

EXECUTION VERSION

TELEFÓNICA EUROPE B.V.

EUR 200,000,000 UNDATED 8 YEAR NON-CALL
DEEPLY SUBORDINATED GUARANTEED FIXED RATE RESET SECURITIES

(TO BE CONSOLIDATED AND FORM A SINGLE SERIES WITH THE EUR
750,000,000 UNDATED 8 YEAR NON-CALL
DEEPLY SUBORDINATED GUARANTEED FIXED RATE RESET SECURITIES)

UNCONDITIONALLY AND IRREVOCABLY GUARANTEED ON A
SUBORDINATED BASIS BY

TELEFÓNICA, S.A.

SUPPLEMENTAL FISCAL AGENCY AGREEMENT

CONTENTS

| Clause | Page |
|---|------|
| 1. Interpretation..... | 2 |
| 2. Incorporation of Original Agency Agreement..... | 2 |
| 3. Law and Jurisdiction..... | 3 |
| 4. Rights of Third Parties..... | 3 |
| 5. Modification..... | 3 |
| 6. Counterparts..... | 4 |
| Schedule 1 Form of Temporary Global Security..... | 5 |
| Schedule 2 Form of Permanent Global Security..... | 16 |
| Schedule 3 Form of Definitive Security, Coupon and Talon..... | 24 |
| Schedule 4 Terms and Conditions of the New Securities..... | 30 |

THIS SUPPLEMENTAL AGENCY AGREEMENT is made on 18 September 2024

BETWEEN

- (1) **TELEFÓNICA EUROPE B.V.** a private company with limited liability incorporated under the laws of The Netherlands, having its corporate seat in Amsterdam, The Netherlands and its registered office at Zuidplein 112, H. Tower, 13th floor, 1077XV Amsterdam, The Netherlands and registered with the Trade Register of the Dutch Chamber of Commerce under number 24269798 (the "**Issuer**");
- (2) **TELEFÓNICA, S.A.** (the "**Guarantor**");
- (3) **THE BANK OF NEW YORK MELLON, LONDON BRANCH** as fiscal agent (the "**Fiscal Agent**", together with any additional paying agents appointed hereto, the "**Paying Agents**"); and
- (4) **THE BANK OF NEW YORK MELLON, LONDON BRANCH** as agent bank (the "**Agent Bank**").

WHEREAS

- (A) The Issuer has authorised the creation and issue of EUR 200,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (the "**New Securities**") to be consolidated and form a single series with the EUR 750,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities issued by the Issuer on 7 September 2023 (the "**Original Securities**" and, together with the "**New Securities**", the "**Securities**"). The Guarantor has authorised the giving of its guarantee in relation to the Securities under a deed of guarantee dated 7 September 2023 (as amended or supplemented from time to time, the "**Deed of Guarantee**").
- (B) The Original Securities are, and the New Securities will be, in bearer form and in the denomination of EUR 100,000. The New Securities will initially be in the form of a temporary global security (the "**New Temporary Global Security**"), interests in which will be exchangeable for interests in a permanent global security (the "**New Permanent Global Security**") in the circumstances specified in the New Temporary Global Security. The New Permanent Global Security will in turn be exchangeable for securities in definitive form, with interest coupons and talons for further Coupons attached, only in certain limited circumstances specified in the New Permanent Global Security. The Issuer has entered into a deed of covenant dated 7 September 2023 (as supplemented from time to time, the "**Deed of Covenant**").
- (C) The fiscal agency agreement relating to the Original Securities was dated 7 September 2023 and made between the parties thereto (the "**Original Agency Agreement**"). This supplemental fiscal agency agreement (the "**Supplemental Agency Agreement**" and, together with the Original Agency Agreement, the "**Agency Agreement**") is supplemental to the Original Agency Agreement and records certain arrangements which the parties to the Original Agency Agreement have made in relation to the New Securities.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

Words and expressions defined in the Original Agency Agreement shall, unless the context otherwise requires, have the same meanings in this Supplemental Agency Agreement. In the event of any inconsistency between definitions in the Original Agency Agreement and this Supplemental Agency Agreement, the definition in this Supplemental Agency Agreement shall apply for the purposes of the Supplemental Agency Agreement.

1.2 Interpretation of Original Agency Agreement

Subject as provided in this Supplemental Agency Agreement, the provisions of the Original Agency Agreement shall, where the context so admits, be deemed to be amended with effect from the date hereof as if the references therein to:

- 1.2.1 the "**Securities**" were references to the Original Securities and the New Securities;
- 1.2.2 the "**Conditions**" shall be construed as to refer: (a) in respect of the Original Securities, to the terms and conditions of the Original Securities contained in schedule 4 to the Original Agency Agreement; and (b) in respect of the New Securities, to the terms and conditions of the New Securities as set out in Schedule 4 hereto; and
- 1.2.3 the "**Exchange Date**" shall mean in respect of the Original Securities and the New Securities only, the first day following the expiry of 40 days after the issue of the Original Securities and the New Securities, respectively.

The reference to "EUR 750,000,000" in clause 3.5 of the Original Agency Agreement shall be amended to refer to EUR 950,000,000.

The New Temporary Global Security shall be substantially in the form set out in Schedule 1 hereto, the New Permanent Global Security shall be substantially in the form set out in Schedule 2 hereto, and the Definitive Securities, Coupons and Talons shall be substantially in the form set out in Schedule 3 hereto.

2. INCORPORATION OF ORIGINAL AGENCY AGREEMENT

This Supplemental Agency Agreement shall be read as one with the Original Agency Agreement so that all references therein to "this Agreement" shall be deemed to refer to the Original Agency Agreement as amended and supplemented by this Supplemental Agency Agreement.

3. LAW AND JURISDICTION

3.1 Governing law

This Supplemental Agency Agreement and any non-contractual obligations arising out of or in connection with it are governed by and construed in accordance with English law.

3.2 English courts

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising out of or in connection with this Supplemental Agency Agreement (including a dispute relating to the existence, validity or termination of this Supplemental Agency Agreement or any non-contractual obligation arising out of or in connection with this Supplemental Agency Agreement) or the consequences of its nullity.

3.3 Appropriate forum

The parties agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.

3.4 Service of process

Each of the Issuer and the Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Telefónica Digital Limited, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom, or, if different, its registered office for the time being or at any address of the Issuer or Guarantor in England at which process may be served on it. Nothing in this paragraph shall affect the right of any Agent to serve process in any other manner permitted by law. This clause applies to Proceedings in England.

3.5 Dutch Power of Attorney

If the Issuer is represented by an attorney or attorneys in connection with the signing and/or execution and/or delivery of this Supplemental Agency Agreement or any agreement or document referred to herein or made pursuant hereto and the relevant power or powers of attorney is or are expressed to be governed by the laws of The Netherlands, it is hereby expressly acknowledged and accepted by the other parties hereto that such laws shall govern the existence and extent of such attorney's or attorneys' authority and the effects of the exercise thereof.

4. RIGHTS OF THIRD PARTIES

A person who is not a party to this Supplemental Agency Agreement shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Supplemental Agency Agreement.

5. MODIFICATION

This Supplemental Agency Agreement may be amended by further agreement among the parties hereto, but the Issuer and the Guarantor shall not agree, without the consent

of the Holders of Securities, to any such modification unless, in the opinion of the Issuer and the Guarantor, (i) it is of a formal, minor or technical nature; (ii) it is made to correct a manifest error; or (iii) it is not materially prejudicial to the interests of the Holders of Securities.

6. COUNTERPARTS

This Supplemental Agency Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Any party may enter into this Supplemental Agency Agreement by signing any such counterpart.

AS WITNESS the hands of the duly authorised representatives of the parties hereto the day and year first before written.

SCHEDULE 1
FORM OF TEMPORARY GLOBAL SECURITY

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.

TELEFÓNICA EUROPE B.V.

*(incorporated with limited liability under
the laws of The Netherlands with corporate seat in Amsterdam and registered with the trade
register of the Dutch Chamber of Commerce under number 24269798)*

**EUR 200,000,000 Undated 8 Year Non-Call
Deeply Subordinated Guaranteed Fixed Rate Reset Securities**

**(to be consolidated and form a single series with the Telefónica Europe B.V.'s EUR
750,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate
Reset Securities (ISIN: XS2646608401))**

unconditionally and irrevocably guaranteed on a subordinated basis by

TELEFÓNICA, S.A.

*(incorporated with limited liability under
the laws of the Kingdom of Spain)*

ISIN: XS2901990429

TEMPORARY GLOBAL SECURITY

1. INTRODUCTION

This Temporary Global Security is issued in respect of the EUR 750,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (the "**Securities**") of Telefónica Europe B.V. (the "**Issuer**") (to be consolidated and form a single series with the Telefónica Europe B.V.'s EUR 750,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (ISIN: XS2646608401)). The Securities are guaranteed on a subordinated basis by Telefónica, S.A. (the "**Guarantor**") under a deed of guarantee dated 7 September 2023 (as supplemented from time to time), (insofar as they are represented by this Global Security or the Permanent Global Security (as defined below)) have the benefit of a deed of covenant dated 7 September 2023 (as amended or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer, and are the subject of a fiscal agency agreement dated 7 September 2023 (as amended or supplemented from time to time, the "**Fiscal Agency Agreement**") and made between the Issuer, the Guarantor, The Bank of New York Mellon, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Securities) and the other paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any additional

or successor paying agents appointed from time to time in connection with the Securities) and The Bank of New York Mellon, London Branch as agent bank.

2. REFERENCES TO CONDITIONS

Any reference herein to the "**Conditions**" is to the terms and conditions of the Securities scheduled to the Fiscal Agency Agreement and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof. Words and expressions defined in the Conditions shall have the same meanings when used in this Temporary Global Security.

3. PROMISE TO PAY

3.1 Pay to Bearer

The Issuer, for value received, promises to pay to the bearer of this Temporary Global Security the principal sum of

EUR 200,000,000
(TWO HUNDRED MILLION EUROS)

on such date or dates as the same may become payable in accordance with the Conditions, and to pay interest on such principal sum in arrear on the dates and at the rates specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions; *provided, however, that* such interest shall be payable only:

- 3.1.1 in the case of interest falling due before the Exchange Date (as defined below), to the extent that a certificate or certificates issued by Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") dated not earlier than the date on which such interest falls due and in substantially the form set out in Schedule 3 (*Form of Euroclear/Clearstream, Luxembourg Certification*) hereto is/are delivered to the Specified Office of the Fiscal Agent; or
- 3.1.2 in the case of interest falling due at any time, to the extent that the Issuer has failed to procure the exchange for a permanent global security of that portion of this Temporary Global Security in respect of which such interest has accrued.

3.2 Principal Amount

The principal amount of Securities represented by this Temporary Global Security shall be the amount stated in paragraph 3.1 (*Promise to Pay - Pay to Bearer*) above or, if lower, the principal amount most recently entered by or on behalf of the Issuer in the relevant column in Schedule 1 (*Payments, Exchange and Cancellation of Securities*).

4. NEGOTIABILITY

This Temporary Global Security is negotiable and, accordingly, title to this Temporary Global Security shall pass by delivery.

5. EXCHANGE

On or after the day following the expiry of 40 days after the date of issue of this Global Security (the "**Exchange Date**"), the Issuer shall procure (in the case of first exchange) the delivery of a permanent global security (the "**Permanent Global Security**") in substantially the form set out in Schedule 2 (*Form of Permanent Global Security*) to the Fiscal Agency Agreement to the bearer of this Temporary Global Security or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Security in accordance with its terms against:

- 5.1 presentation and (in the case of final exchange) surrender of this Global Security to or to the order of the Fiscal Agent; and
- 5.2 receipt by the Fiscal Agent of a certificate or certificates issued by Euroclear and/or Clearstream, Luxembourg dated not earlier than the Exchange Date and in substantially the form set out in Schedule 3 (*Form of Euroclear/Clearstream, Luxembourg Certification*) hereto.

The principal amount of Securities represented by the Permanent Global Security shall be equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and received by the Fiscal Agent; *provided, however, that* in no circumstances shall the principal amount of Securities represented by the Permanent Global Security exceed the initial principal amount of Securities represented by this Temporary Global Security.

6. **FAILURE TO DELIVER PERMANENT GLOBAL SECURITY OR TO REPAY**

If:

- (a) this Temporary Global Security is not duly exchanged, whether in whole or in part, for a Permanent Global Security by 5.00 p.m. (London time) on the thirtieth day after the time at which the preconditions to such exchange are first satisfied; or
- (b) this Temporary Global Security (or any part hereof) has become due and payable in accordance with the Conditions or the date for final redemption of this Temporary Global Security has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of this Temporary Global Security on the due date for payment,

then this Temporary Global Security will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a)) or at 5.00 p.m. (London time) on such due date (in the case of (b)) and the bearer of this Temporary Global Security will have no further rights hereunder (but without prejudice to the rights which the bearer of this Temporary Global Security or others may have under the Deed of Covenant). The Deed of Covenant has been deposited at the Specified Office of the Fiscal Agent and a copy of it may be inspected at the Specified Office of each Paying Agent or via electronic means at its discretion.

