



Aernnova Aerospace Corporation, S.A.

(incorporated with limited liability under the laws of Spain)

€200,000,000

Euro Commercial Paper Programme

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for Euro commercial paper notes (the "**Notes**") issued during the twelve months after the date of this document under the €200,000,000 euro-commercial paper programme (the "**Programme**") of Aernnova Aerospace Corporation, S.A. (the "**Issuer**") described in this document to be admitted to the Official List of Euronext Dublin (the "**Official List**") and trading on the Main Securities Market of Euronext Dublin (the "**Main Securities Market**"), a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended.

Prospective investors should consider carefully and fully understand the risks set forth herein under "*Risk Factors*" prior to making investment decisions with respect to the Notes.

Potential investors should note the statements on pages 74–78 regarding the tax treatment in Spain of income obtained in respect of the Notes and the disclosure requirements imposed by the Spanish tax legislation in relation to the Notes. In particular, payments on the Notes may be subject to Spanish withholding tax if certain information is not received by the Issuer in a timely manner.

Dealers

**Banco Santander, S.A.
BRED Banque Populaire, S.A.**

**Bankia, S.A.
Norbolsa, S.V., S.A.**

IMPORTANT NOTICE

This information memorandum (together with any information incorporated herein by reference, the "**Information Memorandum**") contains summary information provided by the Issuer in connection with the Programme under which the Issuer may issue and have outstanding at any time Notes up to a maximum aggregate amount of €200,000,000 or its equivalent in alternative currencies. Under the Programme, the Issuer may issue Notes outside the United States pursuant to Regulation S ("**Regulation S**") of the United States Securities Act of 1933, as amended (the "**Securities Act**"). Pursuant to a dealer agreement dated 29 May 2019 (the "**Dealer Agreement**"), the Issuer has appointed Banco Santander, S.A., Norbolsa Sociedad de Valores S.A., Bankia, S.A., and BRED Banque Populaire, S.A. as dealers for the Notes (the "**Dealers**", which expression shall include any other dealer appointed from time to time by the Issuer either generally in respect of the Programme or in respect of a particular issue of Notes) and authorised and requested the Dealers to circulate the Information Memorandum in connection with the Programme on their behalf to purchasers or potential purchasers of the Notes.

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Notice of the aggregate nominal amount of Notes, the issue price of Notes (the "**Issue Price**") and any other terms and conditions not contained herein which are applicable to each issue of Notes will be set out in pricing supplements (each a "**Pricing Supplement**") which will be attached to the relevant Note (see "*Forms of Notes*"). Each Pricing Supplement will be supplemental to and must be read in conjunction with the full terms and conditions of the Notes. Copies of each Pricing Supplement containing details of each particular issue of Notes will be available from the specified office of the Issue and Paying Agent (as defined below) set out below.

This Information Memorandum comprises listing particulars made pursuant to the Listing and Admission to Trading Rules for Short Term Paper promulgated by Euronext Dublin. This Information Memorandum should be read and construed in conjunction with any supplemental Information Memorandum, any Pricing Supplement and with any document incorporated by reference. Any statement contained herein or in a document incorporated by reference or contained in any supplementary information memorandum or in any document which is subsequently incorporated by reference herein shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede earlier statements contained in this Information Memorandum or in a document which is incorporated by reference in this Information Memorandum.

The Issuer has confirmed to the Dealers that the information contained or incorporated by reference in the Information Memorandum is true, complete and accurate in all material respects and not misleading and that there are no other facts the omission of which makes the Information Memorandum as a whole or any such information contained or incorporated by reference therein misleading. Any statements of intention, opinion, belief or expectation contained in the Information Memorandum are honestly and reasonably made by the Issuer and, in relation to each issue of Notes agreed as contemplated in the Dealer Agreement to be issued and subscribed, the Information Memorandum together with the relevant Pricing Supplement contains all the information which is material in the context of the issue of such Notes.

None of the Issuer, the Issue and Paying Agent (as defined below) and the Dealers accept any responsibility, express or implied, for updating the Information Memorandum and neither the delivery of the Information Memorandum nor any offer or sale made on the basis of the information in the Information Memorandum shall under any circumstances create any implication that the Information Memorandum is accurate at any time subsequent to the date thereof with respect to the Issuer or that there has been no change in the business, financial condition or affairs of the Issuer since the date thereof.

No person is authorised by the Issuer to give any information or to make any representation not contained or incorporated by reference in the Information Memorandum and any information or representation not contained or incorporated by reference herein must not be relied upon as having been authorised by the Issuer, the Issue and Paying Agent, the Dealers or any of them.

Neither the Issue and Paying Agent nor any Dealer has independently verified the information contained in the Information Memorandum. Accordingly, no representation or warranty or undertaking (express or implied) is made, and no responsibility or liability is accepted by the Issue and Paying Agent or the Dealers as to the authenticity, origin, validity, accuracy or completeness of, or any errors in or omissions from, any information or statement contained in the Information Memorandum, any Pricing Supplement or in or from any accompanying or subsequent material or presentation.

The information contained in the Information Memorandum or any Pricing Supplement is not and should not be construed as a recommendation by the Dealers or the Issuer that any recipient should purchase Notes. Each such recipient must make and shall be deemed to have made its own independent assessment and investigation of the financial condition, affairs and creditworthiness of the Issuer and of the Programme as it may deem necessary and must base any investment decision upon such independent assessment and investigation and not on the Information Memorandum or any Pricing Supplement.

No Dealer undertakes to review the business or financial condition or affairs of the Issuer during the life of the Programme, nor does any Dealer undertake to advise any recipient of the Information Memorandum or any Pricing Supplement of any information or change in such information coming to its attention.

None of the Dealers accept any liability in relation to this Information Memorandum or any Pricing Supplement or its or their distribution by any other person. This Information Memorandum does not, and is not intended to, constitute (nor will any Pricing Supplement constitute, or be intended to constitute) an offer or invitation to any person to purchase Notes.

The distribution of this Information Memorandum and any Pricing Supplement and the offering for sale of Notes or any interest in such Notes or any rights in respect of such Notes, in certain jurisdictions, may be restricted by law. Persons obtaining this Information Memorandum, any Pricing Supplement or any Notes or any interest in such Notes or any rights in respect of such Notes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. In particular, but without limitation, such persons are required to comply with the restrictions on offers or sales of Notes and on distribution of this Information Memorandum and other information in relation to the Notes and the Issuer set out under "*Subscription and Sale*" below.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**") or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline each manufacturer's product approval process, the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of those Notes, but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Solely by virtue of appointment as Dealer on this Programme, the Dealers or any of their respective affiliates will not be a manufacturer for the purpose of the MiFID Product Governance Rules.

Interest and/or other amounts payable under floating rate Notes issued under the Programme may be calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**") or the Euro Overnight Index Average ("**EONIA**"), which are provided by the European Money Markets Institute ("**EMMI**"). As at the date of this Information Memorandum, neither of these benchmark providers appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**").

As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply such that the above providers are not currently required to obtain authorisation or registration.

Amounts payable under the Notes may be calculated by reference to the London Interbank Offered Rate ("**LIBOR**") which is provided by the ICE Benchmark Administration Limited ("**ICE**"). As at the date of this Information Memorandum, ICE appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the Benchmark Regulation.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S) ("U.S. PERSONS") UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Information Memorandum or confirmed the accuracy or determined the adequacy of the information contained in this Information Memorandum. Any representation to the contrary is unlawful.

The Issuer has undertaken, in connection with the admission of the Notes to listing on the Official List and to trading on the Main Securities Market, that if there shall occur any adverse change in the business or financial position of the Issuer or any change in the terms and conditions of the Notes, that is material in the context of the issuance of Notes under the Programme, the Issuer will prepare or procure the preparation of an amendment or supplement to this Information Memorandum or, as the case may be, publish a new Information Memorandum, for use in connection with any subsequent issue by the Issuer of Notes to be admitted to listing on the Official List and to trading on the Main Securities Market. Any such supplement to this Information Memorandum will be subject to the approval of Euronext Dublin prior to its publication.

This Information Memorandum describes in summary form certain Spanish tax implications and procedures in connection with an investment in the Notes (see "*Risk Factors – Risks in Relation to the Notes – Spanish Taxation*" and "*Taxation – Taxation in Spain*"). No comment is made or advice is given by the Issuer or the Dealers in respect of taxation matters relating to the Notes. Investors must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.

Certain of the Dealers and their affiliates (including parent companies) have engaged, and may in the future engage, in lending, investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In particular, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of any of the Issuer or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term "affiliates" includes also parent companies.

A communication of an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received in connection with the issue or sale of any Notes will only be made in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

INTERPRETATION

In this Information Memorandum, all references to "**Euro**" and "€" are to the single currency of participating member states of the European Union; all references to "**Sterling**" and "£" are to the currency of the United Kingdom; all references to "**U.S. dollars**" and "**U.S.\$**" are to the currency of the United States of America; and all references to "**Yen**" and "¥" are to the currency of Japan.

In this Information Memorandum the word "**Issuer**" refers to Aernnova Aerospace Corporation, S.A. and the words "**Group**" or "**Aernnova Aerospace Corporation Group**" refer to Aernnova Aerospace Corporation, S.A. and its consolidated subsidiaries.

The language of the Information Memorandum is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of the Information Memorandum.

Where the Information Memorandum refers to the provisions of any other document, such reference should not be relied upon and the document must be referred to for its full effect.

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RISK FACTORS

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

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay any amounts due on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statement below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the information set out elsewhere in this Information Memorandum and reach their own view prior to making any investment decision.

RISKS RELATED TO THE ISSUER'S INDUSTRY

The Issuer's business is dependent on the demand for new aircraft which is, in turn, dependent on the growth of air traffic and commercial airlines' replacement of its aging fleet of aircraft.

The Issuer competes mainly in the aerostructures and aircraft component segment of the aerospace industry with approximately 88% and 89% of its total revenue for the years ended 31 December 2018 and 2017, respectively, derived from this end market. As such, its business is dependent on the airline industry's underlying forecasted demand for passenger flights and cargo capacity, airline passenger volumes, airline profitability, the introduction of new aircraft models, changes in aircraft load factors and sizes, and changes in the number of commercial airline routes.

In addition, the size, average age and technical obsolescence of the worldwide commercial aircraft and business jet fleet which stays in service, as well as technological innovation affecting aircraft efficiency, commercial airlines' willingness to replace or refurbish older aircraft and the introduction of new aircraft models and programs, all affect demand for new aircraft and, consequently, for its products. As a result, replacement of aging fleets of commercial airlines is one further driving demand for civil aircraft products.

For these reasons, if demand for new aircraft decreases, there could likely be a decrease in demand for the Issuer's commercial aircraft products, and its business, results of operations, financial condition and cash flows could be materially and adversely affected.

Growth may be affected by global economic and geopolitical conditions.

The Issuer's growth is dependent on the growth of demand from passenger airlines, business jet clients, helicopter clients, and cargo carriers for new aircraft, or aircraft refurbishment which is, in turn, influenced by global economic or gross domestic product growth. These macroeconomic factors include changes in global economic conditions, including credit market conditions, levels of consumer and business confidence, commodity prices, inflation, exchange rates, levels of government spending and deficits, actual or anticipated default on sovereign debt and other challenges that could affect the global economy. In addition, geopolitical conditions, including international hostilities, acts of terrorism and governmental reactions, trade relationships and military and political alliances, could affect the Issuer's business.

Accordingly, demand for its products is tied to macroeconomic and geopolitical conditions as well as the airline industry's ability to finance the purchase or lease of new aircraft. Any protracted economic downturn, a significant increase in oil and fuel prices, terrorist attacks and armed conflicts, political unrest, natural disasters or health concerns associated with flying could cause airlines to cancel or delay the purchase of additional new aircraft which could result in a deterioration of commercial airplane order backlogs. If there is a downturn in global economic conditions, there would likely be a decrease in demand for the Issuer's commercial aircraft products, and its business, results of operations, financial condition and cash flows could be materially adversely affected.

The relationship of the United Kingdom with the European Union may affect the business of the Issuer

On 29 March 2017, the United Kingdom (**UK**) invoked Article 50 of the Lisbon Treaty and officially notified the European Union (**EU**) of its decision to withdraw from the EU. This commenced the formal two-year process of negotiations regarding the terms of the withdrawal and the framework of the future relationship between the UK and the EU (the **article 50 withdrawal agreement**).

On 21 March 2019, a political agreement was reached between the UK and the EU to delay the UK's withdrawal from the EU and extend the negotiation period until either 12 April 2019 or, subject to the UK Parliament approving a withdrawal

bill, 22 May 2019. On 10 April 2019, the EU subsequently agreed to extend the negotiation period until 31 October 2019, provided that the UK holds elections to the European Parliament in May 2019. As a result, subject to any further extensions or other political developments and unless the UK Parliament approves a withdrawal bill in the interim period, the UK's EU membership will cease on 31 October 2019, or 1 June 2019 in the event the UK does not hold elections to the European Parliament.

The timing of, and process for, the negotiations and the resulting terms of the UK's future economic, trading and legal relationships are uncertain, as is the basis of the UK's future trading relationship with the rest of the world. There is a possibility that the UK's membership will end at such time without reaching any agreement on the terms of its relationship with the EU going forward. As at the date of this Information Memorandum, the withdrawal agreement including the proposed transition period has not been finalized or approved.

Due to the on-going political uncertainty as regards the terms of the UK's withdrawal from the EU and the structure of the future relationship, the precise impact on the business of the Issuer is difficult to determine. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

The Issuer operates in a very competitive business environment.

Competition in the aerostructures and aircraft components segment of the civil aerospace industry is intense. The Issuer faces substantial competition from tier 1 suppliers of aerostructures and tier 2 suppliers of components, as well as competition for engineering and related services. Moreover, there are few original equipment manufacturers ("**OEMs**") in the civil aerospace industry, with Airbus S.A.S. (together with its affiliated companies, "**Airbus**") and The Boeing Company (together with its affiliated companies, "**Boeing**") accounting for the vast majority of the aircraft produced. Therefore, competition among a wide range of suppliers is aggravated by the concentrated nature of the OEM business globally.

Tier 1 suppliers design, manufacture and sell integrated aerostructures and are generally the sole supplier of an aerostructure to a given aircraft program, while tier 2 suppliers produce components that are integrated into larger aerostructures by tier 1 suppliers. There is the possibility that a supplier currently positioned at the tier 2 level may become a tier 1 supplier, thereby further increasing the competition among tier 1 suppliers. The trend of tier 2 suppliers evolving into tier 1 supplier is likely to intensify competition among potential and existing tier 1 suppliers. As a result, the Issuer's business success strongly depends on the feasibility of retaining and strengthening its position as a tier 1 supplier in the future.

Suppliers in the aerospace industry have consolidated and formed alliances to broaden their product and integrated system offerings and achieve critical mass. This supplier consolidation is in part attributable to OEMs more frequently awarding long-term single-source or preferred supplier contracts to the most capable suppliers, thus reducing the total number of and strengthening the business relationship with their suppliers. If this consolidation were to continue, it may become more difficult for the Issuer to be successful in obtaining new customers, new business or new contracts.

Moreover, some of the Issuer's competitors have greater resources than the Issuer does and, therefore, may be able to adapt more quickly to new or emerging technologies and changes in customer requirements, or devote greater resources to the promotion and sale of their products than the Issuer can. The Issuer believes that developing and maintaining a competitive advantage will require continued investment in product development, engineering, supply-chain management and sales and marketing, and the Issuer may not have enough resources to make such investments on a recurring basis.

If the Issuer is not successful in retaining and strengthening its position as a tier 1 supplier or otherwise is unable to compete in the global civil aerospace supplier industry, the Issuer could lose one or more contracts with its main customers, or not be successful in obtaining new contracts, either of which could have a material adverse effect on its business, results of operations, financial condition and cash flows.

Geographical shift trends could increase competition.

Cost pressures have led OEMs to move production facilities to cost-competitive countries, in many cases due to their offset obligations to their end customers. The geographical shift could lead to the possible emergence of new competitors from countries with lower production costs, difficulties in adapting to varied and unknown customs or ways of doing business and any other cost implications as the Issuer endeavours to stay competitive. If the Issuer is unable to effectively compete against such new competitors, it could have a material adverse effect on its business, results of operations, financial condition and cash flows.

A reduction of outsourcing by OEMs could materially affect the Issuer's business and competition.

The Issuer believes that its OEM customers are continuously re-evaluating their global supply chain outsourcing policies for the production of aerostructures due to, among other things, their own direct labour costs and other overhead considerations, capacity utilisation at their own facilities and reliability concerns. For example, in recent years, several governments have been gradually reducing their expenditures on defence projects, which has reduced the level of supplier outsourcing by OEMs. As a result, OEMs are now able to utilize many of their capacities which were previously used for defence projects for civil aircraft projects. Consequently, traditional factors affecting competition, such as price, quality of service, technology and cost base, may no longer be the only determinants when OEMs decide whether to produce a part in-house or to outsource its manufacturing. For these reasons, the Issuer may not be able to compete successfully in this market or against such competitors due to the reduction in demand from OEMs, which could have a material adverse effect on its business, results of operations, financial condition and cash flows.

Risk-sharing agreements with OEM customers allocate to the Issuer the risk that an aircraft programme may be terminated or not grow as anticipated.

The commercial aerospace market is currently experiencing structural changes that are likely to lead to a reorganisation of the supplier universe. Regardless of the reduced level of outsourcing by OEMs resulting from less expenditure on defence projects discussed under "A reduction of outsourcing by OEMs could materially affect the Issuer's business and competition" above, leading OEMs have grown the number of production steps outsourced in recent years, forcing their tier 1 suppliers to enter into broad-scope risk-sharing agreements and to deliver turnkey solutions with all necessary certifications and appropriate quality standards. Such agreements often require that the Issuer assumes the risk of incurring a significant amount of upfront investments to prepare it for the work to be conducted under a new aircraft program, and if a programme is terminated or does not grow as expected, the Issuer bears the risk of not recovering its associated investments and that related financing could come due. This trend is likely to continue in the future, and the Issuer anticipates that OEMs will significantly reduce the number of their tier 1 suppliers, relying on their existing tier 1 suppliers with whom they have already negotiated such framework risk-sharing agreements thus making it more difficult for other tier 1 suppliers to obtain new business from such OEMs. This could affect the Issuer's ability to grow by adding new OEM customers to its customer base, which could have a material adverse effect on its business, results of operations, financial condition and cash flows.

A decrease in the utilisation of composite components and changes in technologies in the aerospace market could result in reduced demand for the Issuer's products.

Changes in the materials and technologies used in the aerospace market could significantly affect demand for the Issuer's products. The Issuer has invested heavily in its composites capacity, and a shift to new technologies, if the Issuer is unable to adapt in a cost efficient manner or at all, could have a significant negative effect on its business.

The technologies related to the Issuer's products have undergone, and in the future may undergo, significant changes. Due to the long lifecycle of aircraft programs and potential changes in certain aircraft configurations, some stock and/or inventories may become obsolete. If the Issuer is unable to adapt fast enough to such changes or in a cost efficient manner, it could have a material adverse effect on its business, results of operations, financial condition and cash flows.

RISKS RELATED TO THE ISSUER'S BUSINESS

The Issuer relies on continued business from a small number of customers, and a significant decline in business with any of its key customers or with respect to any of its key aircraft programs could adversely affect its business, financial condition, results of operations and cash flows.

The Issuer's customer base is highly concentrated. Its key customers in terms of revenues for the last two financial years have been Airbus and Embraer. For the financial years ended 31 December 2018 and 2017, Airbus accounted for 49.5% and 50.2% of its total revenue, respectively, and Embraer accounted for 13.5% and 15.8% of its total revenue, respectively. If its key customers experience a major decrease or delay in demand for aircraft programs, experience a major disruption in their respective business, such as a strike, work stoppage or slowdown, a supply-chain disruption or a decrease in orders from their customers, or file for bankruptcy protection, this could reduce their demand for the Issuer's products or result in delays of their purchases from the Issuer.

Airbus largest A380 operator (Fly Emirates) has reviewed its aircraft fleet strategy and has concluded it's forced to restructure and reduce its A380 order. Therefore, Airbus has no substantial order backlog and no basis to sustain A380 production. As a consequence, deliveries of the A380 program will cease in 2021.

Due to this cancellation, Group Aernnova has recognized provisions and losses resulting in negative effect on the consolidated income statement amounting 15.2 million euros.

Moreover, although the Issuer's supply contracts with key customers often designate the Issuer as the sole supplier of certain aerostructures or components for a given aircraft program, most of them do not obligate such customers to purchase a specific minimum volume from the Issuer. Thus, there can be no assurance that the Issuer will continue to supply its key customers in the future a similar volume of its products that it has supplied to them in the past. Moreover, its supply contracts with its customers generally allow such agreements to be terminated at the convenience of the customer. If the Issuer breaches certain obligations under these supply contracts, such as compliance with technical specifications and qualification requirements, delivery schedules or change of control clauses, its customers may exercise their right to terminate such contracts, and the Issuer may be required to pay significant liquidated damages, any of which could have a material adverse effect on its business, results of operations, financial condition and cash flows.

The Issuer's business is subject to foreign currency risk, in particular with respect to the U.S. dollar to euro exchange rate, and to risks in connection with its corresponding hedging transactions.

While the majority of the Issuer's sales are denominated in U.S. dollar, its manufacturing sites are primarily located in Spain, U.S.A., Mexico and Brazil and, consequently, a significant portion of its total costs is in currencies other than U.S. dollar, in particular euros. For operating units with U.S. dollar sales and non-U.S. dollar costs, there is foreign currency exposure that could impact its results of operations depending on market changes in the exchange rate of the U.S. dollar against the applicable foreign currencies. For the year ended 31 December 2018, approximately 77% of its revenue was denominated in foreign currencies, mainly U.S. dollars, while 61% of its total costs approximately in foreign currencies mainly US\$. Therefore, a significant adverse fluctuation in the U.S. dollar to euro exchange rate would have a material adverse effect on its business, results of operations, financial condition and cash flows..

