligaciones to it is being made in reliance on Rule 144A.
2. The Obligaciones have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person whom it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (d) pursuant to an effective

registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

3. It will, and each subsequent holder of the Obligaciones offered or sold in reliance on Rule 144A is required to, notify any purchaser of the Obligaciones from it of the resale restrictions set out herein.
4. It understands that the Kingdom, the relevant Managers and their affiliates, and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations and agreements deemed to have been made by it by its purchase of the Obligaciones in reliance on Rule 144A is no longer accurate, it shall promptly notify the Kingdom and the relevant Manager(s). If it is acquiring any Obligaciones for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each Manager represents and agrees that it will not offer, sell or deliver Obligaciones in the United States except as permitted by the Subscription Agreement. Each Manager also represents and agrees to take reasonable steps to ensure that purchasers in the United States are aware that the Kingdom is relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

In addition, until 40 days after the commencement of the offering, an offer or sale of Obligaciones within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

United Kingdom

Each Manager represents and agrees that it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Obligaciones in, from or otherwise involving the United Kingdom.

Italy

The offering of the Obligaciones has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation. Each Manager has represented and agreed that any offer, sale or delivery of the Obligaciones or distribution of copies of this Offering Circular or any other document relating to the Obligaciones in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Obligaciones or distribution of copies of this Offering Circular or any other document relating to the Obligaciones in the Republic of Italy must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time); and

- (b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

Spain

The Obligaciones may not be offered or sold in Spain other than by institutions authorised under Law 24/1988, of 28 July of the Securities Market ("**Law on the Securities Market**") and Royal Decree 217/2008, of 15 February, on the legal regime applicable to investment services companies, to provide investment services in Spain, and in compliance with the provisions of the Law on the Securities Market and any other applicable legislation.

KINGDOM OF SPAIN

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