7. **WRITING DOWN**

On each occasion on which:

- 7.1 the Permanent Global Security is delivered or the principal amount of Securities represented thereby is increased in accordance with its terms in exchange for a further portion of this Global Security; or
- 7.2 Securities represented by this Temporary Global Security are to be cancelled in accordance with Condition 6(j) (*Redemption and Purchase - Cancellation*),

the Issuer shall procure that (a) the principal amount of Securities represented by the Permanent Global Security, the principal amount of such increase or (as the case may be) the aggregate principal amount of such Securities and (b) the remaining principal amount of Securities represented by this Temporary Global Security (which shall be the previous principal amount of Securities represented by this Temporary Global Security less the aggregate of the amounts referred to in (a)) are entered in Schedule 1 (*Payments, Exchange and Cancellation of Securities*) hereto, whereupon the principal amount of Securities represented by this Temporary Global Security shall for all purposes be as most recently so entered.

8. **PAYMENTS**

8.1 **Recording of Payments**

Upon any payment being made in respect of the Securities represented by this Temporary Global Security, the Issuer shall procure that details of such payment shall be entered in Schedule 1 (*Payments, Exchange and Cancellation of Securities*) hereto and, in the case of any payment of principal, the principal amount of the Securities represented by this Temporary Global Security shall be reduced by the principal amount so paid.

8.2 **Discharge of Issuer's obligations**

Payments due in respect of Securities for the time being represented by this Temporary Global Security shall be made to the bearer of this Temporary Global Security and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above shall not affect such discharge.

9. **CONDITIONS APPLY**

Until this Temporary Global Security has been exchanged as provided herein or cancelled in accordance with the Fiscal Agency Agreement, the bearer of this Temporary Global Security shall be subject to the Conditions and, subject as otherwise provided herein, shall be entitled to the same rights and benefits under the Conditions as if the bearer were the holder of Securities in definitive form in substantially the form set out in Schedule 4 (*Form of Definitive Security, Coupon and Talon*) to the Fiscal Agency Agreement and the related interest coupons and talons for further interest coupons in the denomination of EUR 100,000 and in an aggregate principal amount equal to the principal amount of Securities represented by this Global Security.

10. **NOTICES**

Notwithstanding Condition 14 (*Notices*), while all the Securities are represented by this Temporary Global Security (or by this Temporary Global Security and the Permanent Global Security) and this Temporary Global Security is (or this Temporary Global Security and the Permanent Global Security are) deposited with a common depository for Euroclear and Clearstream, Luxembourg notices to holders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg in accordance with their respective rules and operating procedures and, in any case, such notices shall be deemed to have been given to the Holders in accordance with the Condition 14 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg. So long as the Securities are listed and/or admitted to trading, notices required to be given to the Holders pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Securities are listed/and or admitted to trading.

11. **AUTHENTICATION**

This Temporary Global Security shall not be valid for any purpose until it has been authenticated for and on behalf of The Bank of New York Mellon, London Branch as fiscal agent.

12. **GOVERNING LAW**

This Temporary Global Security and any non-contractual obligations arising out of or in connection with it are governed by and construed in accordance with English law.

AS WITNESS the signature of a duly authorised person for and on behalf of the Issuer.

TELEFÓNICA EUROPE B.V.

By:
(*duly authorised*)

Name:

Title:

ISSUED on 18 September 2024
AUTHENTICATED in England for and on behalf of
THE BANK OF NEW YORK MELLON, LONDON BRANCH
as fiscal agent
without recourse, warranty or liability

By:
(*duly authorised*)

**Schedule 1
Payments, Exchange and Cancellation of Securities**

| Date of payment, delivery or cancellation | Amount of interest then paid | Principal amount of Permanent Global Security then delivered or by which Permanent Global Security then increased | Aggregate principal amount of Securities then cancelled | Remaining principal amount of this Temporary Global Security | Authorised Signature |
|--|---|--|--|---|---------------------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Schedule 2
Form of Accountholder's Certification

TELEFÓNICA EUROPE B.V.

*(incorporated with limited liability under
the laws of The Netherlands with corporate seat in Amsterdam and registered with the trade
register of the Dutch Chamber of Commerce under number 24269798)*

**EUR 200,000,000 Undated 8 Year Non-Call
Deeply Subordinated Guaranteed Fixed Rate Reset Securities
(to be consolidated and form a single series with the Telefónica Europe B.V.'s EUR
750,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate
Reset Securities (ISIN: XS2646608401))**

unconditionally and irrevocably guaranteed on a subordinated basis by

TELEFÓNICA, S.A.

*(incorporated with limited liability under
the laws of the Kingdom of Spain)*

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Securities held by you for our account (a) are owned by persons that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source ("**United States persons**"), (b) are owned by United States person(s) that (i) are foreign branches of a United States financial institution (as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(iv)) ("**financial institutions**") purchasing for their own account or for resale, or (ii) acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (i) or (ii), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise the issuer or the issuer's agent that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (c) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and in addition if the owner of the Securities is a United States or foreign financial institution described in clause (c) (whether or not also described in clause (a) or (b)) this is to further certify that such financial institution has not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

If the Securities are of the category contemplated in Rule 903(b)(2) of Regulation S under the Securities Act of 1933, as amended (the "**Act**"), then this is also to certify that, except as set forth below, the Securities are beneficially owned by (1) non-U.S. person(s) or (2) U.S. person(s) who purchased the Securities in transactions which did not require registration under the Act. As used in this paragraph the term "**U.S. person**" has the meaning given to it by Regulation S under the Act.

As used herein, "**United States**" means the United States of America (including the States and the District of Columbia); and its "**possessions**" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by tested telex on or prior to the date on which you intend to submit your certification relating to the Securities held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certification excepts and does not relate to EUR [•] of such interest in the above Securities in respect of which we are not able to certify and as to which we understand exchange and delivery of definitive Securities (or, if relevant, exercise of any rights or collection of any interest) cannot be made until we do so certify.

We understand that this certification is required in connection with certain tax laws and, if applicable, certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certification is or would be relevant, we irrevocably authorise you to produce this certification to any interested party in such proceedings.

Dated: []

**[name of account holder]
as, or as agent for,
the beneficial owner(s) of the Securities
to which this certificate relates.**

By:
Authorised signatory

Schedule 3
Form of Euroclear/Clearstream, Luxembourg Certification

TELEFÓNICA EUROPE B.V.

*(incorporated with limited liability under
the laws of The Netherlands with corporate seat in Amsterdam and registered with the trade
register of the Dutch Chamber of Commerce under number 24269798)*

**EUR 200,000,000 Undated 8 Year Non-Call
Deeply Subordinated Guaranteed Fixed Rate Reset Securities
(to be consolidated and form a single series with the Telefónica Europe B.V.'s EUR
750,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate
Reset Securities (ISIN: XS2646608401))**

unconditionally and irrevocably guaranteed on a subordinated basis by

TELEFÓNICA, S.A.

*(incorporated with limited liability under
the laws of the Kingdom of Spain)*

This is to certify that, based solely on certifications we have received in writing, by tested telex or by electronic transmission from member organisations appearing in our records as persons being entitled to a portion of the principal amount set forth below (our "**Member Organisations**") substantially to the effect set forth in the temporary global security issued in respect of the securities, as of the date hereof, EUR [•] principal amount of the above-captioned Securities (a) is owned by persons that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source ("**United States persons**"), (b) is owned by United States persons that (i) are foreign branches of United States financial institutions (as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(iv)) ("**financial institutions**") purchasing for their own account or for resale, or (ii) acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (i) or (ii), each such United States financial institution has agreed, on its own behalf or through its agent, that we may advise the Issuer or the Issuer's agent that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (c) is owned by United States or foreign financial institutions for purposes of resale during the restricted period (as defined in U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and to the further effect that United States or foreign financial institutions described in clause (c) (whether or not also described in clause (a) or (b)) have certified that they have not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

If the Securities are of the category contemplated in Rule 903(b)(2) of Regulation S under the Securities Act of 1933, as amended (the "**Act**"), then this is also to certify with respect to the principal amount of Securities set forth above that, except as set forth below, we have received in writing, by tested telex or by electronic transmission, from our Member Organisations entitled to a portion of such principal amount, certifications with respect to such portion

SCHEDULE 2
FORM OF PERMANENT GLOBAL SECURITY

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.

TELEFÓNICA EUROPE B.V.

*(incorporated with limited liability under
the laws of The Netherlands with corporate seat in Amsterdam and registered with the trade
register of the Dutch Chamber of Commerce under number 24269798)*

**EUR 200,000,000 Undated 8 Year Non-Call
Deeply Subordinated Guaranteed Fixed Rate Reset Securities**

**(consolidated and forming a single series with the Telefónica Europe B.V.'s EUR
750,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate
Reset Securities issued on 7 September 2023)**

unconditionally and irrevocably guaranteed on a subordinated basis by

TELEFÓNICA, S.A.

*(incorporated with limited liability under
the laws of the Kingdom of Spain)*

ISIN: XS2646608401

PERMANENT GLOBAL SECURITY

1. INTRODUCTION

This Global Security is issued in respect of the EUR 200,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (the "**Securities**") (consolidated and forming a single series with the Telefónica Europe B.V.'s EUR 750,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities issued on 7 September 2023) of Telefónica Europe B.V. (the "**Issuer**"). The Securities are guaranteed on a subordinated basis by Telefónica, S.A. (the "**Guarantor**") under a deed of guarantee dated 7 September 2023 (as supplemented from time to time), (insofar as they are represented by this Global Security) have the benefit of a deed of covenant dated 7 September 2023 (as amended or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer and are the subject of a fiscal agency agreement dated 7 September 2023 (as amended or supplemented from time to time, the "**Fiscal Agency Agreement**") and made between the Issuer, the Guarantor, The Bank of New York Mellon, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Securities) and the other paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any additional or successor paying agents appointed from time to

time in connection with the Securities) and The Bank of New York Mellon, London Branch as agent bank.

2. REFERENCES TO CONDITIONS

Any reference herein to the "**Conditions**" is to the terms and conditions of the Securities set out in Schedule 2 (*Terms and Conditions of the Securities*) hereto and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof. Words and expressions defined in the Conditions shall have the same meanings when used in this Global Security.

3. PROMISE TO PAY

3.1 Pay to bearer

The Issuer, for value received, promises to pay to the bearer of this Global Security, in respect of each Security represented by this Global Security, its principal amount on such date or dates as the same may become payable in accordance with the Conditions, and to pay interest on each such Security on the dates and in the manner specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

3.2 Principal Amount

The principal amount of Securities represented by this Global Security shall be the principal amount initially entered by or on behalf of the Issuer in Schedule 1 (*Payments, Exchanges against Temporary Global Security, Delivery of Definitive Securities and Cancellation of Securities*) or, if lower, the principal amount most recently entered by or on behalf of the Issuer in the relevant column in Schedule 1 (*Payments, Exchanges against Temporary Global Security, Delivery of Definitive Securities and Cancellation of Securities*).

4. NEGOTIABILITY

This Global Security is negotiable and, accordingly, title to this Global Security shall pass by delivery.

5. EXCHANGE

This Global Security will become exchangeable, in whole but not in part only and at the request of the bearer of this Global Security, for Securities in definitive form ("**Definitive Securities**") in substantially the form set out in Schedule 3 (*Form of Definitive Security, Coupon and Talon*) to the Fiscal Agency Agreement if either of the following events occurs:

- (a) Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (b) the principal in respect of any Securities is not paid when due and payable.

6. **DELIVERY OF DEFINITIVE SECURITIES**

Whenever this Global Security is to be exchanged for Definitive Securities, the Issuer shall procure the prompt delivery of such Definitive Securities, duly authenticated and with interest coupons (the "**Coupons**") and talons for further Coupons (the "**Talons**") attached, in an aggregate principal amount equal to the principal amount of Securities represented by this Global Security to the bearer of this Global Security against the surrender of this Global Security to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

7. **FAILURE TO DELIVER DEFINITIVE SECURITIES OR TO REPAY**

If:

- (a) Definitive Securities have not been delivered in accordance with paragraph 6 (*Delivery of Definitive Securities*) above by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of this Global Security for Definitive Securities; or
- (b) this Global Security (or any part hereof) has become due and payable in accordance with the Conditions or the date for final redemption of this Global Security has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of this Global Security on the due date for payment,

then this Global Security (including the obligation to deliver Definitive Securities) will become void at 5.00 p.m. (London time) on such thirtieth day in the case of (a) or at 5.00 p.m. (London time) on such due date in the case of (b) and the bearer of this Global Security will have no further rights hereunder (but without prejudice to the rights which the bearer of this Global Security or others may have under the Deed of Covenant). The Deed of Covenant has been deposited at the Specified Office of the Fiscal Agent and a copy of it may be inspected at the Specified Office of each Paying Agent.