For the year ended 31 December 2018, a five percent increase in the U.S. dollar to euro exchange rate would have increased profit before taxes by €5,767 thousand and increased equity before taxes by €23,058 thousand. A five percent decrease in the U.S. dollar to euro exchange rate would have decreased profit before taxes by €6,055 thousand and decreased equity before taxes by €24,211 thousand.

The Issuer enters into derivative financial instruments to hedge the exchange rate risks to a certain extent. There can be no assurance that its hedging policy will be effective. This includes the risk that its estimates in relation to the U.S. dollar exposure may be inaccurate in particular given the possibility of unpredictable revenue variations arising from order cancellations, postponements or delivery delays or that the decisions the Issuer makes in relation to the terms and type of derivative to use may be unfavourable or that the selected instruments are insufficient to effectively hedge its U.S. dollar exposure or that there is a mismatch of cash flows for settlement of the derivative contracts if the underlying transactions did not occur in accordance with the Issuer's estimates. Furthermore, there is no assurance that the banks and financial institutions with which the Issuer enters into derivative financial instruments will not default or otherwise fail to fulfil their obligations arising from such instruments. Also, the Issuer currently does not always fully hedge its exposure to foreign currencies for future financial years. Consequently, to the extent that these exposures are not fully hedged, fluctuations in U.S. dollar against the euro could have a material adverse effect on its business, results of operations, financial condition and cash flows.

The development and timing of entry into service phase of aircraft programs is especially risky for the business.

The aeronautical industry is characterized by a model in which aircraft OEMs and component manufacturers generally share the business risk in large-scale aeronautical programs. This means that a portion of the risks, mainly related to financing, and the need to reduce unit costs through productivity improvements (learning effects) are externalized by the aircraft OEM to the component manufacturers. These risks are borne by component manufacturers like the Issuer over the useful life of an aircraft program, which ranges from 20 to 40 years and the life of the contract, which often specifies a set number of aircraft. In addition, the profitability of an aircraft programme depends on the number of aircraft sold and its production rate.

The Issuer's participation in new aircraft programs with new technologies typically carries risks associated with its ability to accurately estimate costs associated with such programs, including design responsibility, development of new production tools, hiring and training of qualified personnel, ability to meet customer specifications, delivery schedules and unique contractual requirements, supplier performance, ability of the customer to meet its contractual obligations to the Issuer, and the underlying increased capital and funding commitments. In addition, a new aircraft programme may not generate sufficient demand or may experience technological problems, such as underperformance of engines, or significant delays in the regulatory certification or manufacturing and delivery schedule.

In particular in the development and entry into service phase of new aircraft programs, additional risks include the potential for default or quality problems resulting in low margin or loss of contracts, as well as having to write-off inventory or capitalized intangible assets for engineering work if it were deemed to be unrecoverable or impaired over the lifecycle of the program. In addition, new work on existing programs also carries risks associated with the deficient transfer of technology, knowledge and tooling.

If the Issuer is unable to perform its obligations under new programs to a customer's satisfaction, manufacture products at its estimated costs, achieve the calculated learning effects, or if a new programme in which the Issuer has made a significant investment is terminated or experiences weak demand, delays or technological problems, its business, results of operations, financial condition and cash flows could be materially adversely affected. The Issuer is also involved in other newer programs that have just entered into service or merely flight testing, or are about to start that phase.

In the event that an OEM customer develops a next generation aircraft programme to replace one of the Issuer's current major aircraft programs, it generally needs to enter a bidding process for such new program, and there is a risk that the Issuer may not be selected as a supplier. While some of its contracts entitle the Issuer to continue supplying in the event a derivative aircraft programme is developed, other agreements do not provide such right, in which case the Issuer would have to start a bidding process again. Moreover, the Issuer may not be able to reuse components, may not have the next generation technology, engineering and manufacturing capability necessary to obtain significant aerospace business on such new program, and the Issuer may not be able to provide components for such replacement programs at competitive prices. In addition, the Issuer may not be engaged by such OEM to the same extent as its involvement in a current project.

Further, if its customers change the product specifications for components of their aircraft programs, the Issuer may be required to develop new products on a timely basis. Pursuant to some of its key customer contracts, the Issuer is obliged to assume upfront certain additional costs related to the design and implementation of modifications prior to certification or entry into service, which exposes the Issuer to the risk that it cannot obtain adequate funding to finance such costs on a timely basis or at reasonable cost. In addition, the Issuer may not be able to recover the full amount of development costs incurred.

In order to work on new programs, the Issuer may be required to construct or acquire new facilities, resulting in additional up-front investment costs. In the case of significant programme delays and/or programme cancellations, it may be required to bear the construction and maintenance costs. Likewise, significant delays in the construction or acquisition of a plant site could impact its ability to meet its obligations under the Issuer's aircraft programs. The occurrence of any of the foregoing could have a material adverse effect on its business, results of operations, financial condition and cash flows.

The Issuer's order backlog may not be representative of future sales, and its actual sales may fall short of the estimated sales attributed to its order backlog due to unexpected adjustments and cancellations and is therefore not a fully accurate indicator of future revenue or earnings.

A significant majority of the Issuer's revenue is generated through long-term supply contracts with its customers for the contracted aerospace or component. For the year ended 31 December 2018, approximately 72% of its sales was pursuant to such long-term single-source supply contracts. Orders under such supply contracts are often placed well in advance of deliveries, which gives the Issuer visibility with respect to its future revenue and creates a significant order backlog of future deliveries of its products. As of 31 December 2018, order backlog amounted to approximately \$3.5 billion. Furthermore, there is significant customer concentration in its order backlog, with Airbus accounting for 64% and Embraer accounting for 11% of its order backlog at 31 December 2018. As a result, any contingencies that could affect these key customers or the realisation of any of these programs could have a material adverse impact on the Issuer's business, results of operations and financial condition. Moreover, its single-source contracts with its customers frequently designate the Issuer as the single source up to a specified number of units and can be cancelled by its customers at any time at their convenience.

The order backlog is not an audited measure, and there are no generally accepted accounting principles for its calculation. The Issuer's calculation of order backlog may not necessarily be the same as that used by other companies engaged in activities similar to the activities of the Issuer. As a result, the amount of its order backlog may not be comparable to the backlog reported by such other companies.

There can be no assurance that the order backlog figures are accurate, and estimates of the number of aircraft units expected to be delivered by its customers are subject to modification for a wide variety of reasons. For example, many of its supply agreements include the rights for its customers to terminate their orders at their sole discretion. Moreover, customers' forecasts and backlog figures on which the Issuer estimates of order intakes for its order backlog are based may not be met. The amount of order backlog that is subject to delay or cancellation at any given time is largely a reflection of broad global economic trends and, as of any date, may not be indicative of actual results of operations in any succeeding period. Moreover, there can be no assurance that the revenue projected in the order backlog will be realised or, if realised,

will result in profit. As a result of terminations or suspensions and changes in scope and schedule of orders, the Issuer cannot predict with certainty when, or if, the order backlog will be realised. The Issuer may suffer from unexpected or unanticipated cancellations, and, even where a firm order proceeds as scheduled, it is possible that the customer may default and fail to pay amounts owed to the Issuer or may delay acceptance of its products, in which case realization of its revenue and profit associated to such sale would also be delayed.

If the Issuer is unable to realise its order backlog as it has estimated it, this could have a material adverse effect on its business, results of operations, financial condition and cash flows.

Fixed-price contracts may commit the Issuer to unfavourable terms and assume its ability to achieve learning effects.

The Issuer provides many of its products through long-term contracts in which pricing terms are fixed for a certain period of time or a certain number of units. Accordingly, the Issuer bears the risk that it may not be able to sustain a cost structure that is consistent with assumptions used when it bids on an aircraft program. Any increased or unexpected costs may reduce its profit margins or cause the Issuer to sustain losses on these contracts. While, generally, certain increases in raw material costs and certain labour costs can be passed on to its customers through the operation of price adjustment clauses, the Issuer must fully absorb other cost overruns, notwithstanding the difficulty of estimating all of the costs the Issuer will incur in performing these contracts and of projecting the level of sales that the Issuer may ultimately achieve. The Issuer's failure to anticipate technical problems, estimate delivery reductions and costs accurately or control costs during performance of a fixed-price contract may reduce the profitability of a contract or cause a loss.

Many of the Issuer's contracts include clauses that require it to sell aerostructures or components at the most favourable conditions at which such products, or similar or equivalent products, are sold to any other customer. Therefore, the Issuer generally cannot sell to a new customer the same or similar or equivalent aerostructure or component it has sold to an existing customer unless it does so at the same or a higher price or is willing to take a price cut from the existing customer.

In addition, many of its production cost estimates also contain pricing terms which anticipate cost reductions based on the expectation that the Issuer will increase efficiency through learning effects over time. In turn, and as is common practice in the industry, some of the aircraft programme contracts with its customers will contain annual price reduction clauses in order to reflect expected learning effects. However, the Issuer can provide no assurance that it will achieve the expected learning effects and will be able to reduce its production costs over the life of aircraft programs at the same rate at which purchase prices of its products are reduced. In addition, customers may seek to renegotiate the price terms of fixed-price contracts with the Issuer in the future. In the event that purchase prices of the Issuer's products are reduced without commensurate reductions in their costs, it could materially adversely affect the Issuer's business, results of operations, financial condition and cash flows.

The Issuer may be required to write off upfront investments.

Increases in non-recurring costs incurred by the Issuer or additional non-recurring costs not covered by fixed-price contracts executed with its customers may not be recoverable by the Issuer. The Issuer incurs significant costs for the development of new products, in particular in connection with programs in the development phase. If such programs are delayed or if the products do not meet customers' expectations, the Issuer may be required to write off these upfront investments. A significant write-off of upfront investments could have a material adverse effect on its business, results of operations, financial condition and cash flows.

Interruptions in deliveries of components or raw materials, or increased prices for components or raw materials used in the Issuer's products could delay production and/or materially adversely affect its profitability.

Continued supply of raw materials and components to the Issuer by its suppliers is subject to a number of risks including: (i) the failure of suppliers to provide materials of the requisite quality or in compliance with specifications, (ii) the failure of suppliers to meet regulatory standards, (iii) the delay in the delivery of products to the Issuer and (iv) contractual amendments and disputes with suppliers.

The Issuer is dependent on the availability of certain essential materials such as carbon fibre, aluminium, titanium and steel, hardware such as bolts and fasteners, and purchased components from its suppliers, some of which are available only from limited sources. The Issuer's dependence upon regular and timely deliveries from particular suppliers of certain components and raw materials means that interruptions or stoppages in such deliveries could materially adversely affect its operations until arrangements could be made with alternate suppliers, to the extent alternate suppliers exist. If any of its suppliers are unable or refuse to deliver materials to the Issuer for an extended period of time, or if the Issuer is unable to negotiate acceptable terms for the supply of materials with these or alternative suppliers, its business could be materially

adversely affected.

The Issuer depends upon the ability of its suppliers to provide materials and components that meet its customers' technical specifications, quality standards and delivery schedules. Although many of the suppliers are designated by the Issuer's OEM customers, the Issuer could face a limited supplier base for certain individual raw materials or components. If suppliers fail to provide expected raw materials or components that meet the Issuer's or its customers' technical specifications this could adversely affect production schedules and margins. In some cases, the Issuer may not be able to find acceptable alternatives, and any such alternatives could result in increased costs and potential losses on certain of its contracts if the Issuer is unable to pass such increased costs on to its clients. Even if acceptable alternatives are found, the process of locating and securing such alternatives might be disruptive to its business and might lead to termination of supply agreements with its customers.

In addition, the Issuer's profitability is affected by the prices of the components and raw materials, such as prepreg, honeycomb, fasteners and metals used in the manufacturing of its products. These prices may fluctuate based on a number of factors beyond its control, including world oil prices, changes in supply and demand, general economic conditions, labour costs, competition, import duties, tariffs, currency exchange rates and, in some cases, government regulation. Although many of the supply agreements include provisions that allow the Issuer to pass on certain increases in costs, the Issuer may not always be able to pass on to its customer's increases in component, raw material and labour costs.

The occurrence of any of the foregoing with respect to the supply of raw materials could have a material adverse effect on the Issuer's business, results of operations, financial condition and cash flows.

Potential labour disputes and work stoppages at its facilities and the facilities of its suppliers or customers could disrupt the Issuer's business.

As with many OEMs and aircraft component suppliers, the Issuer has unionised work forces and its employees have established workers' councils. Approximately 87% of the Issuer's labour force is subject to collective bargaining agreements. Although the Issuer considers its relationship with its employees to be satisfactory, it has experienced labour disputes in the past, and strikes, work stoppages or slowdowns at its facilities could impair its ability to provide products within the production schedules to its customers. Additionally, strikes, work stoppages or slowdowns experienced by OEMs, airlines or aerospace suppliers could reduce the Issuer's customers' demand for additional aerostructures and/or components or prevent the Issuer from completing production of its aerostructures and/or components, which could have a material adverse effect on its business, results of operations, financial condition and cash flows.

Production may be interrupted due to equipment failures or other events affecting the Issuer's factories.

The Issuer's manufacturing and testing processes depend on sophisticated and high-value equipment, and certain of such equipment can take well over one year from the time of order to the time of delivery. Unexpected failures of this equipment could in the future result in production delays, revenue loss, and significant repair costs. In addition, the Issuer's factories rely on the availability of electrical power and natural gas, transportation for raw materials and finished product, and employee access to its workplace that are subject to interruption in the event of severe weather conditions or other natural or man-made events. While the Issuer maintains backup resources to the extent practicable, a severe or prolonged equipment outage or other interruptive event affecting areas where the Issuer has significant manufacturing operations may result in loss of manufacturing days or in shipping delays, as well as cause the Issuer to fail to meet its obligations to its customers on time or at all which could have a material adverse effect on its business, results of operations, financial condition and cash flows.

Business could be materially and adversely affected if one of the Issuer's aerostructures or components causes an aircraft accident, and its insurance may be insufficient to cover all potential losses.

The Issuer's operations expose it to potential liabilities for personal injury or death as a result of the failure of an aircraft aerostructure or component that has been designed, manufactured or serviced by the Issuer or its suppliers. The Issuer's insurance may not cover all potential risks.. Any such liabilities not covered by insurance or for which third-party indemnification is not available could require the Issuer to dedicate a substantial portion of its cash flows to make payments on such liabilities, which could have a material adverse effect on its business, results of operations, financial condition and cash flows.

An accident caused by one of the Issuer's aerostructures or components could also damage its reputation for quality products and therefore its competitive position. The Issuer believes its customers consider safety and reliability key criteria in selecting a provider of aerostructures and components. If an accident were to be caused by one of its aerostructures or components, or if the Issuer was to otherwise fail to maintain a satisfactory record of safety and

reliability, its ability to retain and attract customers could be materially adversely affected, which could have a material adverse effect on its business, results of operations, financial condition and cash flows.

The Issuer is subject to warranty obligations.

The Issuer's operations also expose it to potential liability for warranty claims made by customers or third parties with respect to aircraft aerostructures and components that have been designed, manufactured, or serviced by the Issuer or its suppliers. The majority of its sales agreements include warranty periods ranging from four to five years. Such warranties are generally for the benefit of the OEM and begin at the time the aerostructure or component is delivered to the OEM customer. Warranties cover such factors as non-conformance to specifications and defects in material, process of manufacture and workmanship. Significant product warranty obligations could have a material adverse effect on the Issuer's business, results of operations, financial condition and cash flows.

The Issuer conducts business directly and indirectly with customers outside Europe, USA and Canada and is subject to the risks of doing business in foreign countries, particularly in emerging markets.

For the financial year ended 31 December 2018, the Issuer's OEMs customers outside Europe, USA and Canada accounted for approximately 17% of its revenue. In particular, the Issuer and its OEM customers conduct business with customers in emerging markets, mainly Brazil, Mexico, and China. The Issuer expects that its emerging market business will continue to account for a significant portion of its revenue for the foreseeable future, in particular due to the OEMs' increasing need for tier 1 suppliers as offset partners in emerging markets. Emerging market economies tend to differ from the economies of most developed countries in many respects, including the degree of government involvement, the level of development, the GDP growth rate, access to financing, a lower cost base and the allocation of resources. As a result, the Issuer is subject to the risks of doing business internationally, which may include:

- possibility of unfavourable circumstances arising from host country laws and potential exposure to less favourable laws of the jurisdictions of its customers in its supply agreements, and the complexity of managing a portfolio of contracts subject to a variety of different local laws;
- domestic and foreign government policies, including requirements to expend a portion of programme funds locally and governmental industrial cooperation requirements;
- fluctuations in foreign currency exchange rates;
- the complexity and necessity of using foreign representatives and consultants;
- uncertainties and restrictions concerning the availability of funding credit or guarantees;
- imposition of tariffs and embargos, import and export controls, licensing requirements and other trade restrictions;
- the difficulty of management and operation of an enterprise spread over various countries;
- compliance with a variety of U.S. and other foreign laws, as well as European laws affecting the activities of European companies abroad, including compliance with anti-corruption and economic sanctions regulations;
- economic and geopolitical developments and conditions, including international hostilities, acts of terrorism and governmental reactions, inflation, trade relationships and military and political alliances; and
- limitations to cash distribution or repatriation.

While these factors or the effect of these factors are difficult to predict, adverse developments in one or more of these areas could materially adversely affect the Issuer's business, results of operations, financial condition and cash flows.

Business will suffer if certain key officers or employees discontinue employment with the Issuer or if it is unable to recruit and retain highly skilled staff.

The Issuer's success depends, in part, on its ability to maintain a qualified workforce. The success of its business is highly dependent upon the skills, experience and efforts of its key officers and employees, and its continued success will depend on its ability to attract and retain qualified personnel in order to manage and maintain its existing operations and its future

development. As innovation is important to strengthen the Issuer's position as a leading tier 1 and tier 2 supplier and as it depends on its sales team to maintain competitiveness, the Issuer is dependent on the experience and expertise of its key employees in facilitating such innovations and maintaining the relationships with its customers. The loss of key personnel could have a material adverse effect on its business, results of operations, financial condition and cash flows. The Issuer's business also depends on its ability to continue to recruit, train and retain skilled employees, particularly engineers. The market for these resources is highly competitive. To the extent that the Issuer loses experienced personnel, it is critical that it develops other employees, hires new qualified personnel, and successfully manages the transfer of critical knowledge. Competition for qualified personnel is intense, and the Issuer may not be successful in hiring or retaining employees with the requisite skills or clearances. The Issuer increasingly competes with commercial technology companies of the aerospace industry for qualified technical positions. To the extent that these companies grow at a faster rate or face fewer cost and product pricing constraints, they may be able to offer more attractive compensation and other benefits to potential recruits or to the Issuer's existing employees. The Issuer may be unsuccessful in attracting and retaining the personnel it needs and, in such event, its business could be materially adversely affected. The loss of the services of any skilled key personnel, or its inability to hire new personnel with the requisite skills, could impair its ability to provide products to its customers and manage its business effectively.

High switching costs may substantially limit the Issuer's ability to obtain business that is currently under contract with other suppliers.

Once a contract is awarded by an OEM to an aircraft component supplier, the OEM and the supplier are typically required to spend significant amounts of time and capital on design, manufacturing, testing and certification of tooling and other equipment. For an OEM to change suppliers during the lifecycle of an aircraft program, further testing and certification would be necessary, and the OEM would be required either to move the tooling and equipment used by the existing supplier for performance under the existing contract, which may be expensive, difficult or even impossible, or to manufacture new tooling and equipment. Accordingly, any change of suppliers would likely result in production delays and additional costs to both the OEM and the new supplier. These high switching costs may make it more difficult for the Issuer to bid competitively against existing suppliers and less likely that an OEM will be willing to switch suppliers during the lifecycle of an aircraft program, which could materially adversely affect the Issuer ability to obtain new work on existing aircraft programs and have a material adverse effect on its business, results of operations, financial condition and cash flows.

Additional tax expense or additional tax exposures could affect future profitability.

The Issuer is subject to income taxes in Spain (both under the national and special Basque regional regimes,) and various international jurisdictions including Mexico USA, China and Brazil. Tax law and administration is complex and often requires the Issuer to make certain judgments and interpretations. The tax authorities in the various jurisdictions where the Issuer conducts business might not agree with the determinations made by it with respect to the application of tax law. Such disagreements could result in lengthy legal disputes and, ultimately, in the payment of substantial funds to the tax authorities of foreign and local jurisdictions where the Issuer conducts business or provide goods or services, which could have a material adverse effect on its business, results of operations, financial condition and cash flows.

The Issuer's estimate of tax related assets, liabilities, recoveries and expenses incorporates significant assumptions. These assumptions include, but are not limited to, the tax laws in various jurisdictions, the effect of tax treaties between jurisdictions and taxable income projections. To the extent that such assumptions differ from actual results, the Issuer may have to record additional income tax expenses and liabilities, which could have a material adverse effect on its business, results of operations, financial condition and cash flows.

Moreover, changes in tax laws and regulations, as well as changes and conflicts in related interpretations and other tax guidance could materially impact the Issuer's tax receivables and liabilities and its deferred tax assets and deferred tax liabilities. In the ordinary course of business the Issuer is subject to routine tax audits. Moreover, there could be investigations launched in the future by governmental authorities in various jurisdictions, and existing investigations could be expanded. The global and diverse nature of its operations means that these risks will continue to exist and additional tax audits, investigations, proceedings and contingencies could arise from time to time. If provisions done by the Issuer differ from the outcome of investigations, proceedings and other contingencies that cannot be predicted with certainty, this could have a material adverse effect on its business, results of operations, financial condition and cash flows.