8. **WRITING DOWN**

On each occasion on which:

- (a) a payment of principal is made in respect of this Global Security;
- (b) Definitive Securities are delivered; or
- (c) Securities represented by this Global Security are to be cancelled in accordance with Condition 6(j) (*Redemption and Purchase - Cancellation*),

the Issuer shall procure that (i) the amount of such payment and the aggregate principal amount of such Securities and (ii) the remaining principal amount of Securities represented by this Global Security (which shall be the previous principal amount hereof *less* the aggregate of the amounts referred to in (i) above) are entered in Schedule 1 (*Payments, Exchanges against Temporary Global Security, Delivery of Definitive Securities and Cancellation of Securities*) hereto, whereupon the principal amount of

Securities represented by this Global Security shall for all purposes be as most recently so entered.

9. **WRITING UP**

9.1 **Initial Exchange**

If this Global Security was originally issued in exchange for part only of a temporary global security representing the Securities, then all references in this Global Security to the principal amount of Securities represented by this Global Security shall be construed as references to the principal amount of Securities represented by the part of the temporary global security in exchange for which this Global Security was originally issued which the Issuer shall procure is entered in Schedule 1 (*Payments, Exchanges against Temporary Global Security, Delivery of Definitive Securities and Cancellation of Securities*) hereto, whereupon the principal amount of Securities represented by this Global Security shall for all purposes be as most recently so entered.

9.2 **Subsequent Exchange**

If at any subsequent time any further portion of such temporary global security is exchanged for an interest in this Global Security, the principal amount of Securities represented by this Global Security shall be increased by the amount of such further portion, and the Issuer shall procure that the principal amount of Securities represented by this Global Security (which shall be the previous principal amount of Securities represented by this Global Security plus the amount of such further portion) is entered in Schedule 1 (*Payments, Exchanges against Temporary Global Security, Delivery of Definitive Securities and Cancellation of Securities*) hereto, whereupon the principal amount of this Global Security shall for all purposes be as most recently so entered.

10. **PAYMENTS**

10.1 **Recording of Payments**

Upon any payment being made in respect of the Securities represented by this Global Security, the Issuer shall procure that details of such payment shall be entered in Schedule 1 (*Payments, Exchange against Temporary Global Security, Delivery of Definitive Securities and Cancellation of Securities*) hereto and, in the case of any payment of principal, the principal amount of the Securities represented by this Global Security shall be reduced by the principal amount so paid.

10.2 **Discharge of Issuer's obligations**

Payments due in respect of Securities for the time being represented by this Global Security shall be made to the bearer of this Global Security and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above shall not affect such discharge.

11. **CONDITIONS APPLY**

Until this Global Security has been exchanged as provided herein or cancelled in accordance with the Fiscal Agency Agreement, the bearer of this Global Security shall be subject to the Conditions and, subject as otherwise provided herein, shall be entitled

to the same rights and benefits under the Conditions as if it were the holder of Definitive Securities and the related Talons and Coupons in the denomination of EUR 100,000 and in an aggregate principal amount equal to the principal amount of Securities represented by this Global Security.

12. **NOTICES**

Notwithstanding Condition 14 (*Notices*), while all the Securities are represented by this Global Security (or by this Global Security and a temporary global security) and this Global Security is (or this Global Security and a temporary global security are) deposited with a common depository for Euroclear and Clearstream, Luxembourg, notices to Holders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg in accordance with their respective rules and operating procedures and, in any case, such notices shall be deemed to have been given to the Holders in accordance with the Condition 14 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg. So long as the Securities are listed and/or admitted to trading, notices required to be given to the Holders pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Securities are listed/and or admitted to trading.

13. **AUTHENTICATION**

This Global Security shall not be valid for any purpose until it has been authenticated for and on behalf of The Bank of New York Mellon, London Branch as fiscal agent.

14. **GOVERNING LAW**

This Global Security and any non-contractual obligations arising out of or in connection with it are governed by and construed in accordance with English law.

AS WITNESS the signature of a duly authorised person for and on behalf of the Issuer.

TELEFÓNICA EUROPE B.V.

By:.....
(*duly authorised*)

ISSUED as of 18 September 2024

AUTHENTICATED in England for and on behalf of
THE BANK OF NEW YORK MELLON, LONDON BRANCH
as fiscal agent
without recourse, warranty or liability

By:.....
(*duly authorised*)

Schedule 2

Terms and Conditions of the Securities

[Insert Conditions of the Securities]

SCHEDULE 3
FORM OF DEFINITIVE SECURITY, COUPON AND TALON

The

[On the face of the Security:]

EUR 100,000

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.

TELEFÓNICA EUROPE B.V.

*(incorporated with limited liability under
the laws of The Netherlands with corporate seat in Amsterdam and registered with the trade
register of the Dutch Chamber of Commerce under number 24269798)*

**EUR [•] Undated 8 Year Non-Call
Deeply Subordinated Guaranteed Fixed Rate Reset Securities**

unconditionally and irrevocably guaranteed on a subordinated basis by

TELEFÓNICA, S.A.

*(incorporated with limited liability under
the laws of the Kingdom of Spain)*

This Security is one of a series of securities (the "**Securities**") in the denomination of EUR 100,000 and in the aggregate principal amount of EUR [•] issued by Telefónica Europe B.V. (the "**Issuer**").

The Issuer, for value received, promises to pay to the bearer the principal sum of

€[•]

(EURO [•])

on such date or dates as the same may become payable in accordance with the conditions endorsed hereon (the "**Conditions**"), and to pay interest on such principal sum in arrear on the dates and at the rates specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

Interest is payable on the [above principal sum/unpaid balance of the above principal sum] at the rate of [•] per cent. per annum, payable [annually] in arrear on [*day and month*] [, [*day and month*], [*day and month*], [*day and month*] and [*day and month*]] [each year], all subject to and in accordance with the Conditions.

This Security and the interest coupons and talons relating hereto shall not be valid for any purpose until this Security has been authenticated for and on behalf of The Bank of New York Mellon, London Branch as fiscal agent.

AS WITNESS the signature of a duly authorised person on behalf of the Issuer.

TELEFÓNICA EUROPE B.V.

By

(duly authorised)

Name:

Title:

ISSUED as of [•]

[Insert Guarantee if to be enfaced on the Securities in definitive form - see separate standard form]

AUTHENTICATED in England for and on behalf of

THE BANK OF NEW YORK MELLON, LONDON BRANCH

as fiscal agent

without recourse, warranty or liability

By

(duly authorised)

[On the reverse of the Security:]

TERMS AND CONDITIONS

[As set out in the [] Schedule]

[At the foot of the Terms and Conditions:]

FISCAL AGENT

The Bank of New York Mellon, London Branch

160 Queen Victoria Street
London EC4V 4LA
United Kingdom

PAYING AGENTS

[•]

[•]

Form of Coupon

[On the face of the Coupon:]

TELEFÓNICA EUROPE B.V.

EUR [•] Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities unconditionally and irrevocably guaranteed on a subordinated basis by TELEFÓNICA, S.A.

Coupon for EUR [•] due on [•].

Such amount is payable, subject to the terms and conditions (the "**Conditions**") endorsed on the Security to which this Coupon relates (which are binding on the holder of this Coupon whether or not it is for the time being attached to such Security), against presentation and surrender of this Coupon at the specified office for the time being of any of the agents shown on the reverse of this Coupon (or any successor or additional agents appointed from time to time in accordance with the Conditions).

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.

[On the reverse of the Coupon:]

Fiscal Agent:

The Bank of New York Mellon, London Branch
160 Queen Victoria Street
London EC4V 4LA
United Kingdom

Paying Agents: [•];

[•]; and

[•].

Form of Talon

[On the face of the Talon:]

TELEFÓNICA EUROPE B.V.

EUR [•] Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities unconditionally and irrevocably guaranteed on a subordinated basis by TELEFÓNICA, S.A.

Talon for further Coupons.

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of the Coupon Sheet to which this Talon is (or was at the time of issue) attached, this Talon may be exchanged at the specified office for the time being of the fiscal agent shown on the reverse of this Talon (or any successor fiscal agent appointed from time to time in accordance with the terms and conditions (the "**Conditions**") of the Securities to which this Talon relates) for a further Coupon Sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to the Conditions).

The Security to which this Talon relates may, in certain circumstances specified in the Conditions, fall due for redemption before the maturity date of such final Coupon. In such event, this Talon shall become void and no Coupon will be delivered in respect hereof.

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.

[On the reverse of the Talon:]

Fiscal Agent:

The Bank of New York Mellon, London Branch
160 Queen Victoria Street
London EC4V 4LA
United Kingdom

SCHEDULE 4

TERMS AND CONDITIONS OF THE NEW SECURITIES

The following are the terms and conditions in the form in which they will be endorsed on the Securities. Sentences in italics shall not form part of these terms and conditions.

The issue of the EUR 200,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (the "**New Securities**"), to be consolidated and form a single series with the EUR 750,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (the "**Original Securities**" and, together with the New Securities, the "**Securities**"), was authorised by a resolution of the Board of Managing Directors of the Issuer dated 5 September 2024 and the guarantee of the New Securities was authorised by a resolution of the Executive Commission of the Board of Directors of the Guarantor dated 15 January 2024, acting upon a resolution of the shareholders acting through the General Shareholders' Meeting of the Guarantor dated 12 June 2020 and a resolution of the Board of Directors of the Guarantor dated 12 June 2020. A fiscal agency agreement dated 7 September 2023 (as supplemented on 18 September 2024 (the "**New Securities Issue Date**"), the "**Fiscal Agency Agreement**") has been entered into in relation to the Securities between the Issuer, the Guarantor, The Bank of New York Mellon, London Branch as fiscal agent, The Bank of New York Mellon, London Branch as agent bank and the paying agents named therein. The fiscal agent, the agent bank and the paying agents for the time being are referred to below respectively as the "**Fiscal Agent**", the "**Agent Bank**" and the "**Paying Agents**" (which expression shall include the Fiscal Agent). The Fiscal Agency Agreement includes the form of the Securities and the coupons relating to them (the "**Coupons**", which expression includes, where the context so permits, talons for further coupons (the "**Talons**")). Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents or via electronic means at the relevant Paying Agent's discretion following the Holder's prior written request and provision of proof of holding and identity in a form satisfactory to the relevant Paying Agent. The Holders of the Securities and the Holders of the Coupons (each as defined in Condition 1(b) (*Form Denomination and Title - Title*) below) (whether or not attached to the Securities) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

1. **Form, Denomination and Title**

- (a) ***Form and denomination:*** The Securities are serially numbered and in bearer form in the denomination of EUR 100,000, each with Coupons attached on issue.
- (b) ***Title:*** Title to the Securities and Coupons passes by delivery. The holder of any Security or Coupon (a "**Holder**") will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person shall be liable for so treating the Holder.

2. **Status and Subordination of the Securities and Coupons**

- (a) ***Status of the Securities and Coupons:*** The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer (senior only to Junior Obligations of the Issuer) and shall at all times rank *pari passu* and without any preference among themselves.
- (b) ***Subordination of the Securities:*** In the event of an Issuer Winding-up, the rights and claims of the Holders against the Issuer in respect of or arising under the Securities and the Coupons will rank (i) junior to the claims of all holders of Senior Obligations of the Issuer, (ii) *pari passu* with the claims of holders of all Parity Obligations of the Issuer and (iii) senior to the claims of holders of all Junior Obligations of the Issuer.

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities or the Coupons and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off. This Condition 2(b) is an irrevocable stipulation (*derdenbeding*) for the benefit of the creditors of Senior Obligations of the Issuer and each such creditor may rely on and enforce this Condition 2(b) under Section 6:253 of the Dutch Civil Code.

3. **Guarantee, Status and Subordination of the Guarantee**

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Securities and the Coupons on a subordinated basis. Its obligations in that respect (the "**Guarantee**") are set out in the deed of guarantee dated the Original Securities Issue Date (as supplemented on the New Securities Issue Date) and made by the Guarantor for the benefit of the Holders.
- (b) **Status of the Guarantee:** The payment obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor (senior only to Junior Obligations of the Guarantor) and shall at all times rank *pari passu* and without any preference among themselves.
- (c) **Subordination of the Guarantee:** Subject to mandatory provisions of Spanish applicable law, in the event of the Guarantor being declared in insolvency (*concurso*) under Spanish insolvency law, the rights and claims of Holders against the Guarantor in respect of or arising under the Guarantee will rank (i) junior to the claims of the holders of all Senior Obligations of the Guarantor, (ii) *pari passu* with the claims of the holders of all Parity Obligations of the Guarantor and (iii) senior to the claims of the holders of all Junior Obligations of the Guarantor.

4. **Interest Payments**

(a) **General**

The Original Securities bear interest at the Prevailing Interest Rate from (and including) the Original Securities Issue Date and the New Securities bear interest at the Prevailing Interest Rate from (and including) 7 September 2024, in each case in accordance with the provisions of this Condition 4.

Subject to Condition 5 (*Optional Interest Deferral*), interest shall be payable on the Securities with respect to any Interest Period annually in arrear on each Interest Payment Date in each case as provided in this Condition 4.

(b) **Interest Accrual**

The Securities will cease to bear interest from (and including) the date of redemption thereof pursuant to Condition 6 (*Redemption and Purchase*) or the date of any substitution thereof pursuant to Condition 12(c) (*Meetings of Holders of Securities and Modification, Substitution and Variation - Substitution and Variation*) unless, upon due presentation, payment of all amounts due in respect of the Securities is not made, in which event interest shall continue to accrue in respect of unpaid amounts on the Securities, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Interest in respect of any Security shall be calculated per EUR 100,000 in principal amount thereof (the "**Calculation Amount**"). The interest payable on each Security on any Interest Payment Date shall be calculated by multiplying the Prevailing Interest Rate for the Interest Period ending immediately prior to such Interest Payment Date by the Calculation Amount and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). Interest in respect of any Security for any Interest Period and where it is necessary to compute an amount of interest in respect of any Security for a period which is less than a complete year, shall be calculated on the basis of the actual number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the actual number of days in the period from (and including) the most recent Interest Payment Date to (but excluding) the next succeeding Interest Payment Date.

(c) **Prevailing Interest Rate**

Unless previously redeemed or repurchased and cancelled in accordance with these Conditions and subject to the further provisions of this Condition 4, the Securities will bear interest on their principal amount as follows:

- (i) from (and including) the Original Securities Issue Date (in the case of the Original Securities) or 7 September 2024 (in the case of the New Securities) to (but excluding) the First Reset Date, at the rate of 6.750 per cent. per annum; and
- (ii) from (and including) the First Reset Date, at the applicable 8 Year Swap Rate in respect of the relevant Reset Period plus:
 - (A) in respect of the period commencing on the First Reset Date to (but excluding) 7 September 2033, 3.615 per cent. per annum;
 - (B) from (and including) 7 September 2033 to (but excluding) 7 September 2051, 3.865 per cent. per annum; and
 - (C) from (and including) 7 September 2051, 4.615 per cent. per annum,
 (each a "**Subsequent Fixed Interest Rate**"), all as determined by the Agent Bank, payable annually in arrear on each Interest Payment Date, subject to Condition 5 (*Optional Interest Deferral*),

and where:

"8 Year Swap Rate" means, in respect of any Reset Period, the mid-swap rate as displayed on Reuters screen "ICESWAP2" or, if such rate is not displayed on such screen as at the relevant time, the mid-swap rate as displayed on a successor page (in each case, the "**Reset Screen Page**") as at 11:00 a.m. (Central European time) on the relevant Reset Interest Determination Date.

Subject to the operation of Condition 4(d) (*Interest Payments - Benchmark Replacement*), in the event that the relevant 8 Year Swap Rate does not appear on the Reset Screen Page on the relevant Reset Interest Determination Date, the 8 Year Swap Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date. "**Reset Reference Bank Rate**" means the percentage rate calculated by the Agent Bank on the basis of the 8 Year Swap Rate Quotations provided by five leading swap dealers in the interbank market (the "**Reset Reference Banks**") to the Issuer and the Agent Bank at approximately 11:00 a.m. (Central European time) on the relevant Reset Interest Determination Date. If (a) at least three quotations are provided, the 8 Year Swap Rate will be calculated by the Agent Bank on the basis of the arithmetic mean (or, if only three quotations are provided, the median) of the quotations provided, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); (b) only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; (c) only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and (d) no quotations are provided, the Reset Reference Bank Rate for the relevant period will be: (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the 8 Year Swap Rate in respect of the immediately preceding reset period, or (ii) in the case of the Reset Period commencing on the First Reset Date, 3.135 per cent. per annum.

The "**8 Year Swap Rate Quotations**" means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 Day Count basis) of a fixed-for-floating euro interest rate swap which (i) has a term of 8 years commencing on the relevant Reset Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on the basis of the actual number of days elapsed and a year of 360 days).

(d) ***Benchmark Replacement***

Notwithstanding the provisions above in this Condition 4, if the Issuer determines that a Benchmark Event has occurred in relation to the Original Reference Rate when a component part of the 8 Year Swap Rate remains to be determined by reference to the Original Reference Rate, then the Issuer may elect to apply the following provisions:

- (i) The Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer and the Independent Adviser

determining, no later than three Business Days prior to the relevant Reset Interest Determination Date, a Successor Rate, failing which an Alternative Rate (in accordance with paragraph (ii) below) and, in either case, an Adjustment Spread if any (in accordance with paragraph (iii) below) and any Benchmark Amendments (in accordance with paragraph (iv) below).

- (ii) If the Issuer and the Independent Adviser:
 - (A) agree that there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in paragraph (iii) below) subsequently be used in place of the Original Reference Rate as a component part of determining the 8 Year Swap Rate for all future payments of interest on the Securities (subject to the subsequent operation of this Condition 4(d)); or
 - (B) agree that there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in paragraph (iii) below) subsequently be used in place of the Original Reference Rate as a component part of determining the 8 Year Swap Rate for all future payments of interest on the Securities (subject to the subsequent operation of this Condition 4(d)); or
 - (C) the Issuer and the Independent Adviser do not agree on the selection of a Successor Rate or an Alternative Rate, the fallback provisions set out in Condition 4(c) (*Interest Payments - Prevailing Interest Rate*) continue to apply.
- (iii) If the Issuer and the Independent Adviser agree (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) If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(d) and the Issuer and the Independent Adviser agree: (i) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or 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 (v) below, without any requirement for the consent or approval of the Holders, vary these Conditions and/or the Fiscal Agency Agreement 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, the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.
- (v) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(d) will be notified promptly by the Issuer to the Fiscal Agent, the Agent Bank, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any and will be binding on the Issuer, the Guarantor, the Fiscal Agent, the Agent Bank, the Paying Agents and the Holders.
- (vi) Without prejudice to the obligations of the Issuer under paragraphs (i) to (v) above, the Original Reference Rate and the fallback provisions provided for in Condition 4(c) (*Interest Payments - Prevailing Interest Rate*) will continue to apply unless and until the Agent Bank has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with this Condition 4(d).
- (vii) Notwithstanding any other provision of this Condition 4(d), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied,

nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause a reduction in or loss of the equity credit (or such other nomenclature that a Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) for the Securities from a Rating Agency or a shortening of the period of time for which any such equity credit is attributed to the Securities by a Rating Agency.

(e) ***Publication of Subsequent Fixed Interest Rates***

The Issuer shall cause notice of each Subsequent Fixed Interest Rate and the corresponding amount payable per Calculation Amount determined in accordance with this Condition 4 and the relevant dates scheduled for payment to be given to the Fiscal Agent, the Paying Agents, any stock exchange on which the Securities are for the time being listed or admitted to trading and, in accordance with Condition 14 (*Notices*), the Holders of the Securities and the Coupons, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

The relevant Subsequent Fixed Interest Rate and the dates scheduled for payment so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant period in accordance with these Conditions.

(f) ***Agent Bank and Reset Reference Banks***

With effect from the first Reset Interest Determination Date, the Issuer will maintain an Agent Bank and the number of Reset Reference Banks provided above where the Prevailing Interest Rate is to be calculated by reference to them. The name of the initial Agent Bank is The Bank of New York Mellon, London Branch and its initial specified office is 160 Queen Victoria Street, London, EC4V 4LA, United Kingdom.

The Issuer may from time to time replace the Agent Bank or any Reset Reference Bank with another leading financial institution. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Prevailing Interest Rate in respect of any Reset Period as provided in Condition 4(c) (*Interest Payments - Prevailing Interest Rate*), the Issuer shall forthwith appoint another leading financial institution to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

(g) ***Determinations of Agent Bank Binding***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Agent Bank shall (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Agent Bank, the Fiscal Agent, the Paying Agents and all Holders and (in the absence of negligence, wilful default or fraud) no liability to the Holders or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

5. **Optional Interest Deferral**

- (a) ***Deferral of Interest Payments:*** The Issuer may, subject as provided in Conditions 5(b) (*Optional Interest Deferral - Optional Settlement of Arrears of Interest*) and 5(c) (*Optional Interest Deferral - Mandatory Settlement of Arrears of Interest*) below, elect in its sole discretion to defer (in whole or in part) any Interest Payment that is otherwise scheduled to be paid on an Interest Payment Date by giving notice (a "**Deferral Notice**") of such election to the Holders in accordance with Condition 14 (*Notices*), the Fiscal Agent and the Paying Agents not more than 14 and not less than 7 Business Days prior to the relevant Interest Payment Date. Any Interest Payment that the Issuer has elected to defer pursuant to this Condition 5(a) and that has not been satisfied is referred to as a "**Deferred Interest Payment**".

If any Interest Payment is deferred pursuant to this Condition 5(a) then such Deferred Interest Payment shall itself bear interest (such further interest together with the Deferred Interest Payment, being "**Arrears of Interest**"), at the relevant Prevailing Interest Rate applicable from

time to time, from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to be made to (but excluding) the date on which such Deferred Interest Payment is paid in accordance with Condition 5(b) (*Optional Interest Deferral - Optional Settlement of Arrears of Interest*) or Condition 5(c) (*Optional Interest Deferral - Mandatory Settlement of Arrears of Interest*) (as applicable), in each case such further interest being compounded on each Interest Payment Date.

Non-payment of interest deferred pursuant to this Condition 5(a) shall not constitute a default by the Issuer or the Guarantor under the Securities or the Guarantee or for any other purpose.

- (b) **Optional Settlement of Arrears of Interest:** Arrears of Interest may be satisfied at the option of the Issuer, in whole or in part, at any given time (the "**Optional Deferred Interest Settlement Date**") following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 14 (*Notices*), the Fiscal Agent and the Paying Agents not more than 14 and no less than 7 Business Days prior to the relevant Optional Deferred Interest Settlement Date informing them of its election so to satisfy such Arrears of Interest (or part thereof) and specifying the relevant Optional Deferred Interest Settlement Date.
- (c) **Mandatory Settlement of Arrears of Interest:** Notwithstanding the provisions of Condition 5(b) (*Optional Interest Deferral - Optional Settlement of Arrears of Interest*), the Issuer shall pay any outstanding Arrears of Interest in whole, but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred.

Notice of the occurrence of any Mandatory Settlement Date shall be given to the Holders in accordance with Condition 14 (*Notices*), the Fiscal Agent and the Paying Agents not more than 14 and no less than 7 Business Days prior to the relevant Mandatory Settlement Date.

"**Mandatory Settlement Date**" means the earliest of:

- (i) as soon as reasonably practicable (but not later than the fifth business day) following the date on which a Compulsory Arrears of Interest Settlement Event occurs;
- (ii) following any Deferred Interest Payment, on the next scheduled Interest Payment Date on which the Issuer does not elect to defer in whole the interest accrued in respect of the relevant Interest Period; and
- (iii) the date on which the Securities are redeemed or repaid in accordance with Condition 6 (*Redemption and Purchases*) or become due and payable in accordance with Condition 9 (*Enforcement Events and No Events of Defaults*).

A "**Compulsory Arrears of Interest Settlement Event**" shall have occurred if:

- (i) a Dividend Declaration is made in respect of any Junior Obligations or any Parity Obligations (other than in respect of any such dividend, distribution or payment paid or made exclusively in Ordinary Shares of the Guarantor); or
- (ii) the Guarantor or any of its subsidiaries has repurchased, redeemed or otherwise acquired any Junior Obligations or any Parity Obligations,

save, in the case of (a) any such Dividend Declaration or such redemption, repurchase or acquisition that is mandatory under the terms of any such Parity Obligations; (b) any Dividend Declaration in respect of any such dividend, distribution or payment by the Issuer to the Guarantor, (c) any Dividend Declaration or repurchase which is required to be validly resolved on, declared, paid or made in respect of, share option, or free share allocation plan in each case reserved for directors, officers and/or employees of the Guarantor or any of its Affiliates or any associated liquidity agreements or any associated hedging transactions; (d) any purchase of Ordinary Shares of the Guarantor by or on behalf of the Guarantor as part of an intra-day transaction that does not result in an increase in the aggregate number of Ordinary Shares of the Guarantor held by or on behalf of the Guarantor as treasury shares at 8:30 a.m. Madrid time on the Interest Payment Date on which any outstanding Deferred Interest Payment was first

deferred; (e) any repurchase or acquisition of Parity Obligations that is made for a consideration less than the aggregate nominal or par value of such Parity Obligations that are purchased or acquired; (f) any repurchase or acquisition of Ordinary Shares of the Guarantor resulting from mandatory obligations or hedging of any convertible securities issued by the Issuer or the Guarantor; (g) any repurchase or acquisition of Ordinary Shares of the Guarantor resulting from the settlement of existing equity derivatives after the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred; or (h) any repurchase or acquisition of Junior Obligations was undertaken in connection with the satisfaction by the Guarantor or any Subsidiary of the Guarantor of its respective obligations under any share buyback programme in force and duly approved by its shareholders' general meeting.