The Issuer may be unable to continue receiving, institutional interest-free loans and other institutional subsidised loans.

The Issuer has received governmental assistance from various public institutions. Its public financing comes in two different forms: (i) interest-free loans and (ii) interest-bearing subsidised loans. At 31 December 2018, the outstanding principal amount of its interest-free loans was € 120 million and the outstanding principal amount of its interest-bearing subsidised loans was €9.9 million.

Government loans are part of the Issuer's total financing, and there can be no assurance that it will be able to continue receiving such government interest-free loans and other subsidised loans in the future or at comparably favourable terms. If the Issuer must replace its institutional financing with financing on terms less favourable than those received from public institutions, it could have a material adverse effect on its ability to raise financing to the level it requires to invest in its programs, fund day to day operations, or pursue strategic opportunities, which could have a material adverse effect on its business, results of operations, financial condition and cash flows.

The Issuer may be materially and adversely affected by changes in interest rates.

The Issuer is exposed to the risk of changes in interest rates as a result of certain of its borrowings having floating interest rates. For the year ended 31 December 2018, a 25 basis point per annum increase in interest rates would have reduced profit before taxes by €869 thousand, and a 25 basis point per annum decrease in interest rates would have increased profit before taxes by €867 thousand. Therefore, possible fluctuations in the value of financial instruments due to changes in market rates of interest or changes in future cash flows which arise in connection with medium- and long-term receivables and liabilities, especially the Issuer's syndicated loan facility as well as derivative instruments held by it as part of its hedging policy, may have a negative impact on its financial condition or results of operations.

A breach of the covenants of the Issuer's Syndicated Loan could adversely affect its financial condition.

On 5 May 2016, the Issuer entered into a syndicated loan facility with a syndicate of lenders for a principal amount of €300,000,000 (the "**Syndicated Loan**"). On May 2017, the Issuer entered into a syndicated loan facility with a syndicate of lenders for a principal of € 75 million and US\$ 85 million to finance recap and acquisition in US\$. The covenants of the Syndicated Loans are the same and restrict, among other things, the Group's ability to incur certain indebtedness, make disposals, grant securities or change the general nature of its business. The operating restrictions imposed by the Syndicated Loan may limit the Issuer's ability to engage in acts that would be in its long term benefit.

Any breach of the covenants of the Syndicated Loan could result in an event of default under the Syndicated Loan. Such a default may allow the syndicated lenders to accelerate the repayment of the Syndicated Loan and may result in the acceleration of any other debt to which a cross-default or cross-acceleration applies which could have a material adverse effect on its business, results of operations, financial condition and cash flows.

The Issuer is subject to legal proceedings and other claims. The Issuer cannot predict the outcome of litigation and other contingencies with certainty.

The Issuer is subject to legal proceedings and other claims arising out of the conduct of its business, the outcome of which cannot be predicted with certainty. In the case of litigation matters for which reserves have not been established because the loss is not deemed probable, it is reasonably possible that such claims could be decided against the Issuer and could require it to pay damages or make other expenditures in amounts that are not presently estimable. In addition, the Issuer cannot be certain that its reserves based on its assessment of contingencies are adequate and that its insurance coverage will be sufficient to cover one or more substantial claims. Furthermore, the Issuer may not be able to obtain insurance coverage at acceptable levels and costs in the future. Litigation is inherently unpredictable, and the Issuer could incur judgments, receive adverse arbitration awards or enter into settlements for current or future claims that could materially adversely affect its business, results of operations, financial condition and cash flows.

The Issuer is subject to environmental, health and safety laws and regulations, including the REACH Regulation, and its ongoing operations may expose it to related liabilities.

The Issuer's operations are subject to extensive regulation under environmental, health and safety laws and regulations in Spain and other jurisdictions in which it conducts its business. The Issuer has in the past been the subject to minor sanctions and may in the future be subject to potentially significant fines, penalties and other liabilities, including suspension of activities, correction orders, revocation of operating licenses and criminal sanctions, if it fails to comply with these requirements. The Issuer has made, and will continue to make, significant capital and other expenditures to comply with these laws and regulations. The Issuer cannot predict with certainty what environmental legislation may be enacted in the future or how existing laws will be administered or interpreted. The Issuer's operations involve the use of hazardous substances and regulated materials and generate waste, including chemical processes (painting and surface treatments). Any spills or releases of these materials may subject the Issuer to clean-up liability for remediation and claims of alleged personal injury, property damage and damage to natural resources, which may result in potential material liabilities, and the Issuer may become obliged to reduce or eliminate the use of hexavalent chromium and its emissions of volatile organic compounds. In the future, contamination may be discovered at or emanating from its facilities. The remediation of such newly discovered contamination, related claims for personal injury or damages, or the enactment of new laws or a stricter interpretation of existing laws, may require additional expenditures, which could be material.

In particular, chemical substances contained in some of the Issuer's products, as well as by-products and waste, which it imports to or produces in the EU are subject to regulation (EC) No 1907/2006 on registration, evaluation, authorisation and restrictions of use of chemicals (the "**REACH Regulation**") that entered into force on 1 June 2007. In order to comply with current requirements under the REACH Regulation the Issuer's OEM customers are required to replace certain chemical substances previously used with other substances, and due to the Issuer's arrangements with its OEM customers, it often is its responsibility to implement such changes. The European Commission has planned several revisions of the REACH Regulation until 2019. Changes to the existing regulations may lead to further restrictions affecting the Issuer's products, increased costs and modifications in operating practices. Any such changes or modifications could have a material adverse effect on its business, results of operations, financial condition and cash flows.

Business may be materially adversely affected if the Issuer is unable to maintain the standards and qualifications required, now and in the future, by its customers and by government, regulatory or industry bodies.

Most of the Issuer's customers require a qualification of the Issuer's facilities and production processes relating to specific products. In addition, European Aviation Safety Agency ("**EASA**") prescribes standards and qualification requirements for aerostructures, including virtually all commercial airline and general aerospace products within Europe. Comparable agencies regulate these matters in other countries, such as the Federal Aviation Administration ("**FAA**") in the United States. The Issuer has received the required licences and certifications from the relevant authorities (the EASA, the FAA and Agencia Estatal de Seguridad Aérea ("**AESA**") in Spain and Dirección General de Aeronáutica Civil ("**DGAC**") in Mexico) in accordance with the set of rules established by the relevant authority in each country. If the Issuer fails to qualify for, or obtain a required licence for, one of its products or services or lose a qualification or license previously granted, the privilege to certify the airworthiness of those products and services could be suspended until such license is obtained or renewed and its business, financial condition, results of operations and cash flows could be materially adversely affected. In addition, designing new products to meet existing regulatory requirements and retrofitting installed products to comply with new regulatory requirements can be expensive and time consuming.

Occasionally, the EASA, the FAA or comparable agencies propose new regulations or changes to existing regulations. These changes or new regulations generally increase the costs of compliance. To the extent the EASA, the FAA or comparable agencies implement regulatory changes, the Issuer may incur significant additional costs to achieve compliance which could have a material adverse effect on its business, results of operations, financial condition and cash flows.

The Issuer is subject to regulation of its technical data and goods under European and U.S. export control laws.

As a manufacturer and exporter of defence (accounting for circa 9% of the Group's total revenues for the year ended 31 December 2018) and dual-use technical data and commodities, the Issuer is subject to European and U.S. laws and regulations governing international trade and exports, including, but not limited to, the International Traffic in Arms Regulations, administered by the U.S. Department of State, and the Export Administration Regulations, administered by the U.S. Department of Commerce. Collaborative agreements that the Issuer may have with foreign persons, including manufacturers and suppliers, are also subject to U.S. export control laws. In addition, the Issuer is subject to potential trade sanctions against embargoed countries, administered by the Office of Foreign Assets Control within the U.S. Department of the Treasury.

European regulations distinguish between the export control of dual-use goods and military use goods, with the competent bodies being the Spanish Ministry of Economy and the European Commission. These regulations also require the control of the Issuer's partners acting as its manufacturers or suppliers. According to European regulations, export or re-export within the EU is allowed without any restrictions except for defence materials. Additionally, there are the so-called "seven friendly nations"—the United States, Canada, Japan, Australia, New Zealand, Switzerland and Norway— exports to which are not subject to such restrictions.

Further, as a result of embargos or sanctions of the United Nations, Organization for Security and Co-operation in Europe ("**OSCE**") and the EU, trade with approximately 20 countries (including Afghanistan, Haiti, Iran, Lebanon, Liberia, the Russian Federation, Somalia, Syria, Sudan and Zimbabwe) is restricted.

Failure to comply with one or more of these export controls or trade sanctions could result in civil or criminal penalties, including the imposition of fines upon the Issuer as well as the denial of export privileges and debarment from participation in government contracts. Additionally, restrictions may be placed on the export of technical data and goods in the future as a result of changing geopolitical conditions. Any one or more of such sanctions could have a material adverse effect on the Issuer's business, results of operations, financial condition and cash flows.

Infringement of intellectual property license rights, breach of confidentiality duties or failure to protect intellectual property held by the Issuer may have a material adverse effect on the Issuer's business.

The Issuer has significant number of patents pertaining to its business and products. Its business depends on the right to use certain intellectual property, technology and tooling granted under license by its customers. These licenses require the Issuer to comply at all times with certain restrictions and confidentiality obligations with respect to manufacturing processes, process know-how, materials and prices. Despite these efforts to protect its intellectual property rights, any of the Issuer's direct or indirect intellectual property rights could be challenged, invalidated or circumvented. Further, the laws of certain countries do not protect the Issuer's proprietary rights to the same extent as the laws in Europe and the U.S.

The Issuer must comply with its contractual commitments related to intellectual property and confidentiality and any other restrictions on the use of intellectual property to make sure that it will not be using intellectual property improperly or breaching confidentiality duties in conducting its business. There can be no assurance that no infringement claims by the owner or licensor of intellectual property will occur in the future. In addition, improper use of intellectual property or a breach of confidentiality duties by the Issuer may lead to a termination of granted licenses. A loss of license rights could materially affect the Issuer's ability to manufacture its products and, consequently, may lead to a loss of customers, which would have a material adverse effect on its business, financial condition, results of operations and cash flows. In addition, the failure to protect and conform the use of intellectual property held by the Issuer or provided to it by its customers could have a material adverse effect on its business, results of operations, financial condition and cash flows.

The Issuer's operations depend on its ability to maintain continuing, uninterrupted production at its manufacturing facilities as well as the continued and uninterrupted performance of its information technology ("IT") system.

Major catastrophes, such as a fire, flood, tornado or any other natural disaster at any of the Issuer's sites, war or terrorist activities in any of the areas where it conducts operations or the sustained mechanical failure of a key piece of equipment could result in a prolonged interruption of all or a substantial portion of its business.

The Issuer's IT systems are potentially vulnerable to damage and or interruption from a variety of sources, including telecommunications failures, malicious human acts and natural disasters. Moreover, some of its servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Although the Issuer takes measures in an effort to mitigate these risks, unanticipated problems affecting its IT systems could cause interruptions in service.

Any disruption resulting from these events could cause significant delays in shipments of products, and any significant damage or disruption to any of the Issuer's plants would materially adversely affect its ability to service its customers. Further, sustained or repeated system failures of the Issuer's IT systems that could interrupt the ability to process orders, deliver results or perform in a timely manner would significantly reduce the attractiveness of its services to its customers and could significantly increase turnaround time. The Issuer may not have insurance to adequately compensate it for any of these events which may reduce its customer base and result in lower revenue. This could have a material adverse effect on its business, results of operations, financial condition and cash flows.

The company has business continuity planning (BCP) and disaster recovery plan (DRP).

If the Issuer undertakes business combinations and acquisitions in the future, they may be difficult to close or integrate, or they could disrupt its business, or divert management's attention.

As part of the Issuer's business strategy, it will seek to support its development through acquisitions of businesses, services or technologies that it perceives to be complementary or otherwise beneficial to it. The acquisition and operation of such businesses would involve many risks, including:

- misjudgement with respect to the value, return on investment or strategic fit of any acquired operations or assets;
- challenges associated with integrating acquired technologies, operations, financial reporting systems and cultures of acquired companies;
- exposure to unforeseen liabilities;
- diversion of the management of the Issuer and other resources from day-to-day operations;
- possible loss of key employees, clients, suppliers and partners;

- potential loss of commercial relationships and customers based on their concerns regarding the acquired business or technologies; and
- higher than expected transaction costs.

As a result of these risks, the Issuer may not be able to achieve the expected benefits of any acquisition. If the Issuer is unsuccessful in completing or integrating acquisitions, it may be required to re-evaluate its strategy and it may incur substantial expenses and devote significant management time and resources in seeking to complete and integrate the acquisitions. Also, future business combinations could involve the acquisition of significant intangible assets. If the expected benefits fail to materialise, the Issuer may need to record write-downs from future impairments of identified intangible assets and goodwill.

If any of the risks set out above occur, it could have a material adverse effect on its business, results of operations, financial condition and cash flows.

The Issuer is a holding company with no revenue-generating operations of its own.

The Issuer's business is carried out in large part through its operating subsidiaries and associated companies. The Issuer depends upon operating subsidiaries to provide the funds necessary to pay the principal of, and the interest on, the Notes. These operating subsidiaries and associated companies have not guaranteed the Notes, and have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make funds available for these payments, whether in the form of liens, dividends or otherwise. Payments from the operating subsidiaries to the Issuer might not be able to be made in some circumstances, due to corporate law, contractual or other legal restrictions or other factors.

Holder of the Notes will have a direct claim based on the Notes against the Issuer, but will not have a direct claim based on the Notes against any operating subsidiaries. The right of the holders of the Notes to receive payments under the Notes will be structurally subordinated to all liabilities of the operating subsidiaries and associated companies. These liabilities include debt that some of the Issuer's subsidiaries have incurred under bank facilities, including the Syndicated Loan.

RISKS IN RELATION TO THE NOTES

The Issue Price may be greater than the market value of the Notes.

The Issue Price specified in the relevant Pricing Supplement may be higher than the market value of the Notes as at the Issue Date, and the price, if any, at which a Dealer or any other person is willing to purchase the Notes in secondary market transactions is likely to be lower than the Issue Price. In particular, the Issue Price may take into account amounts with respect to commissions relating to the issue and sale of the Notes as well as amounts relating to the hedging of the Issuer's obligations under the Notes, and secondary market prices are likely to exclude such amounts. In addition, whilst the proprietary pricing models of Dealers are often based on well recognised financial principles, other market participants' pricing models may differ or produce a different result.

There is no active trading market for the Notes.

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for Notes issued under the Programme to be admitted to the Official List and to trading on the Main Securities Market, there is no assurance that such applications will be accepted, that any particular issue of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular issue of Notes.

Fixed rate notes have a market risk.

A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market. While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or interadversely affect the price of the Notes and can lead to losses for the holders if they sell the Notes.

Global Notes held in a clearing system.

Because the Global Notes are held by or on behalf of Euroclear and/or Clearstream, Luxembourg investors will have to rely

on their procedures for transfer, payment and communication with the Issuer.

The Notes issued under the Programme may be represented by one or more Global Notes. If the relevant Pricing Supplement specifies that the New Global Note form is not applicable, such Global Note will be deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg. If the relevant Pricing Supplement specifies that the New Global Note form is applicable, such Global Note will be deposited with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and/or Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and/or Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under such Notes by making payments to the common depositary (in the case of Global Notes which are not in the New Global Note form) or, as the case may be, the common service provider (in the case of Global Notes in New Global Note form) for Euroclear and/or Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg to receive payments under their relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to take enforcement action against the Issuer under the relevant Notes but will have to rely upon their rights under a deed of covenant dated 29 May 2019 (the "**Deed of Covenant**").

The Issuer may redeem the Notes for tax reasons.

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

The Issuer may be expected to redeem Notes if (a) it is not entitled to claim a deduction in computing taxation liabilities in Spain in respect of any interest to be made on the next Interest Payment Date or the value of such deduction to the Issuer is materially reduced, or (b) it has or will become obliged to pay additional amounts pursuant to the terms and conditions of the Notes as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction) which change or amendment becomes effective on or after the issue date of the relevant Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Potential investors should consider the reinvestment risks in light of other investments available at the time any Notes are so redeemed.

Risks in relation to Spanish taxation.

Under Spanish Law 10/2014 of 26 June 2014 on organisation, supervision and solvency of credit institutions as well as Álava's Foral Decree 111/2008, of 23 December 2008 (the "**Álava Decree 111/2008**") and Royal Decree 1065/2007 of 27 July ("**Royal Decree 1065/2007**"), as amended, income payments in respect of the Notes will be made by the Issuer free of withholding tax in Spain if certain information is received by it in a timely manner. On 29 May 2019 the Issuer and The Bank of New York Mellon, London Branch (the "**Issue and Paying Agent**") entered into an issue and paying agency agreement (the "**Agency Agreement**") where they have arranged certain procedures to facilitate the collection of information concerning the Notes. The Issuer will withhold Spanish withholding tax from any payment in respect of any outstanding principal amount of the Notes (as applicable) as to which the required information has not been provided and will not gross up payments in respect of any such withholding tax. The Agency Agreement provides that the Issue and Paying Agent will, to the extent applicable, comply with the relevant procedures to facilitate the collection of information concerning the Notes. The procedures may be modified, amended or supplemented, to, among other reasons, reflect a change in applicable Spanish law, regulation, ruling or interpretation thereof or to reflect a change in applicable clearing system rules or procedures or to add procedures for one or more new clearing systems. See "*Taxation – Taxation in Spain*". Neither the Issuer nor the Dealers assume any responsibility therefore.

Álava's Decree 8/2012, of 21 February 2012 (the "**Álava Decree 8/2012**") amended Álava Decree 111/2008, and provides that any payment of interest made in respect of securities originally registered with a non-Spanish clearing house recognised by Spanish legislation or by the legislation of another OECD country will be made free of any withholding on

account of Spanish taxes provided that certain information about the Notes is received by the Issuer. The Issuer considers that any payments in respect of the Notes will be made free of withholding on account of Spanish taxes provided that the relevant information about the Notes is submitted by the Issuer and Paying Agent to it in a timely manner.

If at any stage the Spanish tax authorities adopt a different position as to the application by the Issuer of withholding to payments made to Spanish residents (individuals and entities subject to Spanish Corporate Income Tax), the Issuer would be bound by that administrative criterion and would need to make the appropriate withholding immediately thereafter. In such event, the Issuer would not pay additional amounts. Should the Spanish tax authorities adopt such a position, identification of holders may be required and the procedures, if any, for the collection of relevant information would be applied by the Issuer to the extent required so that it can comply with its obligations under the applicable legislation as interpreted by the Spanish tax authorities. If procedures for the collection of information relating to holders were to apply, all holders would be informed of such new procedures and their implications.

In the case of Notes held by Spanish resident individuals (and under certain circumstances, by Spanish entities subject to Spanish Corporate Income Tax) and deposited with a Spanish resident entity acting as depositary or custodian, payments in respect of the Notes may be subject to withholding by such depositary or custodian, currently at a 19 per cent rate.

Payments on the Notes may be subject to U.S. withholding tax under FATCA in certain circumstances.

The United States has enacted rules, commonly referred to as "FATCA", that generally impose a reporting and withholding regime with respect to certain payments and securities. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with Spain (the "IGA"). Under the IGA, as currently drafted, the Issuer does not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. Notes with a final maturity of 183 days or less generally will not be subject to FATCA withholding. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

Risks in relation to the Spanish Insolvency Law.

Law 22/2003, (*Ley Concursal*) dated 9 July 2003 (the "**Spanish Insolvency Law**") provides, among other things, that: (i) any claim may become subordinated if it is not included in a company's accounts or otherwise reported to the insolvency administrators within the required timeframes set forth therein, (ii) actions that cause a detriment to the assets of the insolvent debtor carried out during the two year period preceding the date of its declaration of insolvency may be rescinded, (iii) provisions in a contract granting one party the right to terminate on the other's insolvency may not be enforceable, (iv) interest accrued and unpaid until the commencement of the insolvency proceedings (*concurso*) shall become subordinated, and (v) interest shall cease to accrue from the date of the declaration of insolvency, except for interest relating to credits secured with an in rem security interest up to the amount secured with such in rem security interest.

The Spanish Insolvency Law, in certain instances, also has the effect of modifying or impairing creditors' rights even if the creditor, either secured or unsecured, does not consent to the amendment. Secured and unsecured dissenting creditors may be written down not only once the insolvency has been declared by the judge as a result of the approval of a creditors' agreement (*convenio concursal*), but also as a result of an out-of-court restructuring agreement (*acuerdo de refinanciación pre-concursal*) without insolvency proceedings having been previously opened (e.g., refinancing agreements which satisfy certain requirements and are validated by the judge), in both scenarios (i) to the extent that certain qualified majorities are achieved and unless (ii) some exceptions in relation to the kind of claim or creditor apply (which would not be the case for the Notes).

The majorities legal regime envisaged for these purposes also hinges on (i) the type of the specific restructuring measure which is intended to be imposed (e.g., extensions, debt reductions or debt for equity swaps) as well as (ii) on the part of claims to be written-down (i.e. secured or unsecured, depending on the value of the collateral as calculated pursuant to the rules established in the Insolvency Law).

In no case shall subordinated creditors be entitled to vote upon a creditors' agreement during the insolvency proceedings, and accordingly, shall be always subject to the measures contained therein, if passed. Additionally, liabilities from those creditors considered specially related persons for the purpose of Article 93.2 of the Insolvency Law would not be taken into account for the purposes of calculating the majorities required for the out-of-court restructuring agreement (*acuerdo de refinanciación pre-concursal*).