"Dividend Declaration" means the authorisation by resolution of the general meeting of shareholders or the board of directors or other competent corporate body (as the case may be) of the Issuer or the Guarantor (as applicable) of the payment, or the making of, a dividend or other distribution or payment (or, if no such authorisation is required, the payment, or the making of, a dividend or other distribution or payment).

6. Redemption and Purchase

- (a) **Final redemption:** Subject to any early redemption described below, the Securities are undated securities with no specified maturity date. The Securities may not be redeemed at the option of the Issuer other than in accordance with Conditions 6(b) (*Redemption and Purchase - Issuer's Call Option*), 6(c) (*Redemption and Purchase - Issuer's Make-Whole Call Option*), 6(d) (*Redemption and Purchase - Redemption for Taxation Reasons*), 6(e) (*Redemption and Purchase - Redemption for Accounting Reasons*), 6(f) (*Redemption and Purchase - Redemption for Rating Reasons*), or 6(g) (*Redemption and Purchase - Redemption following a Substantial Purchase Event*).
- (b) **Issuer's Call Option:** The Issuer may, by giving not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable), redeem the Securities in whole, but not in part, (i) on any date during the Relevant Period, or (ii) on any Interest Payment Date thereafter at their principal amount together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest.
- (c) **Issuer's Make-Whole Call Option:** The Issuer may, by giving not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable), redeem the Securities in whole, but not in part, at any time (other than a time that the Issuer may exercise its option to redeem the Securities pursuant to Condition 6(b) (*Redemption and Purchase - Issuer's Call Option*)) at their Make-Whole Redemption Amount, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

Any such notice of the redemption of the Securities may, at the Issuer's discretion, be subject to one or more conditions precedent, in which case such notice shall state that, in the Issuer's discretion, the Redemption Date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the Redemption Date, or by the Redemption Date so delayed. The Issuer shall notify the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders of any delay to the Redemption Date or rescindment of the notice of the redemption of the Securities (as applicable).

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Agent Bank, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, and all Holders and (in the absence as aforesaid) no liability to the Holders shall attach to the Agent Bank in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

- (d) **Redemption for Taxation Reasons:** If, immediately prior to the giving of the notice referred to below, a Tax Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable) and subject to Condition 6(h) (*Redemption and Purchase - Preconditions to Redemption*), redeem the Securities in whole, but not in part, in accordance with these Conditions at any time, in each case at (i) their Early Redemption Amount (in the case of a Tax Event if the Redemption Date falls prior to the start of the Relevant Period) or (ii) their principal amount (in the case of (a) a Withholding Tax Event or (b) a Tax Event if the Redemption Date falls on or after the First Call Date), together, in each case, with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.
- (e) **Redemption for Accounting Reasons:** If, immediately prior to the giving of the notice referred to below, an Accounting Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agent and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable) and subject to Condition 6(h) (*Redemption and Purchase - Preconditions to Redemption*), redeem the Securities in accordance with these Conditions in whole, but not in part, at any time, in each case (i) at their Early Redemption Amount if the Redemption Date falls before the start of the Relevant Period, or (ii) at their principal amount if the Redemption Date falls on or after the First Call Date, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.
- (f) **Redemption for Rating Reasons:** If, immediately prior to the giving of the notice referred to below, a Capital Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agent and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable) and subject to Condition 6(h) (*Redemption and Purchase - Preconditions to Redemption*), redeem the Securities in accordance with these Conditions in whole, but not in part, at any time, in each case (i) at their Early Redemption Amount if the Redemption Date falls before the start of the Relevant Period, or (ii) at their principal amount if the Redemption Date falls on or after the First Call Date, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.
- (g) **Redemption following a Substantial Purchase Event:** If, immediately prior to the giving of the notice referred to below, a Substantial Purchase Event has occurred, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable) and subject to Condition 6(h) (*Redemption and Purchase - Preconditions to Redemption*), redeem the Securities in whole, but not in part, in accordance with these Conditions at any time, in each case at their principal amount, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon expiry of such notice, the Issuer shall redeem the Securities.
- (h) **Preconditions to Redemption:** Prior to serving any notice of redemption pursuant to this Condition 6 (other than Condition 6(b) (*Redemption and Purchase - Issuer's Call Option*) or Condition 6(c) (*Redemption and Purchase - Issuer's Make-Whole Call Option*)), the Guarantor shall:
- (i) deliver to the Fiscal Agent a certificate signed by one authorised signatory of the Guarantor stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied;
 - (ii) in the case of a Tax Event or Withholding Tax Event deliver to the Fiscal Agent an opinion of independent legal or other tax advisers to the effect set out in paragraph (i) above;

- (iii) in the case of an Accounting Event, deliver to the Fiscal Agent the relevant opinion from the relevant accountancy firm; and
 - (iv) in the case of a Capital Event, deliver to the Fiscal Agent the relevant confirmation from the relevant Rating Agency.
- (i) **Purchase:** Each of the Issuer, the Guarantor and their respective subsidiaries may at any time purchase Securities in the open market or otherwise at any price (provided that, if they should be cancelled pursuant to this Condition 6(i), they are purchased together with all unmatured Coupons and all unexchanged Talons relating to them). The Securities so purchased may be held, re-issued or re-sold or, at the option of the relevant purchaser, surrendered to the Fiscal Agent for cancellation, but while held by or on behalf of the Issuer, the Guarantor or any such subsidiary, shall not entitle the Holder to vote at any meetings of the Holders of Securities and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders of Securities or for the purposes of Condition 12 (*Meetings of Holders of Securities and Modification*).
- (j) **Cancellation:** All Securities so redeemed and any unmatured Coupons attached to or surrendered with them will be cancelled and may not be re-issued or re-sold.

The Guarantor intends (without thereby assuming any obligation) at any time that it or the Issuer will redeem or repurchase the Securities only to the extent that the aggregate principal amount of the Securities to be redeemed or repurchased does not exceed such part of the net proceeds received by the Guarantor or any subsidiary of the Guarantor on or prior to the date of such redemption or repurchase from the sale or issuance by the Guarantor or such subsidiary to third party purchasers (other than group entities of the Guarantor) of securities which are assigned by S&P, at the time of sale or issuance, an aggregate "equity credit" (or such similar nomenclature used by S&P from time to time) that is equal to or greater than the "equity credit" assigned to the Securities to be redeemed or repurchased at the time of their issuance (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), unless:

- (i) the rating assigned by S&P to the Guarantor is the same as or higher than the long-term corporate credit rating assigned to the Guarantor on the date when the most recent additional hybrid security was issued (excluding refinancings without net new issuance) and the Guarantor is of the view that such rating would not fall below this level as a result of such redemption or repurchase; or
- (ii) in the case of a repurchase or redemption, such repurchase or redemption is of less than (a) 10 per cent. of the aggregate principal amount of the outstanding hybrid securities of the Group in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the outstanding hybrid securities of the Group in any period of 10 consecutive years; or
- (iii) if the Securities are not assigned an "equity credit" by S&P (or such similar nomenclature then used by S&P at the time of such redemption or repurchase); or
- (iv) in the case of a repurchase or redemption, such repurchase or redemption relates to an aggregate principal amount of Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Guarantor's hybrid capital to which S&P then assigns equity content under its prevailing methodology; or
- (v) the Securities are redeemed pursuant to a Tax Event, a Capital Event, an Accounting Event, a Substantial Purchase Event or a Withholding Tax Event; or
- (vi) such redemption or repurchase occurs on or after 7 September 2051.

7. Payments

- (a) **Method of Payment:** Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Securities or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by transfer to a euro account maintained by the payee with a bank in city in which banks have access to T2. Payments

of interest due in respect of any Security other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Security.

- (b) **Payments subject to fiscal laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.
- (c) **Unmatured Coupons:** Upon the due date for redemption of any Security, unmatured Coupons relating to such Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer and the Guarantor may require.
- (d) **Exchange of Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10 (*Prescription*)).
- (e) **Payments on business days:** A Security or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a euro account, a day that is a Business Day). No further interest or other payment will be made as a consequence of the day on which the relevant Security or Coupon may be presented for payment under this Condition 7 falling after the due date. In this Condition "**business day**" means a day on which commercial banks and foreign exchange markets settle payments and are open in the relevant city.
- (f) **Paying Agents:** The initial Paying Agents and their initial specified offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that they will maintain (i) a Fiscal Agent and (ii) a Paying Agent (which may be the Fiscal Agent) having specified offices in London or an alternative European city (as the Issuer may select). Notice of any change in the Paying Agents or their specified offices will promptly be given to the Holders in accordance with Condition 14 (*Notices*).

8. Taxation

- (a) **Additional Amounts:** All payments of principal and interest in respect of the Securities and the Coupons by the Issuer or (as the case may be) the Guarantor under the Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges (collectively, "**Taxes**") of whatever nature imposed or levied by or on behalf of the Netherlands or the Kingdom of Spain or, in each case, any authority therein or thereof having power to tax (each a "**Taxing Authority**"), unless the withholding or deduction of such Taxes is required by law.

In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Holders after such withholding or deduction of Taxes shall equal the respective amounts of principal and interest which would have been received in respect of the Securities or (as the case may be) Coupons, in the absence of such withholding or deduction of Taxes; except that no Additional Amounts shall be payable with respect to any payment in respect of any Security or Coupon or (as the case may be) under the Guarantee:

- (i) to, or to a third party on behalf of, a Holder or to the beneficial owner of any Security or Coupon who is liable for Taxes in respect of such Security or Coupon by reason of his having some connection with the Netherlands or the Kingdom of Spain other than the mere holding of the Security or Coupon;

- (ii) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder or the beneficial owner thereof would have been entitled to such Additional Amounts on presenting the same for payment on the thirtieth such day;
- (iii) in relation to any estate, inheritance, gift, sales, transfer or similar Taxes;
- (iv) to, or to a third party on behalf of, a Holder or to the beneficial owner of any Security or Coupon if the Issuer or the Guarantor does not receive in a timely manner a duly executed and completed certificate from the Fiscal Agent, pursuant to the First Additional Provision of Law 10/2014, and Royal Decree 1065/2007 of 27 July, as amended by Royal Decree 1145/2011 of 29 July, and any implementing legislation or regulation;
- (v) where such withholding or deduction of Taxes is imposed, withheld or deducted by reason of the failure of the Holder or the beneficial owner of any Security or Coupon to comply with the Issuer's or the Guarantor's request addressed to the Holder or the beneficial owner to make any necessary claim or to comply with any certification, identification or other requirements concerning the nationality, residence, identity or connection with the taxing jurisdiction of such Holder or beneficial owner if such claim or compliance is required by the applicable tax laws and regulations of the relevant Taxing Authority as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by such relevant Taxing Authority;
- (vi) presented for payment in the Kingdom of Spain;
- (vii) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Security to another Paying Agent in a Member State of the European Union (if any); or
- (viii) where such withholding or deduction is required pursuant to the application of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*);
- (ix) any taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the Internal Revenue Code of 1986 (FATCA) (or any amended or successor version of such sections that is substantively comparable and not materially more onerous to comply with), any regulations promulgated thereunder, any official interpretations thereof or any agreements entered into in connection with the implementation thereof.

In addition, Additional Amounts will not be payable with respect to (i) any Taxes that are imposed in respect of any combination of the items set forth above and to (ii) any Holder of any Security who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment, to the extent that payment would be required by the laws of the relevant Taxing Authority to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a beneficial owner who would not have been entitled to the Additional Amounts had it been the Holder.

- (b) **Tax Credit Payment:** If any Additional Amounts are paid by the Issuer or, as the case may be, the Guarantor under this Condition for the benefit of any Holder and such Holder, in its sole discretion, determines that it has obtained (and has derived full use and benefit from) a credit against, a relief or remissions for, or repayment of, any tax, then, if and to the extent that such Holder, in its sole opinion, determines that (i) such credit, relief, remission or repayment is in respect of or calculated with reference to the Additional Amounts paid pursuant to this Condition; and (ii) its tax affairs for its tax year in respect of which such credit, relief, remission or repayment was obtained have been finally settled, such Holder shall, to the extent that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Issuer or, as the case may be, the Guarantor such amount as such Holder shall in its sole opinion, determine to be the amount which will leave such Holder (after such payment) in no worse after tax position than it would have been in had the additional payment in question not been required to be made by the Issuer or, as the case may be, the Guarantor.

- (c) **Tax Credit Clawback:** If any Holder makes any payment to the Issuer or, as the case may be, the Guarantor pursuant to this Condition and such Holder subsequently determines in its sole opinion, that the credit, relief, remission or repayment in respect of which such payment was made was not available or has been withdrawn or that it was unable to use such credit, relief, remission or repayment in full, the Issuer or, as the case may be, the Guarantor shall reimburse such Holder such amount as such Holder determines, in its sole opinion, is necessary to place it in the same after tax position as it would have been in if such credit, relief, remission or repayment had been obtained and fully used and retained by such Holder, such amount not exceeding in any case the amount paid by the Holder to the Issuer or, as the case may be, the Guarantor.
- (d) **Tax Affairs:** Nothing in Conditions 8(b) (*Taxation - Tax Credit Payment*) and 8(c) (*Taxation - Tax Credit Clawback*) above shall interfere with the right of any Holder to arrange its tax or any other affairs in whatever manner it thinks fit, oblige any Holder to claim any credit, relief, remission or repayment in respect of any payment made under this Condition in priority to any credit, relief, remission or repayment available to it nor oblige any Holder to disclose any information relating to its tax or other affairs or any computations in respect thereof.
- (e) **Definitions:** References in these Conditions to (i) "Principal" shall be deemed to include all amounts in the nature of principal payable pursuant to Condition 7 (*Payments*) or any amendment or supplement to it; (ii) "interest" shall be deemed to include all Arrears of Interest and all other amounts payable pursuant to Condition 4 (*Interest Payments*) or any amendment or supplement to it; and (iii) "principal" and/or "interest" shall be deemed to include any Additional Amounts.
- (f) **Applicable law for Spanish tax purposes:** The Guarantor will apply the First Additional Provision of Law 10/2014 to the Securities for Spanish tax purposes.

Payments in respect of the Securities and the Coupons by the Guarantor under the Guarantee will be exempt from Spanish Non-Resident Income Tax to the extent that the Holder or beneficial owner is not acting through a permanent establishment in Spain.

The Guarantor will comply with the reporting obligations set out in Section 4 of the First Additional Provision of Law 10/2014 in respect of Holders or beneficial owners who are taxpayers of the Spanish Individual Income Tax or taxpayers of the Spanish Corporation Tax, as well as taxpayers of the Spanish Non-resident Income Tax who hold the Securities through a permanent establishment located in Spanish territory.

- (g) **Substitute taxing jurisdiction:** If, pursuant to the Issuer's option under Condition 12(c) (*Substitution and Variation*), the Securities are exchanged for new securities of any wholly-owned direct or indirect finance subsidiary of the Guarantor that is subject to any taxing jurisdiction other than the Netherlands or Spain, respectively, references in these Conditions to the Netherlands or Spain shall be construed as references to the Netherlands or (as the case may be) Spain and/or such other jurisdiction.

9. Enforcement Events and No Events of Default

There are no events of default in respect of the Securities.

However, if an Issuer Winding-up occurs, or an order is made or an effective resolution passed for the winding-up, dissolution or liquidation of the Guarantor, or the Guarantor becomes insolvent (*en estado de insolvencia*) pursuant to Article 2 of the Spanish insolvency law, any Holder of a Security, in respect of such Security and provided that such Holder does not contravene a previously adopted Extraordinary Resolution (if any) may, by written notice to the Issuer and the Guarantor, declare that such Security and all interest then accrued but unpaid on such Security shall be forthwith due and payable, whereupon the same shall become immediately due and payable, together with all interest accrued thereon.

In such case the Holder of a Security may, at its sole discretion, institute steps in order to obtain a judgment against the Issuer and/or the Guarantor for any amounts due in respect of the Securities, including the institution of proceedings for the declaration of insolvency (*declaración de concurso*) under Spanish insolvency law of the Guarantor and/or proving and/or claiming in an Issuer Winding-up or in the winding-up, dissolution, liquidation or insolvency proceeding of the Guarantor for such amount.

Each Holder may, at its discretion and without further notice, institute such proceedings as it may think fit to enforce any term or condition binding on the Issuer or the Guarantor under the Securities or the Guarantee but in no event shall the Issuer or the Guarantor by the virtue of such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 9 shall be available to the Holders, whether for the recovery of amounts owing in respect of the Securities or the Guarantee or in respect of any other breach by the Issuer or the Guarantor of any of their respective other obligations under or in respect of the Securities or the Guarantee.

10. **Prescription**

Claims in respect of principal and interest or any other amount will become void unless presentation for payment is made as required by Condition 7 (*Payments*) within a period of 10 years in the case of principal (or any other amount in the nature of principal) and five years in the case of interest (or any other amount in the nature of interest, including Arrears of Interest) from the appropriate Relevant Date.

11. **Replacement of Securities and Coupons**

If any Security or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Guarantor and the Fiscal Agent may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Securities or Coupons must be surrendered before replacements will be issued. In case any such lost, stolen, mutilated, defaced or destroyed Coupon has become or is about to become due and payable, the Issuer in its discretion may, instead of delivering replacements therefore, pay such Coupon when due.

12. **Meetings of Holders of Securities and Modification, Substitution and Variation**

- (a) **Meetings of Holders of Securities:** The Fiscal Agency Agreement contains provisions for convening meetings of Holders of Securities to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Holders of Securities holding not less than one twentieth in principal amount of the Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing at least two thirds of the aggregate principal amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders of Securities whatever the principal amount of the Securities held or represented. Any Extraordinary Resolution duly passed shall be binding on Holders of Securities (whether or not they were present at the meeting at which such resolution was passed) and on all Holders of Coupons.

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders of Securities duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders of Securities.

- (b) **Modification:** The Securities, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Holders of Securities to correct a manifest error or in accordance with Condition 4(d) (*Interest Payments - Benchmark Replacement*). Except as otherwise provided in these Conditions, no other modification may be made to the Securities, these Conditions, the Deed of Covenant or the Deed of Guarantee except with the sanction of a resolution of the Holders of the Securities.

In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Holders of Securities, to any such modification unless, in the opinion of the Issuer and the Guarantor, (i) it is of a formal,

minor or technical nature; (ii) it is made to correct a manifest error; or (iii) it is not materially prejudicial to the interests of the Holders of Securities.

- (c) **Substitution and Variation:** If at any time after the Original Securities Issue Date the Issuer and/or the Guarantor determines that a Tax Event, a Withholding Tax Event, an Accounting Event or a Capital Event has occurred, the Issuer may, as an alternative to an early redemption of the Securities, on any applicable Interest Payment Date, without the consent of the Holders, (i) exchange the Securities (the "**Exchanged Securities**") into new securities of the Issuer, the Guarantor or any wholly-owned direct or indirect finance subsidiary of the Guarantor (a "**Substitute Issuer**") with a guarantee of the Guarantor, or (ii) vary the terms of the Securities (the "**Varied Securities**"), so that in either case (A) in the case of a Tax Event, in respect of (I) the Issuer's (or Substitute Issuer's) obligation to make any payment of interest under the Exchanged Securities or Varied Securities; or (II) the obligation of the Guarantor to make any payment of interest in favour of the Issuer (or Substitute Issuer) under the Subordinated Loan (or any replacement thereof between the Guarantor and Substitute Issuer), the Issuer, the Guarantor or the Substitute Issuer (as the case may be) is entitled to claim a deduction or a higher deduction (as the case may be) in respect of interest paid when computing its tax liabilities in the Netherlands, in Spain or in the taxing jurisdiction of the Substitute Issuer (as the case may be), as compared with the entitlement after the occurrence of the relevant Tax Event, (B) in the case of a Withholding Tax Event, in making any payments in respect of the Exchanged Securities or Varied Securities or the Exchanged or Varied Guarantee (as defined below) the Issuer, the Guarantor or the Substitute Issuer are not required to pay a greater amount of Additional Amounts in respect of the Exchanged Securities or Varied Securities or the Exchanged or Varied Guarantee, (C) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is recorded as "equity" pursuant to IFRS-EU or any other accounting standards that may replace IFRS-EU for the purposes of the consolidated financial statements of the Guarantor, or (D) in the case of a Capital Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is assigned "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) by the relevant Rating Agency that is equal to or greater than that which was assigned to the Original Securities on the Original Securities Issue Date or, if "equity credit" is not assigned to the Original Securities by the relevant Rating Agency on the Original Securities Issue Date, at the date on which "equity credit" is assigned by such Rating Agency for the first time.

Any such exchange or variation shall be subject to the following conditions:

- (i) the Issuer giving not less than 10 nor more than 60 days' notice to the Fiscal Agent and the Holders in accordance with Condition 14 (*Notices*);
- (ii) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Securities are for the time being admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged Securities or Varied Securities continue to be admitted to trading on the same stock exchange as the Securities if they were admitted to trading immediately prior to the relevant exchange or variation;
- (iii) the Exchanged Securities or Varied Securities shall: (A) rank at least *pari passu* with the ranking of the Securities prior to the exchange or variation, (B) have the benefit of a guarantee (the "**Exchanged or Varied Guarantee**") from the Guarantor on terms not less favourable to Holders than the terms of the Guarantee (as reasonably determined by the Issuer or Substitute Issuer and the Guarantor) and (C) benefit from the same or more favourable interest rates and the same Interest Payment Dates, the same First Reset Date and early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right), the same rights to accrued interest or Arrears of Interest which have not been paid and any other amounts payable under the Securities which, in each case, has accrued to the Holders and has not been paid, the same rights to principal and interest, and, if publicly rated by S&P, Moody's and/or Fitch immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by each of S&P, Moody's and/or Fitch (as

the case may be), as compared with the relevant rating(s) immediately prior to such exchange or variation (as determined by the Issuer or Substitute Issuer and the Guarantor using reasonable measures available to it including discussions with S&P, Moody's and/or Fitch to the extent practicable) (D) not contain terms providing for the mandatory deferral of interest and (E) not contain terms providing for loss absorption through principal write-down or conversion to shares;

- (iv) the preconditions to redemption set out in Condition 6(h) (*Redemption and Purchase - Preconditions to Redemption*) having been satisfied and the terms of the exchange or variation (in the sole opinion of the Issuer or Substitute Issuer or the Guarantor, as the case may be) not being prejudicial to the interests of the Holders, including compliance with (iv) above, as certified to the benefit of the Holders by one authorised signatory of the Guarantor, having consulted with an independent investment bank of international standing, and any such certificate shall, absent fraud or manifest error, be final and binding on all parties. However, a change in the governing law of the provisions of Condition 2(b) (*Status and Subordination of the Securities and Coupons - Subordination of the Securities*) to the laws of the jurisdiction of incorporation of the Substitute Issuer, in connection with any substitution pursuant to Condition 12(c) (*Substitution and Variation*), shall be deemed not to be prejudicial to the interests of the Holders; and
 - (v) the issue of legal opinions addressed to the Fiscal Agent (and which shall be made available to the Holders at the specified offices of the Fiscal Agent during usual office hours) from one or more international law firms of good reputation selected by the Issuer or the Guarantor and confirming (x) that each of the Issuer and the Guarantor has capacity to assume all rights, duties and obligations under the Exchanged Securities or Varied Securities and the Exchanged or Varied Guarantee (as the case may be) and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Securities or Varied Securities.
- (d) Notwithstanding Condition 8(a) (*Taxation - Additional Amounts*), if at any time after the Original Securities Issue Date, the Issuer is required to withhold on account of Taxes imposed or levied in the Netherlands on any payment under the Securities, the Issuer may on any applicable Interest Payment Date, without the consent of the Holders, (i) exchange the Securities into new securities of the Issuer, the Guarantor or any wholly-owned direct or indirect finance subsidiary of the Guarantor with a guarantee of the Guarantor, or (ii) vary the terms of the Securities.
- (e) Any such exchange or variation set out in paragraph (d) above shall be subject to the fulfilment of the same conditions as described under Condition 12(c) (*Substitution and Variation*) in relation to Exchanged Securities or Varied Securities if a Tax Event, a Withholding Tax Event, an Accounting Event or a Capital Event has occurred, except that the fulfilment of the preconditions to redemption set out in Condition 6(h) (*Redemption and Purchase - Preconditions to Redemption*) as required by Condition 12(c)(iv) above shall be replaced by the delivery by the Guarantor to the Fiscal Agent of a certificate signed by one authorised signatory of the Guarantor and an opinion of independent tax advisers, in each case stating the Issuer is required to withhold on account of Taxes imposed or levied in the Netherlands on a payment under the Securities.

13. Further Issues

The Issuer may from time to time without the consent of the Holders create and issue further securities either having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Securities.

14. Notices

Notices to Holders of Securities will be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if such

publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Securities are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been validly given on the date of the first such publication or, if published more than once on the first date on which publication is made.

Notwithstanding the above, while all the Securities are represented by a Security in global form and such global form Security is deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg, notices to Holders of Securities may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg in accordance with their respective rules and operating procedures, and such notices shall be deemed to have been given to Holders on the date of delivery to Euroclear and/or Clearstream, Luxembourg. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to the Holders of Securities in accordance with this Condition.