As such, certain provisions of the Spanish Insolvency Law could affect the ranking of the Notes or claims relating to the Notes on an insolvency of the Issuer.

The proposed European financial transactions tax.

On 14 February 2013 the European Commission published a proposal for a Directive for a common financial transaction tax ("FTT") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). Recent withdrawal of Estonia from the list of participating Member States left ten remaining participants.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

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

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Exchange rate fluctuations may affect the value of the Notes.

If an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the unit of currency in which principal and interest on the Notes is paid (the "**Payment Currency**"), this could present certain risk relating to currency conversions. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Payment Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Payment Currency would decrease: (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. Any of the foregoing events could adversely affect the price of the Notes.

Notes which are linked to benchmarks

Notes which are linked to LIBOR, EURIBOR, EONIA and other interest rate or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms of each issue of Notes specified in the relevant Pricing Supplement or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to floating rate Notes whose interest rates are linked to LIBOR). Any such consequence could have a material adverse effect on the value of and return on any such Notes.

TERMS AND CONDITIONS

- Issuer:** Aernnova Aerospace Corporation, S.A.
- Risk Factors:** Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "*Risk Factors*" above.
- Dealers:** Banco Santander, S.A., Norbolsa Sociedad de Valores S.A., Bankia, S.A., and BRED Banque Populaire, S.A. and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular issue of Notes.
- Issue and Paying Agent:** The Bank of New York Mellon, London Branch.
- Listing Agent:** PKF ATTEST DEBT CAPITAL MARKETS, S.L.
- Maximum amount of the Programme** The aggregate principal amount of Notes outstanding at any time will not exceed €200,000,000 (or its equivalent in other currencies) subject to applicable legal and regulatory requirements. The maximum amount of the Programme may be increased from time to time in accordance with the Dealer Agreement.
- Currencies:** Notes may be denominated in Euro, Yen, Sterling, U.S. dollars and such other currencies as may be agreed between the Issuer and the relevant Dealer(s) from time to time, subject in each case to compliance with all applicable legal and regulatory requirements.
- Denominations:** Notes may have any denomination subject to compliance with any applicable regulatory requirements. The initial minimum denominations for the Notes are:
- (a) for U.S.\$ Notes, U.S.\$500,000 (and integral multiples of U.S.\$ 1,000 in excess thereof);
 - (b) for Euro Notes, €100,000 (and integral multiples of €1,000 in excess thereof);
 - (c) for Sterling Notes, £100,000 (and integral multiples of £1,000 in excess thereof);
 - (d) for Yen Notes, ¥100,000,000 (and integral multiples of ¥1,000,000 in excess thereof);
- or such other conventionally accepted denominations in those currencies as may be agreed between the Issuer and the Dealer from time to time, subject in the case of each currency (including those listed above) (i) to compliance with all applicable legal and regulatory requirements and (ii) to the minimum denomination being at least equal to the Euro equivalent of €100,000 (except in the case of Notes to be placed in the United Kingdom, in which case the minimum denomination will be the Euro equivalent of £100,000, or higher), and provided, however, that the Notes of each issuance may only be issued in equal denominations.
- Notes may, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".
- Term of the Notes:** The term of the Notes shall be not less than 1 day or more than 364 days from and including the date of issue to, but excluding, the maturity date, subject to legal and regulatory requirements.

Tax Redemption:	Early redemption will only be permitted for tax reasons as described in the terms of the Notes.
Redemption on Maturity:	The Notes will be redeemed at par unless provided otherwise in the relevant Pricing Supplement.
Issue Price:	The Issue Price of each issue of Notes will be set out in the relevant Pricing Supplement.
Yield Basis:	The Notes may be issued at a discount or a premium or may bear fixed or floating interest.
Status of the Notes:	The Notes constitute and at all times shall constitute a direct, unsecured and unsubordinated obligation of the Issuer ranking <i>pari passu</i> without any preference among themselves and with all present and future unsecured and unsubordinated obligations of the Issuer, other than those preferred by mandatory provisions of law and other statutory exceptions.
Taxation:	All payments under the Notes will be made without deduction or withholding for or on account any present or future Spanish taxes, except as stated in the Notes and as stated under the heading " <i>Taxation – Taxation in Spain</i> ".
Tax disclosure requirements:	<p>Under Law 10/2014 as well as Álava Decree 111/2008 and Royal Decree 1065/2007, as amended, the Issuer shall receive certain information relating to the Notes as described under "<i>Taxation – Taxation in Spain. Disclosure obligations in connection with the payments on the Notes</i>".</p> <p>On 29 May 2019, the Issuer and the Issue and Paying Agent entered into an issue and paying agency agreement where they arranged certain procedures to facilitate the collection of this information as required under Spanish law.</p> <p>If the Issue and Paying Agent fails to provide to the Issuer the information described under "<i>Taxation – Taxation in Spain. Disclosure obligations in connection with the payments on the Notes</i>", the Issuer may be required to withhold tax and may pay income in respect of such principal amount net of the Spanish withholding tax applicable to such payments (currently at the rate of 19 per cent).</p> <p>None of the Issuer, the Dealers, Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A., ("Clearstream, Luxembourg", together with Euroclear, the "ICSDs") assumes any responsibility for such withholding tax.</p>
Form of the Notes:	The Notes will be in bearer form. Each issue of Notes will initially be represented by one or more global notes (each a " Global Note " and together the " Global Notes "). Each Global Note which is not intended to be issued in new global note form (a " Classic Global Note " or " CGN "), as specified in the relevant Pricing Supplement, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Global Note which is intended to be issued in new global note form (a " New Global Note " or " NGN "), as specified in the relevant Pricing Supplement, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Global Notes may be exchanged in whole (but not in part) for definitive Notes (the " Definitive Notes ") in the limited circumstances set out in the Global Notes (see " <i>Certain Information in Respect of the Notes - Form of the Notes</i> ").
Listing and Trading:	Application has been made for the Programme to be admitted to listing on the Official List and to trading on the Main Securities Market. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or

markets agreed between the Issuer and the relevant Dealer. No Notes may be issued on an unlisted basis.

Delivery:

The Notes will be available in London for delivery to Euroclear or Clearstream, Luxembourg or to any other recognised clearing system in which the Notes may from time to time be held.

Account holders will, in respect of Global Notes, have the benefit of a deed of covenant dated 29 May 2019 (the "**Deed of Covenant**").

Selling Restrictions:

The offering and sale of the Notes is subject to all applicable selling restrictions including, without limitation, those of the United States of America, the United Kingdom, the Republic of Ireland, France, Japan and Spain (see "*Subscription and Sale*").

Governing Law:

The status of the Notes, the capacity of the Issuer and the relevant corporate resolutions shall be governed by Spanish law. Any non-contractual obligations arising out of or in connection with the Notes, the terms and conditions of the Notes and all related contractual documentation will be governed by, and construed in accordance with, English law.

Use of Proceeds:

The net proceeds of the issue of the Notes will be used for the general funding purposes of the Issuer.

Rating:

Not rated.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed with Euronext Dublin and shall be deemed to be incorporated in, and form part of, this Information Memorandum:

- (A) the translation into English of the audited consolidated financial statements of the Issuer for the year ended 31 December 2018 and the translation into English of the auditors' report thereon; and
- (B) the translation into English of the audited consolidated financial statements of the Issuer for the year ended 31 December 2017 and the translation into English of the auditors' report thereon.

Copies of the documents specified above as containing information incorporated by reference in this Information Memorandum may be inspected, free of charge, upon reasonable notice, at the specified offices (which are set out below) of the Issuer and the Issue and Paying Agent.

DESCRIPTION OF THE ISSUER

Introduction

The Issuer, Aernnova Aerospace Corporation, S.A., was incorporated as a public limited company (*sociedad anónima*) in Spain under the Spanish Companies Act for an indefinite term under the public deed executed before the Notary Public of Bilbao, Mr. Jose Antonio Gonzalez Ortiz, on March 20, 2006. It is registered in the Mercantile Registry of Álava at volume 1242, sheet VI11396, page number 210. The registered address of the Issuer is in Miñano Mayor (Álava), Parque Tecnológico de Álava, calle Leonardo Da Vinci, 13., Spain, telephone No. +34 945 18 56 00.

Business Overview

The Issuer is a leading independent aerostructures provider specialized in the design and manufacture of a broad range of technologically advanced aerostructures and related components for commercial aircraft, business jets, helicopters and military aircraft, with a strong expertise in the use of composite materials. The Issuer supplies a variety of metallic and composite aerostructures including empennages, wings, doors and fuselage sections. The Issuer currently designs and/or manufactures aerostructures and related components for over 20 aircraft programs including, among others, Airbus A350XWB, Boeing 787, Airbus A380, Airbus A330, Airbus A320, Airbus A220, Bombardier CRJ-700/900, Sikorsky S-92, Bell 505 Jet Ranger and, Embraer 175/190 and E2 and KC-390. In addition, the Issuer provides engineering services and technical assistance its aerospace customers and certain services and products to the automotive sector.

The Issuer revenues derives primarily from long-term supply agreements with its customers. In the year ended 31 December 2018, the Issuer generated revenues of € 683, million, with 79% circa of revenues derived from the civil aerospace market. In addition, at 31 December 2018, the Issuer had US\$ 3.5 billion in order backlog, which is equivalent to approximately 4.5 years of its total revenues coverage based on 2018 revenues and an exchange rate of US\$ 1.15 per euro.

The Issuer is optimally positioned across the supply chain as a leading tier 1 and tier 2 supplier of aerostructures and related components, contributing with cost efficiency, innovative and reliable solutions to the Issuer's customers through a flexible scope of activities performed by specialised and globalised business units. In recent years, the Issuer has expanded its customer base to include leading OEMs, among others, Airbus, Boeing, Bombardier, Embraer, Sikorsky, Bell and Agusta Westland. The Issuer assumes full responsibility for many of its aerospace programs over their product life cycle, from conceptual and detail design, testing and certification to serial production and service support.

The Issuer has its headquarters in the Basque region (Spain), production facilities in Spain, Romania, United States of America, Mexico and Brazil and a joint-venture in China.

The Issuer's operational excellence has been recognised with various awards by its customers, including Airbus, Boeing, Embraer, Bombardier and Sikorsky, and its key customer Airbus has acknowledged the Issuer as an Accredited Member (is a best class recognition awarded to only three of Airbus's top suppliers).

2018 Revenues Split by End Market.

The following table shows the Issuer's consolidated revenue by business area and on a consolidated basis for the years ended 31 December 2018 and 2017:

	2018	2017
	(€ in million)	(€ in million)
Commercial aerospace	507.6	526.7
Business jets	9.3	14.1
Helicopters & Defence	80.9	62.7
Automotive & Others	85.4	84.6
Total	683.2	688.1

History

The Issuer's business activities began in 1986 with the foundation of Fibertecnic, which manufactured composite components for Construcciones Aeronáuticas S.A. (CASA), which is now part of Airbus. Until 2006, Aernnova Aerospace, S.A. was part of the Gamesa group and operated under the name Gamesa Aeronáutica, S.A. In 2006, Synergy Industry and Technology, S.A. (currently, Aernnova Aerospace Corporation, S.A.) acquired all the shares of Aernnova Aerospace, S.A. from Gamesa.

Select Customer and Programme Milestones

1986 - 1995

- Start of business activity through the formation of Fibertecnic
- Contract with CASA (Airbus A320)
- Creation of Gamesa Aeronautica (Aernnova)
- Risk sharing contract with Embraer for ERJ145
- Risk sharing contract with Sikorsky for S-92

1996 - 2005

- Design and manufacture contract for Bombardier's CRJ-700-900
- Contract with Embraer for the E1-170/900 Family
- First engineering contract with Boeing for the development of B747
- Creation of Aernnova do Brasil
- Contract with Airbus for the A380

2006-2010

- Spin-off of Gamesa Aeronautica (Aernnova) from Gamesa in 2006
- Opening of Aernnova Mexico
- Risk sharing contract with Airbus for A350 XWB
- C series contract of design and manufacture the central wing box and tail cone
- Contract with Airbus Helicopters for the Superpuma AS332
- Contract to supply the Main Landing Gear Doors for A330
- Engineering support to the Boeing 787-8/9
- New manufacturing engineering plan in Romania

2011-2016

- Engineering services to General Electric Aviation and Goodrich for the A350 XWB program
- Contract with Bell Helicopter for the 505 Ranger X
- Contract with Embraer for the 175/190/195/E2
- Contract with Airbus to supply A350 Pax Doors
- Contract to design and manufacture Beluga fuselage
- Contract with Boeing to supply the RP bulkhead of the B787

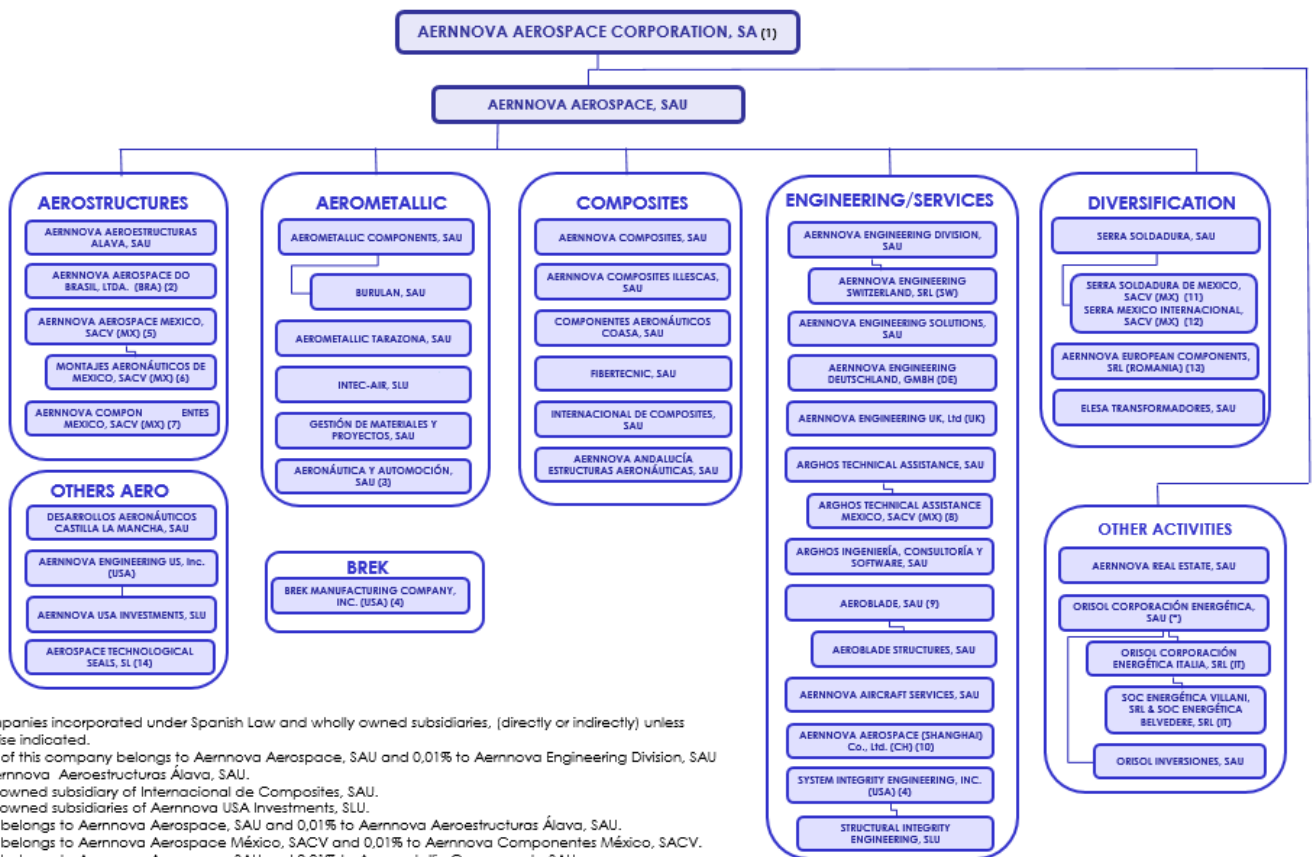
Recent events

- In April 2017, the Group has acquired Brek Manufacturing Company Inc, specialized in the manufacturing of highly complex structural components for the aircraft industry, located in Gardena (California). Brek Manufacturing Company started its activity in 1968 and has installations and equipment of advanced technology for the production of high accuracy mechanized components. With this acquisition, the Aernnova Group consolidates its growth in the North American market and accesses to new customers and markets through the new investee company

- Aernnova Aerospace (Shanghai) Co, Ltd Engineering reached an agreement with Comac to provide engineering services for the optimization for the C-919 program and for the new CR-929. Therefore, this agreement with Comac will allow the Aernnova Group to be well positioned to collaborate in the development of the new wide body CR-929.
- In the month of November 2018, the Group acquired System Integrity Engineering, Inc., an engineering company incorporated in 1981 with its headquarters in Chatsworth (CA), USA. The company's activities include the calculation, design, FAA certification, and project and purchase management in the field of structures, special projects, and aeronautical systems. It works on its own projects or as a consultant for other suppliers, both military and civilian. The company has offices in Los Angeles, Seattle, and Madrid. It is well-positioned in the aftermarket segment, which represents 99% of its income, and is specialized in reconversion and modification projects for aircraft and security installations for commercial VIP, government, and military aircraft. The Aernnova Group consolidates its expansion in the North American market, gaining access to new clients and markets via the new investee.

Organisational Structure

The diagram below sets forth a simplified overview of the Group's organisational structure as of the date of this Information Memorandum.



Notes:

- (1) All companies incorporated under Spanish Law and wholly owned subsidiaries, (directly or indirectly) unless otherwise indicated.
- (2) 99,99% of this company belongs to Aernnova Aerospace, SAU and 0,01% to Aernnova Engineering Division, SAU and Aernnova Aeroestructuras Álava, SAU.
- (3) Wholly owned subsidiary of Internacional de Composites, SAU.
- (4) Wholly owned subsidiaries of Aernnova USA Investments, SLU.
- (5) 99,99% belongs to Aernnova Aerospace, SAU and 0,01% to Aernnova Aeroestructuras Álava, SAU.
- (6) 99,99% belongs to Aernnova Aerospace México, SACV and 0,01% to Aernnova Componentes México, SACV.
- (7) 99,99% belongs to Aernnova Aerospace, SAU and 0,01% to Aerometallic Components, SAU.
- (8) 99,99% belongs to Arghos Technical Assistance, SAU and 0,01% to Aernnova Aerospace, SAU.
- (9) Wholly owned subsidiary to Aernnova Aerospace Corporation, SA.
- (10) 49% of this company belongs to Aernnova Aerospace SAU.
- (11) 99,99% belongs to Serra Soldadura, SAU and 0,01% to Aernnova Composites, SAU.
- (12) 99,99% belongs to Serra Soldadura de México, SACV and 0,01% to Aernnova Aerospace México, SACV.
- (13) 99,99% belongs to Aernnova Aerospace, SAU and 0,01% to Aerometallic Components, SAU.
- (14) 50% belongs to Aernnova Aerospace, SAU and 50% to 48IMAT15, SL (Tecnasa)

(*) Additional Notes:

Baker Creek Wind, LLC and Orisol Energy US (indirectly wholly owned subsidiaries of Orisol), are currently under liquidation process. Societă Energetică Villani, SRL and Societă Energetică Belvedere, SRL, have been sold by Orisol, currently pending fulfillment of conditions precedent.

Business Units

The Aernnova Group identifies the following operating segments:

- **Aerostructures and Components:** This includes the design, manufacturing and assembly of aerostructures, metallic and composite structures, mainly in Spain, Mexico, Brazil and United States.

- Engineering and Services: This includes design, manufacturing and systems engineering, mainly in Spain and the United States.
- Automotive: This includes the manufacturing of products for the automotive industry, mainly in Spain, Romania and Mexico.
- Others: This includes renewable energy generation, mainly in Italy registered as held for sale, the real estate businesses unrelated to the other segments and other types of minor operations.

In addition, the Issuer has the following product categories.

- Commercial, which includes aircraft projects for commercial aircraft.
- Business Jets, which includes aircraft projects for small private aircraft.
- Helicopters and Defence, which includes aircraft projects for military use.
- Automotive and Others, which includes supply to the automotive industry and other projects such as passenger rail.

Products and Services

The Issuer designs and manufactures a broad range of technologically on advanced aerostructures and components for civil aircraft, business jets, helicopters and military aircraft. As a tier 1 supplier, it produces integrated aerostructures and is typically responsible to the OEM for the management of a complete and integral work package involving various technologies and activities. The Issuer is particularly specialised in wings and empennages, including their related moveable and secondary structures, and also designs and produces fuselage sections and other integrated aerostructures. Its tier 1 capabilities also include engineering services that the Issuer provides to its customers. As a tier 2 supplier its customers are tier 1 suppliers, including both the Issuer's Integrated Aerostructures business unit and other non-Aernnova tier 1 suppliers, including OEMs in their role as tier 1 suppliers. In addition to producing components to be integrated into its own larger aerostructures, the Issuer also produces composite components, metallic components and subassemblies to be integrated into its customers own larger aerostructures. The Issuer's tier 2 capabilities are typically limited to manufacturing and do not include product development services that the Issuer offers at the tier 1 level.

Wings

The Issuer designs and manufactures aircraft wings and components for aircraft wings such as skin panels, stringers, spars, ribs, fittings, wingtips, winglets and fairings. Any and all of these parts can be made of aluminium or carbon fibre and typically are fastened or bonded together. Additionally, the Issuer designs and manufactures wing control surfaces and lift devices such as ailerons, flaps, speed brakes and ground spoilers needed for high and low speed stability and manoeuvres, including take-off and landing operations. The main components of these devices are skin panels, stringers, spars, ribs and fittings, and can also be made of aluminium or carbon fibre, which typically are fastened or bonded together.