15. **Issuer Substitution**

- (a) **Substitution:** The Issuer (which expression in this Condition 15 shall include any company previously substituted hereunder) and the Guarantor may at any time, without the consent of the Holders, substitute for the Issuer (1) the Guarantor or (2) any company or other body corporate incorporated in the European Economic Area and that, at the time of such substitution, is a wholly-owned direct or indirect subsidiary of the Guarantor (the "**Substitute**") upon prior notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders, provided that:
- (i) no payment in respect of the Securities is at the relevant time overdue;
 - (ii) a deed is executed by the Substitute agreeing to be bound by the Conditions, the Securities, the Fiscal Agency Agreement and the Deed of Covenant as if the Substitute had been named in the Conditions, the Securities, the Fiscal Agency Agreement and the Deed of Covenant as the principal debtor in place of the Issuer (the "**Deed Poll**");
 - (iii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Conditions, the Securities, the Fiscal Agency Agreement and the Deed of Covenant are unconditionally and irrevocably guaranteed by the Guarantor under a deed of guarantee executed by the Guarantor (the "**New Deed of Guarantee**");
 - (iv) if the Substitute is subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the "**Substituted Territory**") other than the taxing jurisdiction of the Issuer (the "**Issuer's Territory**") or the Guarantor (the "**Guarantor's Territory**"), the Substitute shall in the Deed Poll give an undertaking in terms corresponding to Condition 8 (*Taxation*) with the substitution of the references in that Condition to the laws of the Issuer's Territory for equivalent or similar references to the laws of the Substituted Territory whereupon the Conditions, the Securities and the Fiscal Agency Agreement shall be read accordingly and any references to the Issuer's Territory herein and therein being substituted for references to the Substituted Territory, as applicable;
 - (v) the Substitute shall have become party to the Fiscal Agency Agreement, with any appropriate consequential amendments as agreed between the Fiscal Agent and the Substitute to give effect to the substitution;
 - (vi) the issue of legal opinions addressed to the Fiscal Agent from one or more international law firms as to the laws of England and of the relevant jurisdictions of the Guarantor and the Substitute, as applicable, selected by the Substitute or the Guarantor, and confirming (x) that each of the Substitute and the Guarantor (as the case may be) has capacity to assume all rights, duties and obligations under the Deed Poll, the Fiscal Agency Agreement and the Securities or the New Deed of Guarantee (as the case may be) and has obtained all necessary corporate or governmental authorisation in its jurisdiction to assume all such rights and obligations and (y) the legality, validity and enforceability of such obligations;

- (vii) the Substitute (if incorporated in a jurisdiction other than England) shall have appointed an agent to receive, for and on its behalf, service of process in any Proceedings (as defined in Condition 17(b) (*Jurisdiction*)) in England;
 - (viii) the Substitute and the Guarantor, after having given each Rating Agency at least 14 days' notice of such substitution, not having received confirmation from any Rating Agency that the substitution will adversely affect the eligibility for, or attribution of, the amount of "equity credit" (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as is attributed to the Securities immediately prior to such substitution; and
 - (ix) two authorised signatories of the Issuer or two authorised signatories of the Substitute shall have delivered to the Fiscal Agent a certificate stating that the Issuer or, as the case may be, the Substitute has concluded that such substitution (A) will not result in the Substitute becoming entitled, as at the date such substitution becomes effective, to redeem the Securities pursuant to a Tax Event, a Capital Event, an Accounting Event, a Substantial Purchase Event or a Withholding Tax Event and (B) will not result in the terms of the Securities immediately following such substitution being materially less favourable to Holders generally than the terms of the Securities immediately prior to such substitution.
- (b) **Effect of Substitution:** Upon execution of the Deed Poll and the delivery of the legal opinions referred to above, the Substitute shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Conditions, the Securities and the Fiscal Agency Agreement with the same effect as if the Substitute had been named as the Issuer herein and therein, and the Issuer shall be released from its obligations under the Conditions, the Securities and the Fiscal Agency Agreement, and where the Substitute is the Guarantor, the Guarantor shall be released from its obligations under the Guarantee.
 - (c) **Further Substitutions and Reversal:** After a substitution pursuant to this Condition 15, the Substitute may, without the consent of any Holder, effect a further substitution. All of the provisions specified in Conditions 15(a) (*Substitution*) and 15(b) (*Effect of Substitution*) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute. After a substitution pursuant to Condition 15(a) (*Substitution*) and/or this Condition 15(c) any Substitute may, without the consent of any Holder, reverse the substitution *mutatis mutandis*.
 - (d) **Governing Law Substitute:** In the event of a substitution pursuant to this Condition 15, the governing law of Condition 2 (*Status and Subordination of the Securities and Coupons*) shall, as applicable, be amended to the governing law of the jurisdiction of incorporation of the Substitute.

16. **Contracts (Rights of Third Parties) Act 1999**

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

17. **Governing Law**

- (a) **Governing Law:** The Fiscal Agency Agreement, the Securities, the Coupons and the Guarantee and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law, other than the provisions of Condition 2(b) (*Status and Subordination of the Securities and Coupons - Subordination of the Securities*) which are governed by and construed in accordance with the laws of the Netherlands, and the provisions of Conditions 3(b) (*Guarantee, Status and Subordination of the Guarantee - Status of the Guarantee*) and 3(c) (*Guarantee, Status and Subordination of the Guarantee - Subordination of the Guarantee*), and the corresponding provisions of the Guarantee, which are governed by and construed in accordance with the laws of the Kingdom of Spain.
- (b) **Jurisdiction:** The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Securities or the Coupons (including a dispute relating to the existence, validity or termination of the Securities or any non-contractual obligations arising out

of or in connection with the Securities or the consequences of their nullity). The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary. This Condition is for the benefit of the Holders only. As a result, nothing in this Condition 17 prevents any Holder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Holders may take concurrent Proceedings in any number of jurisdictions.

- (c) **Agent for Service of Process:** The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Telefónica Digital Limited, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom, or, if different, its registered office for the time being or at any address of the Issuer in England at which process may be served on it. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Fiscal Agent and, failing such appointment within 15 days, any Holder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Holder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England.

18. Definitions

In these Conditions:

"2014 Non-Call Securities" means the EUR 1,000,000,000 Undated 10 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (ISIN: XS1050461034) issued by the Issuer on 31 March 2014 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

"2018 Non-Call Securities" means the EUR 1,250,000,000 Undated 5.7 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (ISIN: XS1795406575) issued by the Issuer on 22 March 2018 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor and the EUR 1,000,000,000 Undated 8.5 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (ISIN: XS1795406658) issued by the Issuer on 22 March 2018 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

"2019 Non-Call Securities" means the March 2019 Non-Call Securities and the September 2019 Non-Call Securities;

"2020 Non-Call Securities" means the EUR 500,000,000 Undated 7.25 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (ISIN: XS2109819859) issued by the Issuer on 5 February 2020 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

"2021 Non-Call Securities" means the February 2021 Non-Call Securities and the November 2021 Non-Call Securities;

"2022 Non-Call Securities" means the EUR 750,000,000 Undated 6 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (ISIN: XS2462605671) issued by the Issuer on 23 November 2022 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

"2023 Non-Call Securities" means the EUR 1,000,000,000 Undated 7.25 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (Green Bond) (ISIN: XS2582389156) issued by the Issuer on 2 February 2023 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

"30/360 Day Count" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period (such number of days being calculated on the basis of a 360 day year consisting of 12 months of 30 days each), divided by 360;

"8 Year Swap Rate" has the meaning given to it in Condition 4(c) (*Interest Payments - Prevailing Interest Rate*);

"8 Year Swap Rate Quotations" has the meaning given to it in Condition 4(c) (*Interest Payments - Prevailing Interest Rate*);

an **"Accounting Event"** shall be deemed to occur if the Issuer or the Guarantor has received, and notified the Holders in accordance with Condition 14 (*Notices*) that it has so received, a letter or report of a recognised accountancy firm of international standing, stating that, as a result of a change in the accounting rules or methodology (or in each case the application thereof) after the Original Securities Issue Date (the earlier of such date that the aforementioned change is officially announced by the IASB or the equivalent body in respect of IFRS-EU or officially adopted or put into practice, the **"Accounting Event Adoption Date"**), the Securities may not or may no longer be recorded as "equity" pursuant to IFRS-EU or any other accounting standards that may replace IFRS-EU for the purposes of preparing the consolidated financial statements of the Guarantor. The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date. The period during which the Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event shall start on (and include) the Accounting Event Adoption Date. For the avoidance of doubt, such period shall include any transitional period between the Accounting Event Adoption Date and the date on which it comes into effect;

"Additional Amounts" has the meaning given to it in Condition 8(a) (*Taxation - Additional Amounts*);

"Adjustment Spread" means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith, determines is required to be applied to 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 Issuer determines, following consultation with the Independent Adviser and acting in good faith, is recognised or acknowledged as being the industry standard for over-the counter derivative transactions or is in customary market usage in the debt capital market for 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); or
- (iii) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate 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);

"Alternative Rate" means an alternative benchmark or screen rate which the Issuer determines, following consultation with the Independent Adviser, has replaced the Original Reference Rate in customary market usage in the international swap markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in euros;

"Affiliates" means an entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Guarantor;

"Arrears of Interest" has the meaning given to it in Condition 5(a) (*Optional Interest Deferral - Deferral of Interest Payments*);

"Benchmark Amendments" has the meaning given to it in Condition 4(d)(iv) (*Interest Payments - Benchmark Replacement*);

"Benchmark Event" means:

- (i) the Original Reference Rate has ceased to be published as a result of such benchmark ceasing to be calculated or administered; or
- (ii) a public statement by the administrator of the Original Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of the Original Reference Rate) it has ceased publishing the Original Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date; or
- (iii) 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 future date, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will, by a specified future date, be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Securities; or
- (v) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, the Original Reference Rate is or will, by a specified future date no longer representative of an underlying market; or
- (vi) it has or will, by a specified date within the following six months, become unlawful for any Paying Agent, Fiscal Agent, Agent Bank, the Issuer, the Guarantor or any other party to calculate any payments due to be made to any Holder using the Original Reference Rate (including, without limitation, under Regulation (EU) 2016/1011, if applicable),

and, notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii), (iv) or (v) above and the specified future date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date;

"business day" has the meaning given to it in Condition 7(e) (*Payments - Payments on business days*);

"Business Day" means a day, other than a Saturday, Sunday or public holiday, on which T2 is operating;

"Calculation Amount" has the meaning given to it in Condition 4(b) (*Interest Payments - Interest Accrual*);

a **"Capital Event"** shall be deemed to occur if the Issuer or the Guarantor has received (directly or via publication by such Rating Agency), and notified the Holders in accordance with Condition 14 (*Notices*) that it has so received, confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in hybrid capital methodology or a change in the interpretation thereof, in each case occurring or becoming effective after the Original Securities Issue Date:

- (i) all or any of the Securities are being assigned a level of "equity credit" that is lower than the level or equivalent level of "equity credit" assigned to the Original Securities by such Rating Agency on the Original Securities Issue Date, or, if "equity credit" is not assigned to the Original Securities by the relevant Rating Agency on the Original Securities Issue Date, at the date on which "equity credit" is assigned by such Rating Agency for the first time; or
- (ii) if the Securities have been partially re-financed since the Original Securities Issue Date and are no longer eligible for "equity credit" in part or in full as a result, paragraph (i) above would have applied had the Securities not been re-financed; or
- (iii) the length of time the Securities are assigned a particular level of "equity credit" by that Rating Agency would be shortened as compared to the length of time they would have been assigned that level of "equity credit" by that Rating Agency on the initial issuance of the Securities;

"Compulsory Arrears of Interest Settlement Event" has the meaning given to it in Condition 5(c) (*Optional Interest Deferral - Mandatory Settlement of Arrears of Interest*);

"**Condition**" means the terms and conditions of the Securities;

"**Deferral Notice**" has the meaning given to it in Condition 5(a) (*Optional Interest Deferral - Deferral of Interest Payments*);

"**Deferred Interest Payment**" has the meaning given to it in Condition 5(a) (*Optional Interest Deferral - Deferral of Interest Payments*);

"**Dividend Declaration**" has the meaning given to it in Condition 5(c) (*Optional Interest Deferral - Mandatory Settlement of Arrears of Interest*);

"**Early Redemption Amount**" means in respect of a redemption of the Securities following the occurrence of a Tax Event, an Accounting Event or a Capital Event, 101 per cent. of the principal amount of such Securities;

"**February 2021 Non-Call Securities**" means the EUR 1,000,000,000 Undated 8.25 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (ISIN: XS2293060658) issued by the Issuer on 4 February 2021 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

"**Financial Adviser**" means an independent and internationally recognised financial adviser selected by the Issuer at its own expense;

"**First Call Date**" means 7 June 2031;

"**First Reset Date**" means 7 September 2031;

"**Fitch**" means Fitch Ratings Ireland Limited;

"**Further Securities**" means any Securities issued pursuant to Condition 13 (*Further Issues*) and forming a single series with the outstanding Securities;

"**Group**" mean the Guarantor and its consolidated subsidiaries;

"**Guarantor**" means Telefónica, S.A.;