Empennages

The Issuer designs and manufactures empennage structures and components of empennage structures such as leading edges, skin panels, stringers, spars, ribs, fittings, tips and fairings. These components which can be made of aluminium or carbon fibre and typically are fastened or bonded together. An empennage is the tail assembly of an aircraft that provides longitudinal and lateral stability in the air.

Additionally, the Issuer designs and manufactures empennage control surfaces such as elevators and rudders needed for high- and low-speed stability and manoeuvres, including take-off and landing operations. The main components of these devices are skin panels, stringers, spars, ribs, fittings and tips, and they can also be made of aluminium or carbon fibre and typically are fastened or bonded together.

Fuselage sections

The Issuer designs and manufactures fuselage sections and components of fuselage sections such as skins, stringers, frames, beams, fittings and pressure bulkheads. The Issuer also designs and manufactures specialised fuselage sections such as the swing zone for the Boeing 747-LCF and Section 50/60/70 of the Airbus A330 Beluga. In addition, the Issuer designs and manufactures various fuselage-type sections and components for helicopters.

Composite components

Composite materials are used in many of the components of the Issuer's integrated aerostructures, including wings, empennages and fuselage sections. Composite materials are also being sold as detail parts directly to non-Aernnova tier 1

suppliers and OEMs. Composite materials, which are typically carbon fibre and glass fibre, are widely used in the aircraft industry due to their excellent mechanical properties and light weighted when compared with other materials like aluminium, and they can be solid laminates, or sandwich laminates when there is a core material (nomex, aluminium, or others). The Issuer uses composites in a variety of structural parts such as spars, frames, beams, ribs, skins, stringers, fittings, tips, landing gear doors and fairings. For autoclave curing, the Issuer manufactures composite components with both hand lay-up and automated tape laying. In addition to autoclave curing, the Issuer uses resin transfer, infusion molding and filament winding technologies.

Metallic components and subassemblies

Metallic materials, mostly aluminium, are used in many of the components of the Issuer's integrated aerostructures, including wings, empennages and fuselage sections. Metallic materials are also being sold directly as detail parts to non-Aernnova tier 1 suppliers and OEMs. The Issuer uses metallic materials in a variety of structural parts such as spars, frames, beams, ribs, skins, stringers, fittings and clip.

The main manufacturing process and technologies used by the Issuer to produce metallic parts are:

- Machining: 5, 4, 3 axis; long, medium and small parts;
- Sheet metal forming: stretch, hydro, bending, break and routing;
- Surface treatments: penetrant inspection, anodizing, primer and painting; and
- Other special processes: heat treatment, chemical milling, shot peening and peen forming.

Engineering Services

The Issuer provides engineering services both to other internal units and to external customers. The Issuer's external customers of engineering services since 2004 include, among others, Boeing, Bombardier, Embraer, UTC Aerospace Systems (Goodrich), General Electric, Pilatus and Bell.

The main focus of the engineering department is the development of aerostructure products for the Issuer's customers. The Issuer's ability to undertake concurrent product and process development means that it can manage the process from concept definition, drafting and lofting, design and development, prototyping, testing and certification, all the way through the manufacturing phase and after-market support. The Issuer specialises in providing both complete work packages and specialised technical assistance and have been approved by the European Aviation Safety Agency ("EASA") as a Design Organization.

In addition to its product development and process engineering services, the Issuer provides technical assistance to its customers on an ad-hoc basis, in areas such as mechanical, electrical, software and hardware design and engineering.

The Issuer's aftermarket services are a key component of its customer service strategy. The Issuer's aftermarket group supplies over 70,000 spare parts annually to over 200 customers on five continents. It provides 24/7 service for emergency repairs of grounded aircraft and undertakes major repairs of aerostructures, averaging one such repair daily.

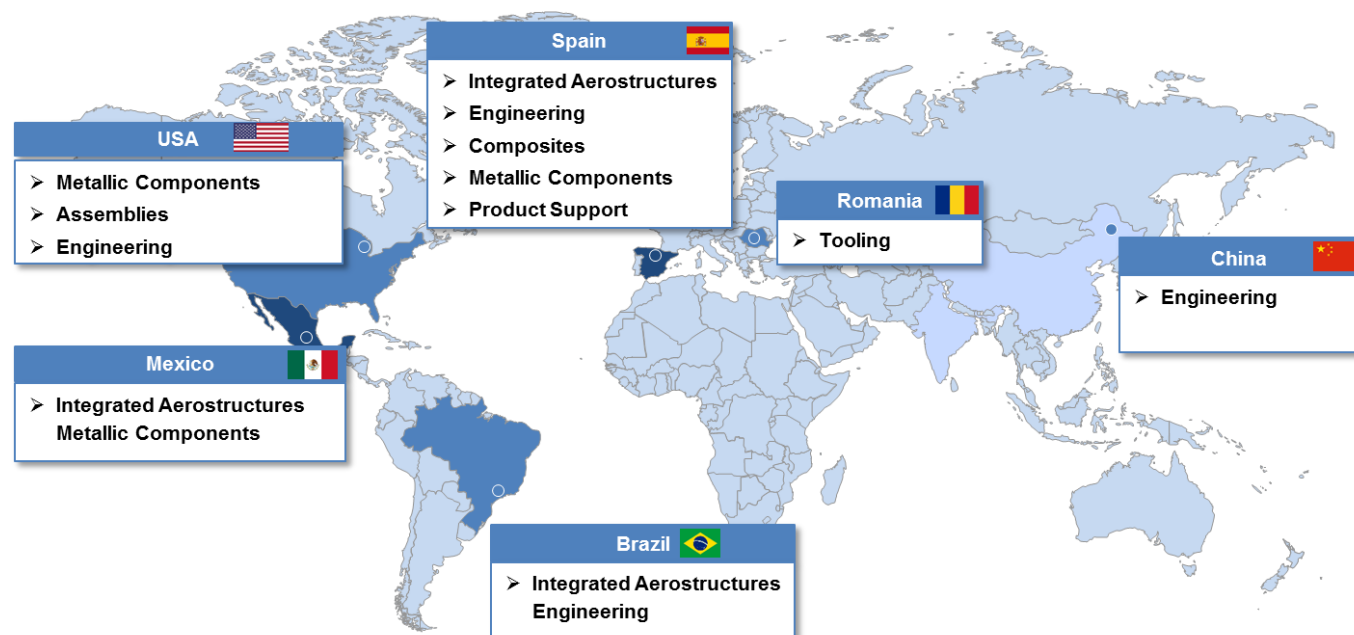
Other

In addition to aeronautical work, the Issuer is also engaged in a variety of projects for the automotive industry. It is specialised in the development of automated welding systems, including welding guns, electronic controls, transformers and bolt and nut feeders. The Issuer designs and delivers turnkey solutions for automotive assembly and welding lines and the design, analysis and simulation of automated solutions and also manufactures automotive components.

The Issuer also provides products and services to customers in other industries such as passenger rail, buildings and other defence applications.

Manufacturing Plants

Headquartered in Spain, Aernnova has expanded its presence globally through its manufacturing and engineering centres in Europe, America and Asia



The table below sets forth the location and primary activity of the Issuer's four principal manufacturing facilities, each of which the Issuer owns, at the date of this Information Memorandum.

Location	Primary Activity	Capabilities
Berantevilla (Spain)	Assembly of integrated aerostructures	<ul style="list-style-type: none"> - Capabilities to manage complex composite and metallic assemblies - Certified by most main OEMs
Toledo (Spain)	Manufacturing of composite components	<ul style="list-style-type: none"> - Technologies include automated fibre replacement (AFP), automated tape lay-up (ATL), hand lay-up for both solid and sandwich laminate, resin transfer moulding (RTM), filament winding - Manufacturing of structural significant parts including spars, ribs and skins - Certified by most main OEMs
Los Angeles (US)	Manufacturing of metallic components	<ul style="list-style-type: none"> - Vertically integrated one stop workshop - Technologies include long bed Gantries machining, High speed machines, Multi spindle, - Certified by all main OEMs
Querétaro (Mexico)	Assembly of integrated aerostructures and manufacturing of metallic components	<ul style="list-style-type: none"> - Capabilities to manage complex metallic assemblies - Technologies include sheet metal forming, aluminium alloys machining, surface and heat treatment, paint shops, and the assembly and integration of complex structures - Certified by Textron Aviation, Bell, Sikorsky, Bombardier, Embraer and Fokker

Customers

The Issuer's primary customers are aircraft OEMs. Airbus is the largest customer, representing 67% of the order backlog at 31

December 2018, followed by Embraer, Bombardier, Boeing, Leonardo and Bell Helicopter.

The Issuer has long-standing relationships with many of the major OEMs due to its diverse product and services offerings, leading engineering and manufacturing capabilities using both metallic and composite materials, performance excellence, track record and competitive pricing.

Contracts with OEMs as a tier 1 supplier often take the form of risk sharing partnerships in which the Issuer, as a supplier, assumes full responsibility for the management of a complete and integrated structural work package involving many processes and technologies (including assembly, composite parts, metallic parts, fasteners, labour and raw materials) and associated activities and scope of work such as design, analysis, development, tooling, testing, prototypes, manufacturing, ramp-up, serial production, and product support.

There are three types of supply contracts for individual aircraft programs. In Design and Build agreements the Issuer is commissioned to both design a given aerostructure or component and also, to manufacture and supply it to the customer. Under Build to Print agreements the Issuer manufactures aerostructures and components pursuant to the customers' designs and specifications. In Design agreements the Issuer only undertakes the engineering activities of an aerostructure or component which is then manufactured by the OEM or a third party.

In addition to leading aircraft OEMs and other tier 1 suppliers, the Issuer provides products and services to customers in other industries such as passenger rail, automotive and other defence applications.

Aircraft Programs

Set forth in the table below are the Issuer's major aircraft programs at the date of this Information Memorandum:

Programs	Scope	Work packages
Airbus Main Programs:		
A350	Design & Build	Horizontal tail plane ("HTP") assemblies and components Elevators Main landing gear bay bulkhead
	Build to Print	Rudder Passenger composite doors (2 & 4) Air inlet panels Pylon spar
	Design	Wing fixed trailing edge (support to GE Aviation)
A330 Beluga	Design & Build	Rear upper fuselage Dorsal fin Fish tail Vertical tail planes (VTP) fairing
A330	Build to Print	Main landing gear doors Elevator components
A320	Build to Print	Main landing gear doors Elevators
A220	Design & Build	Center wing box Tail cone
	Design	Front and mid fuselage
Airbus Defence & Space Main Programs:		
A400M	Build to Print	HTP ribs HTP miscellaneous parts Common cowls Various metal connection parts
C295/CN235	Build to Print	Cowlings assembly Nose landing gear door Elevators
Eurofighter	Build to Print	Wing conduct Ammunition box Flare dispenser

Programs	Scope	Work packages
Embraer Main Programs:		
ERJ-145	Design & Build	Complete and equipped wing: Wing box, leading and trailing edges Flaps, ailerons, spoilers Wing to body fairing Engine nacelles, inlet and Thrust Reverser
EMB 170-190	Design & Build	Complete empennage and rear fuselage: Horizontal stabiliser and elevator Vertical stabiliser and rudder Rear fuselage, including pressure bulkhead
KC-390	Design & Build	Wing movables (flaps & ailerons) Rudder
	Design	Rear fuselage I and II Cargo ramp and cargo door
	Build to Print	HTP composite components
E2	Design & Build	Horizontal and vertical stabilisers
	Design	Forward fuselage
Boeing		
B787	Build to print	Rear Pressure Bulkhead (FP)
B737	Build to print	Machining
Bombardier Main Programs:		
CRJ 700-900-1000	Design & Build (900-1000)	Horizontal stabiliser and elevators Vertical stabiliser
Helicopters Main Programs		
Sikorsky S-92/H-92	Design & Build	Rear fuselage/aft transition tailcone HTP, engine cowlings, main rotor pylon and cargo ramp Systems: electric, hydraulics, actuators
Airbus H. Superpuma H225	Build to Print	Tail boom, lower and upper structure (floor to floor) Components and assemblies
Agusta Westland NH-90	Build to Print	Complete fuselage and tail boom Front fuselage composite panels
Airbus H. Tiger H135	Build to Print	Tiger attack helicopter: rear fuselage and Horizontal stabiliser skins and components EC 135: rear fuselage skins
Bell 505 Jet Ranger	Build to Print	Floor assembly Mid-cabin assembly Forward fuselage assembly Tailboom
Other Programs		
Pilatus PC24	Design	Complete and equipped wing Main boxes Flaps, ailerons and speed brakes Systems: electric, fuel and actuators

Intellectual Property

The Issuer has patents pertaining to its processes and products. While the Issuer considers its patents, in the aggregate, to be very important to its business, no individual patent or group of patents is of material importance. The Issuer takes a proactive approach to the protection of its proprietary knowledge, product definitions, management procedures and critical operations processes and relies on confidentiality agreements when discussing technical matters with other parties, including its customers and suppliers.

Intellectual property related to products and processes developed for its customers generally is at all times the property of the relevant customer. As such, the Issuer does not register patents or trademarks with respect to technologies developed for its clients.

Main Aerospace Certifications and Approvals

Aernnova holds a wide portfolio of Aerospace Certifications and Approvals from Airworthiness Authorities and Customers including Design (DOA), Production (POA) and Maintenance (MOA) from EASA and AP1020 from Airbus for the Management and Cascade of Design Organization Authority & Signatory.

CERTIFICADOS DE CALIDAD / QUALITY CERTIFICATES

SYSTEM CERTIFICATIONS

- EASA Part 21 Subpart J DOA-Design Organization Approval Since Jun-2008
- EASA (European Aviation Safety Agency) EASA Part 21 Subpart G POA- Production Organization Approval Since Sep-2009
- AESA (Agencia Española de Seguridad Aérea) EASA Part 145 MOA - Maintenance Organization Approval Since May-2001
- AESA (Agencia Española de Seguridad Aérea) FAR 145 Federal Aviation Administration-Repair Station Since Dec-2011
- REGAL / ADAP 2119/2216 (NATO) Defense Sector Quality Management System Since Sep-2009
- EN 9100:2009 (IAQG) Aerospace Quality Management System Since Nov-2002
- EN 9128:2010 (IAQG) Aerospace Quality Management System Since Dec-2011
- UNE-EN-ISO-9001:2008 Quality Management System Since Apr-1995
- ISO 14001:2004 Environmental Management System Since Jan-2004

PROCESS CERTIFICATIONS

- PRI Nadcap-CP (AAMI Andalucía) CHEMICAL PROCESSING Since Jun-2010
- PRI Nadcap-CP (AAMI Aerospace Mexico) CHEMICAL PROCESSING Since Sep-2009
- PRI Nadcap-NDT (Fiberoptic) NON DESTRUCTIVE TESTING Since Jul-2005
- PRI Nadcap-GOMP (Fiberfract) COMPOSITES MANUFACTURING Since Jun-2009
- PRI Nadcap-NDT (AAMI Composites II local) NON DESTRUCTIVE TESTING Since Jun-2012
- PRI Nadcap-SE (AAMI Composites México) SURFACE ENHANCEMENT/Shot Peening Since Sep-2013
- PRI Nadcap-CP (COASA) CHEMICAL PROCESSING Since Jun-2014
- PRI Nadcap-NDT (Intra-Air) NON DESTRUCTIVE TESTING Since Jun-2008
- PRI Nadcap-GOMP (COASA) COMPOSITES MANUFACTURING Since Jun-2009
- PRI Nadcap-NDT (HCLAY) NON DESTRUCTIVE TESTING Since Jun-2009
- PRI Nadcap-NDT (HMF-E) NON DESTRUCTIVE TESTING Since Mar-2005
- PRI Nadcap-SE (A-Air) SURFACE ENHANCEMENT/Shot Peening Since Nov-2014
- PRI Nadcap-SE (HMF-E) SURFACE ENHANCEMENT/Shot Peening Since Jun-2007
- PRI Nadcap-RT (Delco-Air) HEAT TREATMENT Since Jan-2007
- PRI Nadcap-CP (HMF-E) CHEMICAL PROCESSING Since Apr-2007
- PRI Nadcap-COMP (HCLAY) COMPOSITES MANUFACTURING Since Mar-2007
- PRI Nadcap-CP (Intra-Air) CHEMICAL PROCESSING Since May-2007
- PRI Nadcap-CP (A-Air) CHEMICAL PROCESSING Since Dec-2013
- PRI Nadcap-NDT (COASA) NON DESTRUCTIVE TESTING Since Jul-2008
- PRI Nadcap-NDT (AAMI Composites México) CHEMICAL PROCESSING Since Sep-2010
- PRI Nadcap-NDT (AAMI Composites México) NON DESTRUCTIVE TESTING Since May-2009
- PRI Nadcap-CP (Aernnova Aeroestructuras Alena-Site Baranville) CHEMICAL PROCESSING Since Jan-2012
- PRI Nadcap-p-COMP (AAMI Composites Mexico) COMPOSITES MANUFACTURING Since Apr-2013

(*) 88% with Merit 1. Used PRI Nadcap certifications represent specific recognition of best practices in aerospace. For outstanding quality performance on special processes.

<u>Main customers approval</u>	
AIRBUS	GE AVIATION
AIRBUS DEFENCE & SPACE	GOODRICH
AIRBUS HELICOPTERS	LEONARDO
BEECHCRAFT	MOONEY
BELL HELICOPTER	NORTHROP GRUMMAN
THE BOEING COMPANY	PILATUS
BOMBARDIER AEROSPACE	PIPER
BOMBARDIER LEARJET	ROLLS ROYCE
EMBRAER	SIKORSKY
GE AVIATION	SPACEX
	SPIRIT
GOODRICH	AEROSYSTEMS
LEONARDO	STELIA
MOONEY	TRIUMPH GROUP INC

Engineering and Research and Development Activity

The Issuer has strong engineering capabilities, which allow it to participate in research and development projects of varied nature and with different partners.

Part of its engineering activity is dedicated to general technological innovation initiatives, such as its partnership in the Clean Sky 2 European Program, which is focused on developing new smart wing structures. The Issuer typically invests between 2% and 4% of its net revenues in these research initiatives. Other projects are related to the design of specific aircraft programs, such as two initiatives associated with the partnerships related to the Embraer E2 program. Finally, some others projects are done in collaboration with other private companies, such as Airbus, SAAB or GKN among others. The Issuer invests typically 2% of its revenues in these development activities. In Spain, these projects benefit from a special tax treatment.

These research and development projects are supported by public institutions such as the Spanish Ministry of Economy and Competition, the European Union's Horizon 2020 Commission and 7th Framework Programme, as well as by the Spanish Center for the Development of Industrial Technology (*Centro para el Desarrollo Tecnológico Industrial*).

Environmental Matters

The Issuer operations and facilities are subject to various environmental, health and safety laws and regulations in the various jurisdictions in which it operates, governing, among other matters, the emission, discharge, handling and disposal of regulated materials, the investigation and remediation of contaminated sites, and permits required in connection with its operations. The

Issuer's operations are designed, maintained and operated to promote protection of human health and the environment. Although the Issuer believes that its operations and facilities are in material compliance with applicable environmental and worker protection laws and regulations, management cannot provide assurance that future changes in such laws or their enforcement, or the nature of its operations will not require the Issuer to make significant additional expenditures to ensure continued compliance. Further, the Issuer could incur substantial costs, including costs to reduce air emissions, clean-up costs, fines and sanctions, and third-party property damage or personal injury claims as a result of violations of or liabilities under environmental laws, relevant common law or the environmental permits required for the Issuer's operations.

Insurance

The Issuer has obtained insurance for its operations that the Issuer believes is substantially in line with that of similar companies in the industry and which exceeds legal requirements to carry insurance against certain risks. The Issuer works with a leading insurance broker to maintain a comprehensive insurance programme through a portfolio of leading insurers worldwide to address its potential risks regarding damages, business losses, liabilities and financial risks. The Issuer's insurance programme is in full effect, with all due premiums paid.

Management – Board of Directors

Issuer's current Board of Directors

Member	Condition
Kaizaharra Corporacion SLU represented by Juan Ignacio Lopez Gandasegui.....	Chairman
Pedro Fuente Arce.....	Vice President
Everest Holdings BV represented by Jose M ^a Arellano Navarro.....	
Alfredo Tennenbaum.....	Vocal
Fahd El Kadiri.....	Vocal.
Karim Saddi.....	Vocal
Joseph Knoll.....	Vocal
David Barger.....	Vocal
AML SAS represented by Marwan Lahoud.....	Vocal
PL1 SARL represented by Javier de la Rica Aranguren.....	Vocal
Hipólito Suarez Gutierrez.....	Secretary Non member

Share capital and major shareholders

The Issuer's current share capital is represented by 83,488,960 shares with a par value of € 0.05 each, forming a single class. The share capital is fully paid up.

The share capital of the Issuer is not listed on any stock exchange market.

As at 31 December 2018, the largest shareholders of the Issuer were:

Shareholder	% shareholding
Everest Holding BV	37.55%
Management	24.21%
ANV Co Invest LP	13.60%
Torreal Sociedad de Capital Riesgo	9.98%
PL 1 SARL	14.66%

Employees

The table below sets forth the Issuer's number of total full-time employees by category at 31 December 2017 and 31 December 2018:

	2017	2018
Directors and Senior Managers.....	9	9
Managers.....	109	109
Other professionals.....	4,435	4,575
TOTAL.....	4,553	4,693

As at the date of this Information Memorandum, the Issuer has no outstanding obligations in respect of pension plans or early retirement plans.

Legal Proceedings

The Issuer is involved in a number of legal, governmental and tax proceedings in connection with its operations in the normal course of business. The Issuer establishes reserves for litigation and other contingent liabilities where it considers it probable that a claim will be resolved unfavourably and where it can reasonably estimate the potential loss involved. At 31 December 2018, the Issuer has established a reserve amounting to €250,000 allocated to cover liabilities for litigation and other claims for which the Issuer or other Group companies are defendants.

CERTAIN INFORMATION IN RESPECT OF THE NOTES

Key information

The persons involved in the Programme and the capacities in which they act are specified at the end of this Information Memorandum.

The net proceeds of the issue of the Notes will be used for the general funding purposes of the Issuer.

Information Concerning the Securities to be admitted to trading

Total amount of Notes admitted to trading

The aggregate amount of each issue of Notes will be set out in the applicable Pricing Supplement.

The maximum aggregate principal amount of Notes which may be outstanding at any one time is €200,000,000 (or its equivalent in other currencies). Such amount may be increased from time to time in accordance with the Dealer Agreement.

Type and class of Notes

Notes will be issued in tranches. Global Notes shall be issued (and interests therein exchanged for definitive Notes, if applicable) in the following minimum denominations:

- (a) for U.S.\$ Notes, U.S.\$500,000 (and integral multiples of U.S.\$1,000 in excess thereof);
- (b) for Euro Notes, €100,000 (and integral multiples of €1,000 in excess thereof);
- (c) for Sterling Notes, £100,000 (and integral multiples of £1,000 in excess thereof); or
- (d) for Yen Notes, ¥100,000,000 (and integral multiples of ¥1,000,000 in excess thereof),

or such other conventionally accepted denominations in those currencies as may be agreed between the Issuer and the Dealer(s) from time to time, subject in the case of each currency (including those listed above) (i) to compliance with all applicable legal and regulatory requirements and (ii) to the minimum denomination being at least equal to the Euro equivalent of €100,000 (except in the case of Notes to be placed in the United Kingdom, in which case the minimum denomination will be the Euro equivalent of £100,000, or higher), and provided, however, that the Notes of each issuance may only be issued in equal denominations.

Notes may, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 ("FSMA") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".

The international security identification number of each issue of Notes will be specified in the relevant Pricing Supplement.

Legislation under which the Notes have been created

The status of the Notes, the capacity of the Issuer and the relevant corporate resolutions shall be governed by Spanish law. Any non-contractual obligations arising out of or in connection with the Notes, the terms and conditions of the Notes and all related contractual documentation will be governed by, and construed in accordance with, English law.

Form of the Notes

The Notes will be in bearer form. Each issue of Notes will initially be represented by a Global Note which will be deposited with a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant

clearing system. Each Classic Global Note, as specified in the relevant Pricing Supplement, will be deposited on or around the relevant issue date with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each New Global Note, as specified in the relevant Pricing Supplement, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Global Note may, if so specified in the relevant Pricing Supplement, be exchangeable for Notes in definitive bearer form in the limited circumstances specified in the relevant Global Note.

On 13 June 2006, the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

Currency of the Notes

Notes may be issued in Euro, Yen, Sterling and United States dollars and such other currencies as may be agreed between the Issuer and the relevant Dealer(s) from time to time and subject to the necessary regulatory requirements having been satisfied.

Status of the Notes

The Notes constitute and at all times shall constitute a direct, unsecured and unsubordinated obligation of the Issuer ranking *pari passu* without any preference among themselves and with all present and future unsecured and unsubordinated obligations of the Issuer, other than those preferred by mandatory provisions of law and other statutory exceptions.

In the event of insolvency (*concurso*) of the Issuer, under the Spanish Insolvency Law claims relating to Notes will be ordinary credits (*créditos ordinarios*) as defined by the Spanish Insolvency Law unless they qualify as subordinated credits (*créditos subordinados*) in the limited circumstances set out in Article 92 of the Spanish Insolvency Law. Ordinary credits rank below credits against the insolvency state (*créditos contra la masa*) and privileged credits (*créditos privilegiados*).

Rights attaching to the Notes

Each issue of Notes will be the subject of a Pricing Supplement which, for the purposes of that issue only, supplements the terms and conditions set out in the relevant Global Note or, as the case may be, definitive Notes and must be read in conjunction with the relevant Notes. See "*Forms of Notes*" and "*Form of Pricing Supplement*".

Maturity of the Notes

The Maturity Date applicable to each issue of Notes will be specified in the relevant Pricing Supplement. The term of the Notes shall be not less than 1 day or more than 364 days from and including the Issue Date to, but excluding, the Maturity Date, subject to applicable legal and regulatory requirements.

Optional Redemption for Tax Reasons

The Issuer may redeem Notes (in whole but not in part) if (a) it is not entitled to claim a deduction in computing taxation liabilities in Spain in respect of any interest to be made on the next Interest Payment Date or the value of such deduction to the Issuer is materially reduced, or (b) it has or will become obliged to pay additional amounts pursuant to the terms and conditions of the Notes as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction) which change or amendment becomes effective on or after the issue date of the relevant Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Prescription

Claims for payment of principal and interest in respect of the Notes shall become prescribed and void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, five years after the relevant Interest Payment Date in each case as specified in the relevant Pricing Supplement.

Yield Basis

Notes may be issued on the basis that they will be interest bearing or they may be issued at a discount (in which case they will not bear interest). The yield basis in respect of Notes bearing interest at a fixed rate or the discount rate, if applicable, will be set out in the relevant Pricing Supplement.

Authorisations and approvals

The establishment of the Programme and the issuance of Notes pursuant thereto were authorised by resolutions of the general shareholders meeting of the Issuer adopted on 21 March 2019 and resolutions of the board of directors of the Issuer adopted on 21 March 2019.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Admission to trading and dealing arrangements

Application has been made to Euronext Dublin for Notes issued under the Programme during the period of twelve months after the date of this Information Memorandum to be admitted to the Official List and to trading on the Main Securities Market of Euronext Dublin. Notes may be listed, traded and/or quoted on any other listing authority, stock exchange and/or quotations system, as may be agreed between the Issuer and the relevant Dealer. No Notes may be issued on an unlisted basis.

The Bank of New York Mellon, London Branch at One Canada Square, London E14 5AL, United Kingdom is the Issue and Paying Agent in respect of the Notes.

PKF ATTEST DEBT CAPITAL MARKETS, S.L., Orense, 81, 7^a Planta, 28020, Madrid, Spain is the Listing Agent in respect of the Notes.

Expense of the admission to trading

The expense in relation to the admission to trading of each issue of Notes will be specified in the relevant Pricing Supplement.

Additional Information

The legal advisers and capacity in which they act are specified at the end of this Information Memorandum.

The Notes to be issued under the Programme have not been rated.

FORM OF NOTES

PART A - Form of Multicurrency Global Note

THE SECURITIES REPRESENTED BY THIS GLOBAL NOTE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**") OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE SECURITIES OF THE TRANCHE OF WHICH THIS SECURITY FORMS PART.

AERNOVA AEROSPACE CORPORATION, S.A.

(incorporated with limited liability under the laws of Spain)

€200,000,000

EURO-COMMERCIAL PAPER PROGRAMME

1. For value received, Aernnova Aerospace Corporation, S.A. (the "**Issuer**") promises to pay to the bearer of this Global Note on the Maturity Date set out in the Pricing Supplement or on such earlier date as the same may become payable in accordance with paragraph 4 below (the "**Relevant Date**"), the Nominal Amount or, as the case may be, Redemption Amount set out in the Pricing Supplement, together with interest thereon, if this is an interest bearing Global Note, at the rate and at the times (if any) specified herein and in the Pricing Supplement. Terms defined in the Pricing Supplement attached hereto but not otherwise defined in this Global Note shall have the same meaning in this Global Note.

All such payments shall be made in accordance with an issue and paying agency agreement dated 29 May 2019 (as amended and restated or supplemented from time to time, the "**Agency Agreement**") between the Issuer and The Bank of New York Mellon, London Branch as the issue and paying agent (the "**Issue and Paying Agent**"), a copy of which is available for inspection, upon reasonable notice, at the offices of the Issue and Paying Agent at One Canada Square, London E14 5AL, United Kingdom, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Global Note at the office of the Issue and Paying Agent referred to above by transfer to an account denominated in the Specified Currency set out in the Pricing Supplement maintained by the bearer with a bank in the principal financial centre in the country of the Specified Currency or, in the case of a Global Note denominated in Euro, by transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Union. The Issuer undertakes that, so long as the Notes are listed, traded and/or quoted on any listing authority, stock exchange and/or quotation system, there will at all times be a paying agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system.

Notwithstanding the foregoing, presentation and surrender of this Global Note shall be made outside the United States and no amount shall be paid by transfer to an account in the United States, or mailed to an address in the United States. In the case of a Global Note denominated in U.S. dollars, payments shall be made by transfer to an account denominated in U.S. dollars in the principal financial centre of any country outside of the United States that the Issuer or the Issue and Paying Agent so chooses.

2. If the Pricing Supplement specifies that the New Global Note form is applicable, this Global Note shall be a "**New Global Note**" or "**NGN**" and the Nominal Amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs (as defined below). The records of the ICSDs (which expression in this Global Note means the records that each ICSD holds for its customers which reflect the amount of such customers' interests in the Notes (but excluding any interest in any Notes of one

ICSD shown in the records of another ICSD)) shall be conclusive evidence of the Nominal Amount of Notes represented by this Global Note and, for these purposes, a statement issued by an ICSD (which statement shall be made available to the bearer upon request) stating the Nominal Amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the ICSD at that time.

If the Pricing Supplement specifies that the New Global Note form is not applicable, this Global Note shall be a "**Classic Global Note**" or "**CGN**" and the Nominal Amount of Notes represented by this Global Note shall be the Nominal Amount stated in the Pricing Supplement or, if lower, the Nominal Amount most recently entered by or on behalf of the Issuer in the relevant column in the Schedule hereto.

3. All payments in respect of this Global Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any taxing authority or agency thereof or therein ("**Taxes**"). If the Issuer or any agent thereof is required by law or regulation to make any deduction or withholding for or on account of Taxes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Global Note or the holder or beneficial owner of any interest herein or rights in respect hereof (the "**holder**") after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that the Issuer shall not be required to pay any additional amounts in relation to any payment:
 - (a) to, or to a third party on behalf of, a holder who is liable for such Taxes in respect of such Note by reason of his having some connection with the jurisdiction imposing the Taxes other than the mere holding of such Note;
 - (b) to, or to a third party on behalf of, a holder who would have been able to avoid such deduction or withholding by presenting a certificate of tax residence and/or such other document evidencing its tax residence required by the competent tax authorities;
 - (c) in respect of any Note presented for payment more than 15 days after the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date or (in either case) the date on which the payment hereof is duly provided for, whichever occurs later, except to the extent that the relevant holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of 15 days;
 - (d) to, or to a third party on behalf of, individuals resident for tax purposes in the Kingdom of Spain, if the Spanish tax authorities determine that payments made to such individuals are not exempt from withholding tax and require a withholding to be made;
 - (e) to, or to a third party on behalf of, a Spanish resident legal entity subject to Spanish Corporate Income Tax, if the Spanish tax authorities determine that the Notes do not comply with the exemption requirements specified in article 9.5 of Álava Decree 111/2008;
 - (f) to, or to a third party on behalf of, a holder if the Issuer does not receive any relevant information as may be required by Spanish tax law, regulation or binding ruling or in case the current information procedures are modified, amended or supplemented by any Spanish law, regulation or binding ruling; or
 - (g) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Section 1471 through 1474 of the Code (including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-U.S. laws enacted with respect thereto).
4. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 14 days' notice to the holders (which notice shall be irrevocable), at the Redemption Amount specified in

the Pricing Supplement, together with (if this Note is an interest bearing Note) interest accrued to the date fixed for redemption, if:

- (a) the Issuer (a) is not entitled to claim a deduction in computing taxation liabilities in Spain in respect of any interest to be made on the next Interest Payment Date or the value of such deduction to the Issuer is materially reduced, or (b) has or will become obliged to pay additional amounts as provided or referred to in paragraph 3 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision thereof or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date specified in the Pricing Supplement; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issue and Paying Agent:

- (a) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (b) an opinion of independent legal advisers of recognised standing at the cost of the Issuer to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with this paragraph.

- 5. The Issuer or any subsidiary of the Issuer may at any time purchase Notes in the open market or otherwise and at any price.
- 6. All Notes so purchased by the Issuer otherwise than in the ordinary course of business of dealings in securities or as a nominee shall be cancelled and shall not be reissued or resold. All Notes so purchased by any subsidiary of the Issuer may be cancelled, held by such subsidiary or resold.
- 7. On each occasion on which:
 - (i) *Definitive Notes*: Notes in definitive form are delivered; or
 - (ii) *Cancellation*: Notes represented by this Global Note are to be cancelled in accordance with paragraph 6,

the Issuer shall procure that:

- (a) if the Pricing Supplement specifies that the New Global Note form is not applicable, (i) the aggregate principal amount of such Notes; and (ii) the remaining Nominal Amount of Notes represented by this Global Note (which shall be the previous Nominal Amount hereof less the aggregate of the amount referred to in (i) above) are entered in the Schedule hereto, whereupon the Nominal Amount of Notes represented by this Global Note shall for all purposes be as most recently so entered; and
- (b) if the Pricing Supplement specifies that the New Global Note form is applicable, details of the exchange or cancellation shall be entered *pro rata* in the records of the ICSDs and the Nominal

Amount of the Notes entered in the records of the ICSDs and represented by this Global Note shall be reduced by the principal amount so exchanged or cancelled.

8. The payment obligations of the Issuer represented by this Global Note constitute and at all times shall constitute a direct, unsecured and unsubordinated obligation of the Issuer ranking *pari passu* without any preference among themselves and with all present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law and other statutory exceptions.
9. If the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date, is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day (unless that date falls more than 364 days after the Issue Date, in which case payment shall be made on the immediately preceding Payment Business Day) and the bearer of this Global Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in this Global Note:

"Payment Business Day" means any day other than a Saturday or Sunday which is either (i) if the Specified Currency set out in the Pricing Supplement is any currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the Specified Currency set out in the Pricing Supplement or (ii) if the Specified Currency set out in the Pricing Supplement is Euro, a day which is a TARGET Business Day; and

"TARGET Business Day" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System, which utilises a single shared platform and which was launched on 19 November 2007, or any successor thereto, is operating credit or transfer instructions in respect of payments in Euro.

10. This Global Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof free and clear of any equity, set-off or counterclaim on the part of the Issuer against any previous bearer hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
11. This Global Note is issued in respect of an issue of Notes of the Issuer and is exchangeable in whole (but not in part only) for duly executed and authenticated bearer Notes in definitive form (whether before, on or, subject as provided below, after the Maturity Date):
 - (a) if one or both of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A., Luxembourg ("**Clearstream, Luxembourg**") and, together with Euroclear, the international central securities depositories or "**ICSDs**") or any other relevant clearing system in which this Global Note is held at the relevant time is closed for business for a continuous period of 14 days (other than by reason of weekends or public holidays, statutory or otherwise) or if any such clearing system announces an intention, or does in fact, permanently cease to do business;
 - (b) if default is made in the payment of any amount payable in respect of this Global Note; or
 - (c) if the Notes are required to be removed from Euroclear, Clearstream, Luxembourg or any other clearing system and no suitable (in the determination of the Issuer) alternative clearing system is available.

Upon presentation and surrender of this Global Note during normal business hours to the Issuer at the offices of the Issue and Paying Agent (or to any other person or at any other office outside the United States as may be designated in writing by the Issuer to the bearer), the Issue and Paying Agent shall authenticate and deliver, in exchange for this Global Note, bearer definitive notes denominated in the Specified Currency set out in the Pricing Supplement in an aggregate nominal amount equal to the Nominal Amount of this Global Note.

12. If, upon any such default and following such surrender, Definitive Notes are not issued in full exchange for this Global Note before 5.00 p.m. (London time) on the thirtieth day after surrender, this Global Note (including the obligation hereunder to issue definitive notes) will become void and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under a Deed of Covenant dated 29 May 2019, entered into by the Issuer).
13. If this is an interest bearing Global Note, then:
- (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Global Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day; and
 - (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Global Note, the Issuer shall procure that:
 - (i) if the Pricing Supplement specifies that the New Global Note form is not applicable, the Schedule hereto shall be duly completed by the Issue and Paying Agent to reflect such payment; and
 - (ii) if the Pricing Supplement specifies that the New Global Note form is applicable, details of such payment shall be entered pro rata in the records of the ICSDs.
14. If this is a fixed rate interest bearing Global Note, interest shall be calculated on the Nominal Amount as follows:
- (a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days at the Rate of Interest specified in the Pricing Supplement with the resulting figure being rounded to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards); and
 - (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an "Interest Period" for the purposes of this paragraph.
15. If this is a floating rate interest bearing Global Note, interest shall be calculated on the Nominal Amount as follows:
- (a) in the case of a Global Note which specifies LIBOR as the Reference Rate in the Pricing Supplement, the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Pricing Supplement (if any) above or below LIBOR. Interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days.

As used in this Global Note (and unless otherwise specified in the Pricing Supplement):

"**LIBOR**" shall be equal to the rate defined as "LIBOR-BBA" in respect of the Specified Currency (as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Global Note, (the "**ISDA Definitions**") as at 11.00 a.m. (London time) or as near thereto as practicable on the second London

Banking Day before the first day of the relevant Interest Period or, if this Global Note is denominated in Sterling, on the first day thereof (a "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate; and

"**London Banking Day**" shall mean a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

- (b) in the case of a Global Note which specifies EURIBOR as the Reference Rate in the Pricing Supplement, the Rate of Interest will be the aggregate of EURIBOR and the Margin specified in the Pricing Supplement (if any) above or below EURIBOR. Interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Global Note (and unless otherwise specified in the Pricing Supplement), "**EURIBOR**" shall be equal to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) as at 11.00 a.m. (Brussels time) or as near thereto as practicable on the second TARGET Business Day before the first day of the relevant Interest Period (a "**EURIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate;

- (c) in the case of a Global Note which specifies EONIA as the Reference Rate in the Pricing Supplement, the Rate of Interest will be the aggregate of EONIA and the Margin specified in the Pricing Supplement (if any), determined on each TARGET Business Day during the relevant Interest Period as specified below. Interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Global Note (unless otherwise specified in the Pricing Supplement) "**EONIA**", for each day in an Interest Period beginning on, and including, the first day of such Interest Period and ending on, but excluding, the last day of such Interest Period, shall be equal to the overnight rate as calculated by the European Central Bank and appearing on the Bloomberg Screen EONIA Page in respect of that day at 11.00 a.m. (Brussels time) on the TARGET Business Day immediately following such day (each an "**EONIA Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate;

- (d) the Calculation Agent specified in the Pricing Supplement will, as soon as practicable after (i) 11.00 a.m. (London time) on each LIBOR Interest Determination Date or (ii) 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date, or (iii) on each EONIA Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means (A) if the Reference Rate is LIBOR, the rate which is determined in accordance with the provisions of paragraph 15(a); (B) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 15(b); and (C) if the Reference Rate is EONIA, the rate which is determined in accordance with the provisions of paragraph 15(c). The Amount of Interest payable per Note shall be calculated by applying the Rate of Interest to the Nominal Amount, multiplying such product by the Day Count Convention specified in the Pricing Supplement or, if none is specified, by the actual number of days in the Interest Period concerned divided by 360 or, if this Global Note is denominated in Sterling, by 365 and rounding the resulting figure to the nearest amount of the Specified Currency which is

available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;

- (e) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph;
- (f) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the clearing system(s) in which this Global Note is held at the relevant time or, if this Global Note has been exchanged for bearer definitive Notes pursuant to paragraph 11, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*);
- (g) in the event that the Calculation Agent becomes aware that any Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions shall apply:

- (i) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with paragraph 15(g)(ii)) and, in either case, an Adjustment Spread if any (in accordance with paragraph 15(g)(iii)) and any Benchmark Amendments (in accordance with paragraph 15(g)(iv)).

An Independent Adviser appointed pursuant to this paragraph 15(g) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Issue and Paying Agent or the holder of the Notes for any determination made by it pursuant to this paragraph 15(g).

If: (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this paragraph 15(g)(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. For the avoidance of doubt, this paragraph 15(g)(i) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this paragraph 15(g)(i).

- (ii) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this paragraph 15(g)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall subsequently be used in place of the Original Reference Rate to determine the

Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this paragraph 15(g)).

(iii) Adjustment Spread

If the Independent Adviser determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this paragraph 15(g) and the Independent Adviser, determines (i) that amendments to these provisions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with paragraph 15(g)(v), without any requirement for the consent or approval of holders, vary these terms to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this paragraph 15(g)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this paragraph 15(g) will be notified promptly by the Issuer to the Calculation Agent, the Issue and Paying Agent and the holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under paragraph 15(g)(i), (ii), (iii) and (iv), the Original Reference Rate provided for paragraphs 15(a)-(f) will continue to apply unless and until a Benchmark Event has occurred.

(vii) Definitions

As used in this paragraph 15(g):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (B) the Independent Adviser, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the

Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged); and

(C) the Independent Adviser, determines to be appropriate.

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with paragraph 15(g)(ii) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in paragraph 15(g)(iv).

"**Benchmark Event**" means:

- (A) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (B) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (C) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case within the following six months; or
- (E) it has become unlawful for the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any holder using the Original Reference Rate.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under paragraph 15(g)(i).

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable): (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body; and

- (h) in the event that the Calculation Agent becomes aware that either any benchmark, substitute benchmark or benchmark determined in accordance with paragraph 15(g) is not in compliance with the

European Union Benchmark Regulation, the Calculation Agent shall not be required to perform its duties until such time as the Issuer has identified an acceptable replacement benchmark and the Issuer has instructed the Calculation Agent accordingly.