"**Holder**" has the meaning given to it in Condition 1(b) (*Form, Denomination and Title - Title*);

"**IFRS-EU**" means International Financial Reporting Standards, as adopted by the European Union;

"**IASB**" means the International Accounting Standards Board;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer (at its own expense) under Condition 4(d) (*Interest Payments - Benchmark Replacement*);

"**Interest Payment**" means, in respect of an interest payment on an Interest Payment Date, the amount of interest payable on the presentation and surrender of the relevant Coupon for the relevant Interest Period in accordance with Condition 4 (*Interest Payments*);

"**Interest Payment Date**" means 7 September in each year;

"**Interest Period**" means the period beginning on (and including) the Original Securities 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;

"**Issuer**" means Telefónica Europe B.V.;

"Issuer Winding-up" means a situation where (i) an order is made or a decree or resolution is passed for the winding-up, liquidation or dissolution of the Issuer, except for the purposes of a solvent merger, reconstruction or amalgamation, or (ii) a trustee (*curator*) is appointed by the competent District Court in the Netherlands in the event of bankruptcy (*faillissement*) affecting the whole or a substantial part of the undertaking or assets of the Issuer and such appointment is not discharged within 30 days;

"Junior Obligations" means the Junior Obligations of the Guarantor and the Junior Obligations of the Issuer;

"Junior Obligations of the Guarantor" means all obligations of the Guarantor issued or incurred directly or indirectly by it which rank or are expressed to rank junior to the Guarantee, including Ordinary Shares of the Guarantor and any other shares (*acciones*) in the capital of the Guarantor (and, if divided into classes, each class thereof);

"Junior Obligations of the Issuer" means all obligations of the Issuer, issued or incurred directly or indirectly by it, which rank or are expressed to rank junior to the Securities, including (i) Ordinary Shares of the Issuer and (ii) Preferred Shares of the Issuer, if any;

"Law 10/2014" means Law 10/2014 of 26 June 2014, on regulation, supervision and solvency of credit entities (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*);

"Make-Whole Redemption Amount" means in respect of a redemption of the Securities pursuant to Condition 6(c) (*Redemption and Purchase – Issuer's Make-Whole Call Option*), an amount calculated by the Agent Bank equal to the higher of:

- (i) 100 per cent. of the principal amount of the Securities to be redeemed; and
- (ii) the sum of the present values of the principal amount of the Securities to be redeemed and the aggregate amount of scheduled payment(s) of interest on such Securities for the Remaining Term (exclusive of accrued and unpaid interest to the Redemption Date and any outstanding Arrears of Interest) discounted to the relevant Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 (in the case of a leap year, 366)) at the greater of (A) a rate equal to the sum of: (x) the Reference Bond Rate and (y) 0.500 per cent. per annum, or (B) 0 (zero) per cent.;

"March 2019 Non-Call Securities" means the EUR 1,300,000,000 Undated 6 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (ISIN: XS1933828433) issued by the Issuer on 14 March 2019 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

"Mandatory Settlement Date" has the meaning given to it in Condition 5(c) (*Optional Interest Deferral - Mandatory Settlement of Arrears of Interest*);

"Moody's" means Moody's Investors Service España S.A.;

"November 2021 Non-Call Securities" means the EUR 750,000,000 Undated 6.5 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (Sustainable Development Goals Bonds) (ISIN: XS2410367747) issued by the Issuer on 16 November 2021 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

"Optional Deferred Interest Settlement Date" has the meaning given to it in Condition 5(b) (*Optional Interest Deferral - Optional Settlement of Arrears of Interest*);

"Ordinary Shares of the Guarantor" means ordinary shares in the capital of the Guarantor, having at the Original Securities Issue Date a nominal value of EUR 1.00 each;

"Ordinary Shares of the Issuer" means ordinary shares in the capital of the Issuer, having on the Original Securities Issue Date a nominal amount of EUR 460.00 each;

"Original Reference Rate" means EURIBOR;

"Original Securities Issue Date" means 7 September 2023;

"Parity Obligations" means the Parity Obligations of the Guarantor and the Parity Obligations of the Issuer;

"Parity Obligations of the Guarantor" means any and all present or future series of preferred securities (*participaciones preferentes*) issued directly by the Guarantor or indirectly through a wholly-owned subsidiary with the guarantee of the Guarantor in accordance with the First Additional Provision of Law 10/2014, obligations equivalent to preferred securities (*participaciones preferentes*) issued directly by the Guarantor or indirectly through a wholly-owned subsidiary with the guarantee of the Guarantor (whether issued under the First Additional Provision of Law 10/2014 or any other law or regulation of Spain or of any other jurisdiction) and obligations of the Guarantor, issued directly by it or indirectly through a wholly-owned subsidiary with the guarantee of the Guarantor, which rank or are expressed to rank *pari passu* with the Guarantee (which include the guarantees granted by the Guarantor in connection with the 2023 Non-Call Securities, the 2022 Non-Call Securities, the 2021 Non-Call Securities, the 2020 Non-Call Securities, the 2019 Non-Call Securities, the 2018 Non-Call Securities and the 2014 Non-Call Securities);

"Parity Obligations of the Issuer" means any obligations of the Issuer, issued or incurred directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Securities including (i) the 2023 Non-Call Securities, (ii) the 2022 Non-Call Securities, (iii) the 2021 Non-Call Securities, (iv) the 2020 Non-Call Securities, (v) the 2019 Non-Call Securities and (vi) the 2018 Non-Call Securities;

"Preferred Shares of the Issuer" means any preference shares in the capital of the Issuer (and, if divided into classes, each class thereof);

"Prevailing Interest Rate" means the rate of interest payable on the Securities applicable from time to time pursuant to Condition 4 (*Interest Payments*);

"Proceedings" has the meaning given to it in Condition 17(b) (*Governing Law - Jurisdiction*);

"Rating Agency" means S&P, Moody's or Fitch or, in each case, any successor to the rating agency business thereof;

"Redemption Date" means the date fixed for redemption of the Securities pursuant to Condition 6 (*Redemption and Purchase*);

"Reference Bond" means DBR 0% 15 August 2031 (ISIN: DE0001102564) or, if such security is no longer outstanding, shall be a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the Remaining Term that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in euros and of a comparable maturity to the Remaining Term;

"Reference Bond Price" means, with respect to the relevant Redemption Date, the amount displayed on the Reference Screen Page or, if the Reference Screen Page is not available, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Agent Bank is provided with fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

"Reference Bond Rate" means, with respect to the relevant Redemption Date, the rate per annum equal to the annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Redemption Date;

"Reference Date" will be set out in the relevant notice of redemption;

"Reference Government Bond Dealer" means each of five banks selected by the Issuer, or their affiliates, which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate bond issues;

"Reference Government Bond Dealer Quotations" means, with respect to each Reference Government Bond Dealer and the relevant Redemption Date, the arithmetic average, as determined by the Agent Bank, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at 11 a.m. (Central European time) on the Reference Date quoted in writing to the Agent Bank by such Reference Government Bond Dealer;

"Reference Screen Page" means Bloomberg HP page for the Reference Bond (using the settings "Mid YTM" and "Daily" with price source "Bloomberg Generic") or any successor or replacement page, section or other part of the information service, or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Reference Bond;

"Relevant Date" means (i) in respect of any payment other than a sum to be paid by the Issuer or the Guarantor in a winding-up or administration of the Issuer or Guarantor, as the case may be, the date on which such payment first becomes due and payable, but if the full amount of moneys payable on such date has not been received by the Fiscal Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders of Securities in accordance with Condition 14 (*Notices*) and (ii) in respect of a sum to be paid by the Issuer or the Guarantor in a winding-up or administration of the Issuer or the Guarantor, as the case may be, the date that is one day prior to the date on which an order is made or a resolution is passed for the winding-up, or in the case of an administration, one day prior to the date on which any dividend is distributed;

"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;

"Relevant Period" means the period commencing on (and including) the First Call Date and ending on (and including) the First Reset Date;

"Remaining Term" means, with respect to any Security, the period from (and including) the Redemption Date to (but excluding): (a) if the Redemption Date occurs before the Relevant Period, the First Call Date; or (b) if the Redemption Date occurs after the Relevant Period, the next succeeding Interest Payment Date;

"Reset Date" means the First Reset Date and each date falling on the 8th anniversary thereafter;

"Reset Interest Determination Date" means, in respect of any Reset Period, the day falling two Business Days prior to the beginning of the relevant Reset Period;

"Reset Period" means each period from and including the First Reset Date to but excluding the next following Reset Date and thereafter from and including each Reset Date to but excluding the next following Reset Date;

"Reset Reference Banks" has the meaning given to it in Condition 4(c) (*Interest Payments - Prevailing Interest Rate*);

"Reset Reference Bank Rate" has the meaning given to it in Condition 4(c) (*Interest Payments - Prevailing Interest Rate*);

"Reset Screen Page" has the meaning given to it in Condition 4(c) (*Interest Payments - Prevailing Interest Rate*);

"S&P" means S&P Global Ratings Europe Limited;

"Senior Obligations of the Guarantor" means all obligations of the Guarantor, including subordinated obligations of the Guarantor according to Spanish insolvency law, other than Parity Obligations of the Guarantor and Junior Obligations of the Guarantor;

"Senior Obligations of the Issuer" means all obligations of the Issuer, including subordinated obligations of the Issuer according to Dutch insolvency law, other than Parity Obligations of the Issuer and Junior Obligations of the Issuer;

"September 2019 Non-Call Securities" means the EUR 500,000,000 Undated 8 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (ISIN: XS2056371334) issued by the Issuer on 24 September 2019 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

"Subordinated Loan" means the subordinated loans made by the Issuer to the Guarantor dated 7 September 2023 and 18 September 2024, pursuant to which the proceeds of the issue of the Securities are on-lent to the Guarantor;

"Subsequent Fixed Interest Rate" has the meaning given to it in Condition 4(c)(ii) (*Interest Payments - Prevailing Interest Rate*);

a **"Substantial Purchase Event"** shall be deemed to have occurred if at least 75 per cent. of the aggregate principal amount of the Securities originally issued (which for these purposes shall include any Further Securities) is purchased by the Issuer, the Guarantor or any subsidiary of the Guarantor (and in each case is cancelled in accordance with Condition 6(j) (*Redemption and Purchase - Cancellation*));

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

"T2" means the real time gross settlement system operated by the Eurosystem of any successor system;

a **"Tax Event"** shall be deemed to have occurred if, as a result of a Tax Law Change, in respect of (i) the Issuer's obligation to make any payment under the Securities (including any Interest Payment) on the next following Interest Payment Date; or (ii) the obligation of the Guarantor to make any payment in favour of the Issuer under the Subordinated Loan on the next following due date for such payment, the Issuer or the Guarantor (as the case may be) would no longer be entitled to claim a deduction in respect of computing its tax liabilities in the Netherlands or in Spain (as the case may be), or such entitlement is materially reduced.

For the avoidance of doubt, a Tax Event shall not occur if payments of interest under the Subordinated Loan by the Guarantor are not deductible in whole or in part for Spanish corporate income tax purposes solely as a result of general tax deductibility limits set forth by Article 16 of Law 27/2014 dated 27 November 2014, on Corporate Income Tax, as at 31 August 2023;

"Tax Law Change" means a change in or proposed change in, or amendment to, or proposed amendment to, the laws or regulations of the Netherlands or Spain or, in either case, any political subdivision or any authority thereof or therein having power to tax, including, without limitation, any treaty to which the Netherlands or Spain is a party, or any change in the official or generally published interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations or interpretations thereof that differs from the previously generally accepted position in relation to similar transactions, which change, amendment or interpretation becomes or would become, effective after 31 August 2023;

"Taxes" has the meaning given to it in Condition 8(a) (*Taxation - Additional Amounts*);

"**Taxing Authority**" has the meaning given to it in Condition 8(a) (*Taxation - Additional Amounts*); and

a "**Withholding Tax Event**" shall be deemed to occur if as a result of a Tax Law Change, in making any payments in respect of the Securities or the Guarantee the Issuer or the Guarantor has paid or will or would on the next Interest Payment Date be required to pay Additional Amounts in respect of the Securities or the Guarantee that cannot be avoided by the Issuer or the Guarantor, as the case may be, taking measures reasonably available to it.

SIGNATURES

The Issuer

For and on behalf of

TELEFÓNICA EUROPE B.V.

By: 

Name: Miguel Angel Contreras

Title: Director

By: 

Name: Carlos David Maroto Sobrado

Title: Director

The Guarantor

For and on behalf of

TELEFÓNICA, S.A.

By: 

Name: Arturo Lorente Palao

Title: Director

The Fiscal Agent

Signed for and on behalf of

THE BANK OF NEW YORK MELLON, LONDON BRANCH

By:



Digitally
signed by
Justin Chow

The Agent Bank

Signed for and on behalf of

THE BANK OF NEW YORK MELLON, LONDON BRANCH

By:



Digitally
signed by
Justin Chow