16. Instructions for payment must be received at the office of the Issue and Paying Agent referred to above together with this Global Note as follows:
- (a) if this Global Note is denominated in U.S. dollars, Euro or Sterling at least one Business Day prior to the relevant payment date; and
 - (b) in all other cases, at least two Business Days prior to the relevant payment date.

As used in this paragraph, "**Business Day**" means:

- (i) in the case of payments in Euro, a TARGET Business Day; and
 - (ii) in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency set out in the Pricing Supplement.
17. Upon any payment being made in respect of the Notes represented by this Global Note, the Issuer shall procure that:
- (a) *CGN*: if the Pricing Supplement specifies that the New Global Note form is not applicable, details of such payment shall be entered in the Schedule hereto and, in the case of any payment of principal, the Nominal Amount of the Notes represented by this Global Note shall be reduced by the principal amount so paid; and
 - (b) *NGN*: if the Pricing Supplement specifies that the New Global Note form is applicable, details of such payment shall be entered pro rata in the records of the ICSDs and, in the case of any payment of principal, the Nominal Amount of the Notes entered in the records of the ICSDs and represented by this Global Note shall be reduced by the principal amount so paid.
18. This Global Note shall not be validly issued unless manually authenticated by The Bank of New York Mellon, London Branch as Issue and Paying Agent.
19. If the Pricing Supplement specifies that the New Global Note form is applicable, this Global Note shall not be valid for any purpose until it has been effectuated for and on behalf of the entity appointed as common safekeeper by the ICSDs.
20. The status of the Notes, the capacity of the Issuer and the relevant corporate resolutions shall be governed by Spanish law. This Global Note and any non-contractual obligations arising from or connected with it are governed by, and shall be construed in accordance with, English law.

The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Global Note (including a dispute regarding the existence, validity or termination of this Global Note). The parties to this Global Note agree that the English courts are the most appropriate and convenient courts to settle any such dispute and accordingly no such party will argue to the contrary.

The Issuer appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom or, if different, its registered office for the time being, as its agent for service of process in any proceedings before the English courts in connection with this Global Note. If any person appointed as process agent is unable for any reason to act as agent for service of process, the Issuer will appoint another agent, and failing such appointment within 15 days, the bearer shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the office of the Issue and Paying Agent. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. This paragraph 20 does not affect any other method of service allowed by law.

21. So long as this Global Note is held on behalf of a clearing system, notices to the holders of Notes represented by this Global Note may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by this Global Note or by delivery of the relevant notice to the holder of the Global Note, except that, for so long as such Notes are admitted to trading in the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin all notices shall be published in a manner which complies with its rules and regulations.
22. Claims for payment of principal and interest in respect of this Global Note shall become prescribed and void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, five years after the relevant Interest Payment Date.
23. No person shall have any right to enforce any provision of this Global Note under the Contracts (Rights of Third Parties) Act 1999.

AUTHENTICATED by
THE BANK OF NEW YORK MELLON,
LONDON BRANCH
 without recourse, warranty or liability
 and for authentication purposes only

Signed on behalf of:
Aernnova Aerospace Corporation, S.A.

By:.....
 (*Authorised Signatory*)

By:.....
 (*Authorised Signatory*)

EFFECTUATED for and on behalf of

.....
 as common safekeeper without
 recourse, warranty or liability

By:.....
 [*manual signature*]
 (*Authorised Signatory*)

PRICING SUPPLEMENT

[Completed Pricing Supplement to be attached]

PART B - Form of Multicurrency Definitive Note

THE SECURITIES COVERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE SECURITIES OF THE TRANCHE OF WHICH THIS SECURITY FORMS PART.

AERNOVA AEROSPACE CORPORATION, S.A.

(incorporated with limited liability under the laws of Spain)

€200,000,000

EURO-COMMERCIAL PAPER PROGRAMME

Nominal Amount of this Note:

1. For value received, Aernnova Aerospace Corporation, S.A. (the "**Issuer**") promises to pay to the bearer of this Note on the Maturity Date set out in the Pricing Supplement, or on such earlier date as the same may become payable in accordance with paragraph 3 below (the "**Relevant Date**"), the above-mentioned Nominal Amount or, as the case may be, the Redemption Amount set out in the Pricing Supplement, together with interest thereon, if this is an interest bearing Note, at the rate and at the times (if any) specified herein and in the Pricing Supplement. Terms defined in the Pricing Supplement attached hereto but not otherwise defined in this Note shall have the same meaning in this Note.

All such payments shall be made in accordance with an issue and paying agency agreement dated 29 May 2019 (as amended and restated or supplemented from time to time, the "**Agency Agreement**") between the Issuer and The Bank of New York Mellon, London Branch as the issue and paying agent (the "**Issue and Paying Agent**"), a copy of which is available for inspection, upon reasonable notice, at the offices of the Issue and Paying Agent at One Canada Square, London E14 5AL, United Kingdom, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Note at the office of the Issue and Paying Agent referred to above by transfer to an account denominated in the Specified Currency set out in the Pricing Supplement maintained by the bearer with a bank in the principal financial centre in the country of the Specified Currency or, if this Note is denominated in Euro, by transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Union. The Issuer undertakes that, so long as the Notes are listed, traded and/or quoted on any listing authority, stock exchange and/or quotation system, there will at all times be a paying agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system.

2. All payments in respect of this Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions, and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any taxing authority or agency thereof or therein ("**Taxes**"). If the Issuer or any agent thereof is required by law or regulation to make any deduction or withholding for or on account of Taxes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Note or the holder or beneficial owner of any interest herein or rights in respect hereof (the "**holder**") after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that the Issuer shall not be required to pay any additional amounts in relation to any payment:

- (a) to, or to a third party on behalf of, a holder who is liable for such Taxes in respect of such Note by

reason of his having some connection with the jurisdiction imposing the Taxes other than the mere holding of such Note;

- (b) to, or to a third party on behalf of, a holder who would have been able to avoid such deduction or withholding by presenting a certificate of tax residence and/or such other document evidencing its tax residence required by the competent tax authorities;
- (c) in respect of any Note presented for payment more than 15 days after the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date or (in either case) the date on which the payment hereof is duly provided for, whichever occurs later, except to the extent that the relevant holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of 15 days;
- (d) to, or to a third party on behalf of, individuals resident for tax purposes in the Kingdom of Spain, if the Spanish tax authorities determine that payments made to such individuals are not exempt from withholding tax and require a withholding to be made;
- (e) to, or to a third party on behalf of, a Spanish resident legal entity subject to Spanish Corporate Income Tax, if the Spanish tax authorities determine that the Notes do not comply with the exemption requirements specified in Article 9 of Álava Decree 111/2008 and Article 44 of Royal Decree 1065/2007;
- (f) to, or to a third party on behalf of, a holder if the Issuer does not receive any relevant information as may be required by Spanish tax law, regulation or binding ruling or in case the current information procedures are modified, amended or supplemented by any Spanish law, regulation or binding ruling; or
- (g) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Section 1471 through 1474 of the Code (including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-U.S. laws enacted with respect thereto).

3. This Note may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 14 days' notice to the holders (which notice shall be irrevocable), at the Redemption Amount specified in the Pricing Supplement, together with (if this Note is an interest bearing Note) interest accrued to the date fixed for redemption, if:

- (a) the Issuer (a) is not entitled to claim a deduction in computing taxation liabilities in Spain in respect of any interest to be made on the next Interest Payment Date or the value of such deduction to the Issuer is materially reduced, or (b) has or will become obliged to pay additional amounts as provided or referred to in paragraph 2 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision thereof or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date specified in the Pricing Supplement; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issue and Paying Agent:

- (a) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of

the Issuer so to redeem have occurred; and

- (b) an opinion of independent legal advisers of recognised standing at the cost of the Issuer to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with this paragraph.

4. The Issuer or any subsidiary of the Issuer may at any time purchase Notes in the open market or otherwise and at any price.
5. All Notes so purchased by the Issuer otherwise than in the ordinary course of business of dealings in securities or as a nominee shall be cancelled and shall not be reissued or resold. All Notes so purchased by any subsidiary of the Issuer may be cancelled, held by such subsidiary or resold.
6. The payment obligation of the Issuer represented by this Note constitutes and at all times shall constitute a direct, unsecured and unsubordinated obligation of the Issuer ranking *pari passu* without any preference among themselves and with all present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law and other statutory exceptions.
7. If the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date, is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day (unless that date falls more than 364 days after the Issue Date, in which case payment shall be made on the immediately preceding Payment Business Day), and the bearer of this Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used herein:

"Payment Business Day", shall mean any day, other than a Saturday or a Sunday, which is both (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation, and (b) either (i) if the Specified Currency set out in the Pricing Supplement is any currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in both London and the principal financial centre of the country of the Specified Currency set out in the Pricing Supplement or (ii) if the Specified Currency set out in the Pricing Supplement is Euro, a day which is a TARGET Business Day;

"TARGET Business Day" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System, which utilises a single shared platform and which was launched on 19 November 2007, or any successor thereto, is operating credit or transfer instructions in respect of payments in Euro.

8. This Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof free and clear of any equity, set-off or counterclaim on the part of the Issuer against any previous bearer hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
9. [If this is an interest bearing Note, then:
 - (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day; and
 - (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Note, the Schedule hereto shall be duly completed by the Issue and Paying Agent to reflect such payment.

10. If this is a fixed rate interest bearing Note, interest shall be calculated on the above-mentioned Nominal Amount as follows:
- (a) interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days at the Rate of Interest specified in the Pricing Supplement with the resulting figure being rounded to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards); and
 - (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph.

11. If this is a floating rate interest bearing Note, interest shall be calculated on the above-mentioned Nominal Amount as follows:
- (a) in the case of a Note which specifies LIBOR as the Reference Rate in the Pricing Supplement, the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Pricing Supplement (if any) above or below LIBOR. Interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Note (and unless otherwise specified in the Pricing Supplement):

"**LIBOR**" shall be equal to the rate defined as "LIBOR-BBA" in respect of the Specified Currency (as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Note, (the "**ISDA Definitions**")) as at 11.00 a.m. (London time) or as near thereto as practicable on the second London Banking Day before the first day of the relevant Interest Period (a "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate; and

"**London Banking Day**" shall mean a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

- (b) in the case of a Note which specifies EURIBOR as the Reference Rate in the Pricing Supplement, the Rate of Interest will be the aggregate of EURIBOR and the Margin specified in the Pricing Supplement (if any) above or below EURIBOR. Interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Note (and unless otherwise specified in the Pricing Supplement), "**EURIBOR**" shall be equal to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) as at 11.00 a.m. (Brussels time) or as near thereto as practicable on the second TARGET Business Day before the first day of the relevant Interest Period (a "**EURIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate;

- (c) In the case of a Note which specifies EONIA as the Reference Rate in the Pricing Supplement, the Rate of Interest will be the aggregate of EONIA and the Margin specified in the Pricing Supplement (if any), determined on each TARGET Business Day during the relevant Interest Period as specified below. Interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Note (unless otherwise specified in the Pricing Supplement) "**EONIA**", for each day in an Interest Period beginning on, and including, the first day of such Interest Period and ending on, but excluding, the last day of such Interest Period, shall be equal to the overnight rate as calculated by the European Central Bank and appearing on the Bloomberg Screen EONIA Page in respect of that day at 11.00 a.m. (Brussels time) on the TARGET Business Day immediately following such day (each an "**EONIA Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate;

- (d) the Calculation Agent specified in the Pricing Supplement will, as soon as practicable after (i) 11.00 a.m. (London time) on each LIBOR Interest Determination Date or (ii) 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date, or (iii) on each EONIA Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means (A) if the Reference Rate is LIBOR, the rate which is determined in accordance with the provisions of paragraph 11(a); (B) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 11(b); and (C) if the Reference Rate is EONIA, the rate which is determined in accordance with the provisions of paragraph 11(c). The Amount of Interest payable per Note shall be calculated by applying the Rate of Interest to the Nominal Amount, multiplying such product by the Day Count Convention specified in the Pricing Supplement or, if none is specified, by the actual number of days in the Interest Period concerned divided by 360 or, if this Note is denominated in Sterling, by 365 and rounding the resulting figure to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;
- (e) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph;
- (f) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*);
- (g) in the event that the Calculation Agent becomes aware that any Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions shall apply:
- (i) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in

accordance with paragraph 11(g)(ii) and, in either case, an Adjustment Spread if any (in accordance with paragraph 11(g)(iii)) and any Benchmark Amendments (in accordance with paragraph 11(g)(iv)).

An Independent Adviser appointed pursuant to this paragraph 11(g) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Issue and Paying Agent or the holder of the Notes for any determination made by it pursuant to this paragraph 11(g).

If: (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this paragraph 11(g)(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. For the avoidance of doubt, this paragraph 11(g)(i) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this paragraph 11(g)(i).

(ii) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this paragraph 11(g)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this paragraph 11(g)).

(iii) Adjustment Spread

If the Independent Adviser determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this paragraph 11(g) and the Independent Adviser, determines (i) that amendments to these provisions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with paragraph 11(g)(v), without any requirement for the consent or approval of holders, vary these terms to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this paragraph 11(g)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this paragraph 11(g) will be notified promptly by the Issuer to the Calculation Agent, the Issue and Paying Agent and the holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under paragraph 11(g)(i),(ii), (iii) and (iv), the Original Reference Rate provided for paragraphs 11(a)-(f) will continue to apply unless and until a Benchmark Event has occurred.

(vii) Definitions

As used in this paragraph 11(g):

"Adjustment Spread" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (B) the Independent Adviser, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged); and
- (C) the Independent Adviser, determines to be appropriate.

"Alternative Rate" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with paragraph 11(g)(ii) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"Benchmark Amendments" has the meaning given to it in paragraph 11(g)(iv).

"Benchmark Event" means:

- (A) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (B) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (C) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following

six months, be permanently or indefinitely discontinued; or

- (D) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case within the following six months; or
- (E) it has become unlawful for the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any holder using the Original Reference Rate.

"Independent Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under paragraph 11(g)(i).

"Original Reference Rate" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

"Relevant Nominating Body" means, in respect of a benchmark or screen rate (as applicable): (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"Successor Rate" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body; and

- (h) in the event that the Calculation Agent becomes aware that either any benchmark, substitute benchmark or benchmark determined in accordance with paragraph 11(g) is not in compliance with the European Union Benchmark Regulation, the Calculation Agent shall not be required to perform its duties until such time as the Issuer has identified an acceptable replacement benchmark and the Issuer has instructed the Calculation Agent accordingly.

12. Instructions for payment must be received at the office of the Issue and Paying Agent referred to above together with this Note as follows:

- (a) if this Global Note is denominated in U.S. dollars, Euro or Sterling at least one Business Day prior to the relevant payment date; and
- (b) in all other cases, at least two Business Days prior to the relevant payment date.

As used in this paragraph, **"Business Day"** means:

- (i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;
- (ii) in the case of payments in Euro, a TARGET Business Day; and
- (iii) in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency set out in the Pricing Supplement.]²

² If this Note is denominated in Sterling, delete paragraphs 9 through 12 inclusive and replace with interest provisions to be included on the reverse of the Note as indicated below.

13. This Note shall not be validly issued unless manually authenticated by The Bank of New York Mellon, London Branch as Issue and Paying Agent.
14. The status of the Notes, the capacity of the Issuer and the relevant corporate resolutions shall be governed by Spanish law. This Note and any non-contractual obligations arising from or connected with it are governed by, and shall be construed in accordance with, English law.
- The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Note (including a dispute regarding the existence, validity or termination of this Note). The parties to this Note agree that the English courts are the most appropriate and convenient courts to settle any such dispute and accordingly no such party will argue to the contrary.
- The Issuer appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom or, if different, its registered office for the time being, as its agent for service of process in any proceedings before the English courts in connection with this Note. If any person appointed as process agent is unable for any reason to act as agent for service of process, the Issuer will appoint another agent, and failing such appointment within 15 days, the bearer shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the office of the Issue and Paying Agent. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. This paragraph 14 does not affect any other method of service allowed by law.
15. If this Note has been admitted to trading in the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin, all notices shall be published in a manner which complies with its rules and regulations.
16. Claims for payment of principal and interest in respect of this Note shall become prescribed and void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, five years after the relevant Interest Payment Date.
17. No person shall have any right to enforce any provision of this Note under the Contracts (Rights of Third Parties) Act 1999.

**AUTHENTICATED by
THE BANK OF NEW YORK MELLON,
LONDON BRANCH**
without recourse, warranty or liability and for
authentication purposes only

Signed on behalf of: **Aernnova Aerospace
Corporation, S.A.**

By:.....
(Authorised Signatory)

By:.....
(Authorised Signatory)

By:.....
(Authorised Signatory)³

³ Include second authentication block if the currency of this Note is Sterling.

[On the Reverse]

(A) [If this is an interest bearing Note, then:

- (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day; and
- (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Note, the Schedule hereto shall be duly completed by the Issue and Paying Agent to reflect such payment.

(B) If this is a fixed rate interest bearing Note, interest shall be calculated on the Nominal Amount specified in the Pricing Supplement as follows:

- (a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days at the Rate of Interest specified in the Pricing Supplement with the resulting figure being rounded to the nearest penny (with halves being rounded upwards); and
- (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph (B).

(C) If this is a floating rate interest bearing Note, interest shall be calculated on the Nominal Amount specified in the Pricing Supplement as follows:

- (a) the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Pricing Supplement (if any) above or below LIBOR. Interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days.

As used in this Note, "**LIBOR**" shall be equal to the rate defined as "**LIBOR-BBA**" in respect of Sterling (as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Note (the "**ISDA Definitions**")) as at 11.00 a.m. (London time) or as near thereto as practicable on the first day of the relevant Interest Period (the "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate;

- (b) the Calculation Agent specified in the Pricing Supplement will, as soon as practicable after 11.00 a.m. (London time) on the LIBOR Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means the rate which is determined in accordance with the provisions of subparagraph (a) above. The Amount of Interest payable per Note shall be calculated by applying the Rate of Interest to the above-mentioned Nominal Amount, multiplying such product by the Day Count Fraction specified in the Pricing Supplement or, if none is specified, by the actual number of days in the Interest Period concerned divided by 365 and rounding the resulting figure to the nearest penny. The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;

- (c) the period beginning on (and including) the above-mentioned Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph (C);
- (d) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*);
- (e) in the event that the Calculation Agent becomes aware that any Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions shall apply:

- (i) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with subparagraph (C)(e)(ii)) and, in either case, an Adjustment Spread if any (in accordance with subparagraph (C)(e)(iii)) and any Benchmark Amendments (in accordance with subparagraph (C)(e)(iv)).

An Independent Adviser appointed pursuant to this subparagraph (C)(e)(i) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Issue and Paying Agent or the holder of the Notes for any determination made by it pursuant to this subparagraph (C)(e)(i).

If: (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this subparagraph (C)(e)(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. For the avoidance of doubt, this subparagraph (C)(e)(i) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this subparagraph (C)(e)(i).

- (ii) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

1. there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this subparagraph (C)(e)); or
2. there is not Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this subparagraph (C)(e)).

(iii) Adjustment Spread

If the Independent Adviser determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this subparagraph (e) and the Independent Adviser, determines (i) that amendments to these provisions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with subparagraph (C)(e)(v), without any requirement for the consent or approval of holders, vary these terms to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this subparagraph (C)(e)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this subparagraph (C)(e) will be notified promptly by the Issuer to the Calculation Agent, the Issue and Paying Agent and the holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under subparagraph (C)(e)(i), (ii), (iii) and (iv), the Original Reference Rate provided for subparagraphs (C)(a)-(d) will continue to apply unless and until a Benchmark Event has occurred.

(vii) Definitions

As used in this subparagraph (C)(e):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged); and

- (iii) the Independent Adviser, determines to be appropriate.

"Alternative Rate" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with subparagraph (C)(e)(ii) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"Benchmark Amendments" has the meaning given to it in subparagraph (C)(e)(iv).

"Benchmark Event" means:

- (iv) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (v) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (vi) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (vii) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case within the following six months; or
- (viii) it has become unlawful for the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any holder using the Original Reference Rate.

"Independent Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under subparagraph (C)(e)(i).

"Original Reference Rate" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

"Relevant Nominating Body" means, in respect of a benchmark or screen rate (as applicable): (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"Successor Rate" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body; and

- (f) in the event that the Calculation Agent becomes aware that either any benchmark, substitute benchmark or benchmark determined in accordance with (C)(e) is not in compliance with the

European Union Benchmark Regulation, the Calculation Agent shall not be required to perform its duties until such time as the Issuer has identified an acceptable replacement benchmark and the Issuer has instructed the Calculation Agent accordingly.]

SCHEDULE

Payments of Interest

The following payments of interest in respect of this Note have been made:

<u>Date Made</u>	<u>Payment From</u>	<u>Payment To</u>	<u>Gross Amount Paid</u>	<u>Withholding</u>	<u>Net Amount Paid</u>	<u>Notation on behalf of Issue and Paying Agent</u>
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
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_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

PRICING SUPPLEMENT

[Completed Pricing Supplement to be attached]

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed in respect of each issue of Notes issued under the Programme and will be attached to the relevant Global or Definitive Notes on issue.

MIFID II PRODUCT GOVERNANCE – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**") or (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Aernnova Aerospace Corporation, S.A.

**€200,000,000 Euro-Commercial Paper Programme
(the "Programme")**

Issue of [Aggregate Principal Amount of Notes] [Title of Notes]

PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement (as referred to in the Information Memorandum dated 29 May 2019 (as amended, updated or supplemented from time to time, the "**Information Memorandum**") in relation to the Programme) in relation to the issue of Notes referred to above (the "**Notes**"). Terms defined in the Information Memorandum, unless indicated to the contrary, have the same meanings where used in this Pricing Supplement. Reference is made to the Information Memorandum for a description of the Issuer, the Programme and certain other matters. This Pricing Supplement is supplemental to and must be read in conjunction with the full terms and conditions of the Notes. This Pricing Supplement is also a summary of the terms and conditions of the Notes for the purpose of listing.

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum [as so supplemented]. The Information Memorandum [and the supplemental Information Memorandum] [is][are] available for viewing during normal business hours at the registered office of the Issuer at Miñano Mayor (Álava), Parque Tecnológico de Álava, calle Leonardo Da Vinci, 13., Spain, and at the offices of the Issue and Paying Agent at Merck House, Seldown, Poole, Dorset, BH15 1PX, United Kingdom.

The particulars to be specified in relation to the issue of the Notes are as follows:

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Pricing Supplement.]

1. Issuer: Aernnova Aerospace Corporation, S.A.

- | | | |
|-----|---------------------|--|
| 2. | Type of Note: | Euro commercial paper |
| 3. | Series No: | [•] |
| 4. | Dealer(s): | [•] |
| 5. | Specified Currency: | [•] |
| 6. | Nominal Amount: | [•] |
| 7. | Issue Date: | [•] |
| 8. | Maturity Date: | [•] <i>[May not be less than 1 day nor more than 364 days from and including the Issue Date]</i> |
| 9. | Issue Price: | [•] |
| 10. | Denomination(s): | [•] |
| 11. | Redemption Amount: | [Redemption at par][[•] per Note of [•] Denomination][<i>other</i>] |
| 12. | Delivery: | [Free of/against] payment |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | | |
|-----|--|---|
| 13. | Fixed Rate Note Provisions | [Applicable/Not Applicable]

<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| | (i) Rate[(s)] of Interest: | [•] [per cent. per annum] |
| | (ii) Interest Payment Date(s): | [•] |
| | (iii) Day Count convention (if different from that specified in the terms and conditions of the Notes): | [Not Applicable/ <i>other</i>]

[The above-mentioned Day Count Convention shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced at the Issue Date.] ⁴ |
| | (iv) other terms relating to the method of calculating interest for Fixed Rate Notes (if different from those specified in the terms and conditions of the Notes): | [Not Applicable/ <i>give details</i>] |
| 14. | Floating Rate Note Provisions | [Applicable/Not Applicable]

<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |

⁴ Delete text in square brackets unless a Day Count Convention which is different from that specified in the terms and conditions of the Notes is used.

- (i) Interest Payment Dates: [●]
- (ii) Calculation Agent (party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issue and Paying Agent)): [Name] shall be the Calculation Agent]
- (iii) Reference Rate: [●] months [LIBOR/EURIBOR/EONIA]
- (iv) Margin(s): [+/-][●] per cent. per annum
- (v) Day Count Convention (if different from that specified in the terms and conditions of the Notes): [Not Applicable/other]
[The above-mentioned Day Count Convention shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced at the Issue Date.]⁵
- (vi) Any other terms relating to the method of calculating interest for floating rate Notes (if different from those set out in the terms and conditions of the Notes): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 15. Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Main Securities Market of Euronext Dublin with effect from [●]/[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market] with effect from [●].]
- 16. Programme Rating: The Notes to be issued under the Programme have not been rated.
- 17. Clearing System(s): Euroclear, Clearstream, Luxembourg
- 18. Issue and Paying Agent: The Bank of New York Mellon, London Branch
- 19. ISIN: [●]
- 20. Other codes: Common Code:
[Financial Instrument Short Name (FISN Code):[●]]
[Classification of Financial Instrument Code (CFI Code):[●]]
- 21. Any clearing system(s) other than Euroclear Bank and SA/NV, Clearstream Banking, S.A. and the [Not Applicable/give name(s) and number(s)]

⁵ Delete text in square brackets unless a Day Count Convention which is different from that specified in the terms and conditions of the Notes is used.

relevant identification number(s):

22. New Global Note: [Yes][No]
23. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes.][No.][Not applicable.]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /

[Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

LISTING AND ADMISSION TO TRADING APPLICATION

This Pricing Supplement comprises the Pricing Supplement required to list and have admitted to trading the issue of Notes described herein pursuant to the €200,000,000 Euro-Commercial Paper Programme of Aernnova Aerospace Corporation, S.A.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of **AERNNOVA AEROSPACE CORPORATION, S.A.**

By:

Duly authorised

Dated:.....

PART B – OTHER INFORMATION

1. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUER/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of following statement:

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and their affiliates in the ordinary course of business. (Amend as appropriate if there are other interests)]

2. ESTIMATED TOTAL EXPENSES RELATED TO THE ADMISSION TO TRADING

Estimated total expenses: [●]

3. [Fixed Rate Notes only - YIELD]

Indication of yield: [●]

TAXATION

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of whom (such as dealers in securities) may be subject to special rules. Prospective investors who are in any doubt as to their position should consult with their own professional advisers.

Taxation in Spain

The following is a general description of certain Spanish tax considerations relevant to investors investing in the Notes, which focuses on the main tax implications derived from the laws and regulations approved by the Central Government of the Kingdom of Spain (Spanish State Legislation). Investors should note that regional tax laws approved by regional governments of Spain may include differences of tax treatment for Spanish tax resident individuals and entities, depending on the specific region where the investor is tax domiciled. Such regional tax laws are not generally covered by this Spanish tax section except for the withholding tax and disclosure obligations rules in force in the Álava Foral Territory of the Basque Country region, which are considered hereunder, as the Issuer is domiciled in such territory and therefore bound by such regional tax rules. Álava's regional tax rules may also be applicable in respect of non-Spanish resident investors and therefore a summary of the resulting tax treatment is covered below in this section. In any event, the information provided below does not purport to be a complete summary of tax law and practice currently applicable in the Kingdom of Spain and its regions, and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect.

1. Introduction

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Information Memorandum. Particularities approved by autonomous regions should be also taken into account.

- (a) of general application, Additional Provision One of Law 10/2014 of 26 June, on organization, supervision and solvency of credit institutions, as well as Álava's Decree 111/2008, of 23 December, approving the formal tax obligations of the Historic Territory of Álava ("**Álava Decree 111/2008**"), as amended by Álava's Decree 8/2012, of 21 February ("**Álava Decree 8/2012**") and Royal Decree 1065/2007 of 27 July ("**Royal Decree 1065/2007**"), as amended;
- (b) for individuals resident for tax purposes in Spain who are Personal Income Tax ("**PIT**") taxpayers, Law 35/2006, of 28 November, on the PIT and on the partial amendment of the Corporate Income Tax Law, Non-Resident Income Tax Law and Wealth Tax Law, as amended by Law 26/2014 of 27 November and Royal Decree-Law 9/2015, of 10 July (the "**PIT Law**") and Royal Decree 439/2007, of 30 March approving the PIT Regulations which develop the PIT Law, as amended by Royal Decree 633/2015 of 10 July 2015, Law 19/1991, of 6 June on Wealth Tax, as amended (the "**Wealth Tax Law**") and Law 29/1987, of 18 December on Inheritance and Gift Tax, as amended (the "**Inheritance and Gift Tax Law**");
- (c) for legal entities resident for tax purposes in Spain which are Corporate Income Tax ("**CIT**") taxpayers, Law 27/2014 of 27 November on Corporate Income Tax, as amended by Royal Decree-Law 9/2015, of 10 July (the "**CIT Law**") and Royal Decree 634/2015, of 10 July, promulgating the CIT Regulations, as amended; and
- (d) for individuals and entities who are not resident for tax purposes in Spain which are Non-Resident Income Tax ("**NRIT**") taxpayers, Foral Law of Álava 21/2014, of 18 June, on Non Resident Income Tax, as amended (the "**Álava NRIT Law**"), and Álava's Decree 3/2016, of 12 of January, promulgating the NRIT Regulations, as amended. In addition, Foral Law of Álava 9/2013, of 11 March, on Wealth Tax, as amended (the "**Álava Wealth Tax Law**"), and Foral Law of Álava 11/2005, of 16 May, on Inheritance and Gift Tax, as amended (the "**Álava Inheritance and Gift Tax Law**").

Whatever the nature and residence of the Beneficial Owner, the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, for example, exempt from Transfer Tax and Stamp Duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from

Value Added Tax, in accordance with Law 37/1992, of 28 December, regulating such tax.

2. Spanish tax resident individuals

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

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the PIT Law, and must be included in the PIT savings taxable base of each investor and taxed currently at 19 per cent for taxable income up to €6,000; 21 per cent for taxable income between €6,001 and €50,000, and 23 per cent for taxable income exceeding €50,000.

The Issuer considers that pursuant to Section 9.5 of Álava Decree 111/2008, as amended by Álava Decree 8/2012, and Section 44.5 of Royal Decree 1065/2007, as amended, any income derived from the Notes will be paid by the Issuer free of Spanish withholding tax provided that the relevant information about the Notes is submitted in the manner detailed in "*Disclosure Obligations in connection with Payments on the Notes*".

Nevertheless, in the case of Notes held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian, payments of interests under the Notes may be subject to withholding tax currently at a 19 per cent rate, which will be made by the depositary or custodian.

Amounts withheld, if any, may be credited by the relevant investors against their final PIT liability.

However, regarding the interpretation of Álava Decree 111/2008 and Royal Decree 1065/2007 please refer to "*Risk Factors – Risks in relation to Spanish taxation*".

2.2 Wealth Tax (*Impuesto sobre el Patrimonio*)

According to the Wealth Tax Law (subject to any exceptions provided under relevant legislation in each autonomous region (*Comunidad Autónoma*)), the net worth of any Spanish tax resident individuals in excess of €700,000 is subject to Wealth Tax in respect of tax year 2019.

Therefore, investors who are Spanish tax resident individuals should take into account the value of the Notes which they hold as at 31 December 2019 for the purposes of Spanish Wealth Tax, the applicable rates ranging between 0.2 per cent. and 2.5 per cent (subject to any exceptions provided under relevant legislation in each autonomous region (*Comunidad Autónoma*)).

Under the current regulation, a full allowance on the Wealth Tax applies as of January 2020. However, as the tax accrual occurs on December 31, the Wealth Tax for 2019 would rely on the possible changes introduced by the legislator. This relief does not apply for individuals resident in Álava for tax purposes, in accordance with Álava Wealth Tax Law.

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

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Inheritance and Gift Tax in accordance with the applicable Spanish regional or State rules. The applicable tax rates currently range between 7.65 per cent and 34 per cent but can go up to 81.60 per cent in certain circumstances (subject to any regional tax exemptions being available to them).

3. Spanish tax resident legal entities

3.1 Corporate Income Tax (*Impuesto sobre Sociedades*)

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes must be included as taxable income of Spanish tax resident legal entities for CIT purposes in accordance with the rules for this tax, being typically subject to the standard rate of 25 per cent, with lower or higher rates applicable to certain categories of taxpayers.

Pursuant to Section 9.5 of Álava Decree 111/2008, as amended by Álava Decree 8/2012 and Section 44.5 of Royal Decree 1065/2007, as amended, any income derived from the Notes will be paid by the Issuer to Spanish CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds) free of Spanish withholding tax provided that the relevant information about the Notes is submitted in the manner detailed in "*Disclosure Obligations in connection with Payments on the Notes*". However, regarding the interpretation of Álava Decree 111/2008 and Royal Decree 1065/2007 please refer to "*Risk Factors – Risks in relation to Spanish taxation*".

In the case of Notes held by Spanish resident entities and deposited with a Spanish resident entity acting as a depositary or custodian, payments of interest and income deriving from the transfer may be subject to withholding tax, currently at a rate of 19 per cent, withholding that will be made by the depositary or custodian, if the Notes do not comply with Section 44.5 of Royal Decree 1065/2007 or Section 9.5 of Álava Decree 111/2008 where applicable.

Amounts withheld, if any, may be credited by the relevant investors against their final CIT liability.

3.2 Wealth Tax (*Impuesto sobre el Patrimonio*)

Legal entities resident in Spain are not subject to Wealth Tax.

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

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax but must include the market value of the Notes in their taxable income for Spanish CIT purposes, under certain circumstances.

4. Individuals and legal entities tax resident outside Spain

4.1 Non-Resident Income Tax (*Impuesto sobre la Renta de No Residentes*)

(A) Acting through a permanent establishment in Spain

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

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes shall be, generally, the same as those previously set out for Spanish CIT taxpayers.

(B) Not acting through a permanent establishment in Spain

Both interest payments periodically received and income deriving from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes, and who are NRIT taxpayers with no permanent establishment in Spain, are exempt from NRIT, on the same terms laid down for income from public debt.

In order for the exemption to apply, it is necessary to comply with certain information obligations relating to the Notes, in the manner detailed under "*Disclosure obligations in connection with payments on the Notes*" as laid down in section 9.5 of Álava Decree 111/2008, as amended by Álava Decree 8/2012 and Section 44.5 of Royal Decree 1065/2007, as amended. If these information obligations are not complied with in the manner indicated, the Issuer will withhold 19 per cent and the Issuer will not pay additional amounts.

4.2 Wealth Tax (*Impuesto sobre el Patrimonio*)

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax will not be generally subject to such tax on the Notes. Otherwise, under current Álava Wealth Tax Law, non-Spanish resident individuals whose Spanish properties and rights are mainly located in Álava (or that can be exercised within the Álava's territory) and exceed €800,000 will be subject to Álava's Wealth Tax during year 2019, the applicable rates ranging between 0.2 per cent. and 2.5 per cent. However, as the income derived from the Notes is exempted from NRIT, any

non-resident individuals holding the Notes as of 31 December 2019 will be exempted from Wealth Tax in respect of such holding. If the greater share of total Spanish assets is not located in Álava, the relevant Wealth Tax legislation of the Basque Country territories or other Spanish regions may apply. Prospective investors should consult their tax advisers.

Under the current regulation, a full allowance on the Wealth Tax applies as of January 2019 on other Spanish regions (i.e. Álava excluded). However, as the tax accrual occurs on December 31, the Wealth Tax for 2019 would rely on the possible changes introduced by the legislator.

Legal entities tax resident outside Spain are not subject to Wealth Tax in Spain (including the Basque Country region and specifically Álava).

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

Individuals not tax resident in Spain who acquire ownership or other rights over the Notes by inheritance, gift or legacy, and who are tax resident in a country with which Spain has entered into a double tax treaty in relation to Inheritance and Gift Tax will be subject according to the relevant double tax treaty. If the provisions of the foregoing paragraph do not apply, such individuals will be generally subject to Inheritance and Gift Tax in accordance with the applicable Álava's or Spanish legislation. Prospective investors should consult their tax advisers.

Legal entities not tax resident in Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax. They will be subject to NRIT (as described above). If the entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of such treaty should apply.

Disclosure obligations in connection with payments on the Notes

In accordance with Section 9.5 of Álava Decree 111/2008, as amended by Álava Decree 8/2012 and Section 44.5 of Royal Decree 1065/2007, as amended, certain information with respect to the Notes must be submitted to the Issuer at the time of each payment (or, alternatively, for interest payments, before the tenth calendar day of the month following the month in which the relevant payment is made).

Such information includes the following:

- (a) Identification of the Notes (as applicable) in respect of which the relevant payment is made;
- (b) the date on which the relevant payment is made;
- (c) total amount of income from the Notes; and
- (d) total amount of income (either from interest payments or redemption) corresponding to each clearing house located outside Spain.

In particular, the Issue and Paying Agent must certify the information above about the Notes by means of a certificate the form of which is attached as an annex to the Agency Agreement. In light of the above, the Issuer and the Issue and Paying Agent have arranged certain procedures to facilitate the collection of information concerning the Notes by the close of business on the Business Day immediately preceding each relevant Payment Date. If, despite these procedures, the relevant information is not received by the Issuer on each Payment Date, the Issuer will withhold tax at the then-applicable rate (currently 19 per cent) from any payment in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

If, before the tenth day of the month following the month in which interest is paid, the Issue and Paying Agent provides such information, the Issuer will reimburse the amounts withheld.

However, regarding the interpretation of Álava Decree 111/2008 and Royal Decree 1065/2007 please refer to "*Risk Factors – Risks in relation to Spanish taxation*".

Investors should note that the Issuer and the Dealers do not accept any responsibility relating to the procedures

established for the collection of information concerning the Notes. Accordingly, neither the Issuer nor the Dealers will be liable for any damage or loss suffered by any holder who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because these procedures prove ineffective. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding. See "*Risk Factors*". The procedures for providing documentation referred to in this section are set out in detail in the Agency Agreement which may be inspected upon reasonable notice, at the specified offices of the Issuer and the Issue and Paying Agent. Should any withholding tax be levied in Spain, holders of the Notes should note that they may apply directly to the Spanish tax authorities for any tax refund which may be available to them.

The proposed European financial transactions tax

On 14 February 2013 the European Commission published a proposal for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). Recent withdrawal of Estonia from the list of participating Member States left ten remaining participants.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

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

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance withholding may affect payments on the Notes

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign pass through payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions including Spain have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

General

Each Dealer has represented and agreed that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell, or deliver Notes and it will not directly or indirectly offer, sell, resell, re-offer or deliver Notes or distribute the Information Memorandum, circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

Prohibition of Sales to EEA Retail Investors

From 1 January 2018, each of the Dealers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"); and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S. Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S.

Each Dealer has also represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that it has offered and sold nor its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes, and will offer and sell the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date (the "**distribution compliance period**"), only in accordance with Rule 903 of Regulation S.

Each Dealer has also agreed (and each further Dealer appointed under the Programme will be required to agree) that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

*"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."*

Terms used above have the meanings given to them by Regulation S.

The United Kingdom

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that:

- (a)
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Ireland

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that it has not sold, placed or underwritten and that it will not sell, place or underwrite the Notes otherwise that in conformity with the provisions of:

- (a) the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) (the "**MiFID Regulations**"), including, without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof, or any rules or codes of conduct made under the MiFID Regulations, and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) the Central Bank Acts 1942 – 2015 (as amended) and any codes of practice made under Section 117(1) of the Irish Central Bank Act 1989;
- (c) Directive 2003/71/EC (Prospectus Directive) Regulations 2005 (as amended) and any rules issued under Section 1363 of the Companies Act 2014 (as amended) by the Central Bank of Ireland (the "**Central Bank**");
- (d) the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) Regulations 2016 (S.I. 349 of 2016) (as amended) of Ireland and any rules and guidance issued by the Central Bank under Section 1370 of the Irish Companies Act 2014 (as amended); and
- (e) in full compliance with Central Bank Notice BSD C 01/02.

France

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Information Memorandum, the relevant Pricing Supplement or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, and/or (c) a limited circle of investors (*cercle restreint*) acting for

their own account, as defined in, and in accordance with, Articles L.411-2-II, D.321-1, D.411-1, D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA"). Accordingly, each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other applicable laws, regulations and ministerial guidelines of Japan.

Spain

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that the Notes will not be offered, sold or distributed, nor will any subsequent resale of Notes be carried out in Spain, except in circumstances which do not constitute a public offer of securities in Spain within the meaning of the Restated Spanish Securities Market Act approved by Royal Legislative Decree 4/2015 of 23 October 2015 (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) and Royal Decree 1310/2005 of 4 November 2005 (*Real Decreto 1310/2005, de 4 de noviembre*), as amended, or without complying with all legal and regulatory requirements under Spanish securities laws. Neither the Notes nor the Information Memorandum have been or will be registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore the Information Memorandum is not intended for any public offer of the Notes in Spain.

GENERAL INFORMATION

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and International Securities Identification Number and any other relevant code in relation to each issue of Notes and any other clearing system as shall have accepted the relevant Notes for clearance will be specified in the Pricing Supplement relating thereto.

Admission to Listing and Trading

It is expected that Notes issued under the Programme may be admitted to the Official List and to trading on the Main Securities Market on or after 29 May 2019. The admission of the Notes to trading on the Main Securities Market will be expressed as a percentage of their principal amount. Any Notes intended to be admitted to the Official List and admitted to trading on the Main Securities Market will be so admitted to listing and trading upon submission to Euronext Dublin of the relevant Pricing Supplement and any other information required by Euronext Dublin, subject in each case to the issue of the relevant Notes.

However, Notes may be issued pursuant to the Programme which will be admitted to listing, trading and or quotation by such other listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree. No Notes may be issued pursuant to the Programme on an unlisted basis.

PKF ATTEST DEBT CAPITAL MARKETS, S.L. is acting solely in its capacity as listing agent for the Issuer (and not on its own behalf) in connection with the application for admission of the Notes to the Official List of Euronext Dublin and trading on the Main Securities Market.

No Significant Change

There has been no significant change in the financial or trading position of the Issuer since 31 December 2018, being the date of the most recently audited consolidated financial statements of the Issuer.

Legal and Arbitration Proceedings

Other than as disclosed in "*Description of the Issuer—Legal Proceedings*", the Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Information Memorandum which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

Auditors

The consolidated financial statements of the Issuer for the years ended 31 December 2018 and 31 December 2017 have been audited by Ernst and Young, registered in the Official Registry of Auditors (*Registro Oficial de Auditores de Cuentas*) under number S0530. The registered office of Ernst & Young, S.L. is Plaza Ruiz Picasso, 1 Madrid, Spain.

Documents on Display

From the date hereof, so long as any Notes remain outstanding and throughout the life of the Programme, copies (and, where appropriate, English translations) will be available for inspection upon reasonable notice at the specified offices (which are set out below) of the Issuer and the Issue and Paying Agent:

- (a) the audited financial statements listed in the section "*Documents Incorporated by Reference*" above;
- (b) this Information Memorandum, together with any supplements thereto;
- (c) any Pricing Supplement in respect of Notes listed on any stock exchange;
- (d) the Agency Agreement;

- (e) the Dealer Agreement;
- (f) the Deed of Covenant; and
- (g) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form).

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