

EXECUTION VERSION

TELEFÓNICA EUROPE B.V.

EUR 750,000,000 UNDATED 6.5 YEAR NON-CALL  
DEEPLY SUBORDINATED GUARANTEED FIXED RATE RESET SECURITIES

UNCONDITIONALLY AND IRREVOCABLY GUARANTEED ON A  
SUBORDINATED BASIS BY

TELEFÓNICA, S.A.

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FISCAL AGENCY AGREEMENT

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**THIS AGREEMENT** is made on 24 November 2021

**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 750,000,000 Undated 6.5 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (the "**Securities**"). The Guarantor has authorised the giving of its guarantee in relation to the Securities under a deed of guarantee dated 24 November 2021 (as amended or supplemented from time to time, the "**Deed of Guarantee**").
- (B) The Securities will be in bearer form and in the denomination of EUR 100,000. The Securities will initially be in the form of a temporary global security (the "**Temporary Global Security**"), interests in which will be exchangeable for interests in a permanent global security (the "**Permanent Global Security**") in the circumstances specified in the Temporary Global Security. The Permanent Global Security will in turn be exchangeable for securities in definitive form ("**Definitive Securities**"), with interest coupons (the "**Coupons**"), and talons for further Coupons (the "**Talons**") attached, only in certain limited circumstances specified in the Permanent Global Security. The Issuer will enter into a deed of covenant dated 24 November 2021 (as amended or supplemented from time to time, the "**Deed of Covenant**").
- (C) The Issuer, the Guarantor, the Agent Bank and the Paying Agents wish to record certain arrangements which they have made in relation to the Securities.
- (D) Whereas the Issuer has on its own initiative approached The Bank of New York Mellon, London Branch to receive the services described in this Agreement.

**IT IS AGREED** as follows:

**1. INTERPRETATION**

**1.1 Definitions**

In this Agreement the following expressions have the following meanings:

"**Agents**" means the Agent Bank and the Paying Agents and "**Agent**" means any one of the Agents;

"**Clearstream, Luxembourg**" means Clearstream Banking S.A.;

"**Conditions**" means the terms and conditions of the Securities as scheduled to this Agreement and as modified from time to time in accordance with their terms, and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof;

"**€**", "**EUR**" or "**euro**" means the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended;

"**Euro Banking Day**" means a day (other than a Saturday or a Sunday) on which commercial banks settle payments and are open for business (including dealings in foreign exchange and foreign currency deposits) in euro;

"**Euroclear**" means Euroclear Bank SA/NV;

"**Exchange Date**" means the first day following the expiry of 40 days after the issue of the Securities;

"**Fiscal Agent**", "**Paying Agents**" and "**Agent Bank**" include any successors thereto appointed from time to time in accordance with Clause 12 (*Changes in Agents*) and "**Paying Agent**" means any one of the Paying Agents;

"**Holders of Securities**" means the holders of the Securities for the time being;

"**Local Banking Day**" means a day (other than a Saturday or a Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the city in which the Fiscal Agent has its Specified Office;

"**Local Time**" means the time in the city in which the Fiscal Agent has its Specified Office;

"**Replacement Agent**" means the Fiscal Agent;

"**Required Paying Agent**" means any Paying Agent (which may be the Fiscal Agent) which is the sole remaining Paying Agent with its Specified Office in any city where a stock exchange on which the Securities are listed requires there to be a Paying Agent;

"**Specified Office**" means, in relation to any Agent:

- (a) the office specified against its name in Schedule 6 (*Specified Offices of the Agents*); or
- (b) such other office as such Agent may specify in accordance with Clause 12.8 (*Changes in Agents - Changes in Specified Offices*);

## 1.2 **Meaning of outstanding**

For the purposes of this Agreement (but without prejudice to its status for any other purpose), a Security shall be considered to be "**outstanding**" unless one or more of the following events has occurred:

- 1.2.1 it has been redeemed in full, or purchased under Condition 6(i) (*Redemption and Purchase - Purchase*), and in either case has been cancelled in accordance with Condition 6(j) (*Redemption and Purchase - Cancellation*);
- 1.2.2 the due date for its redemption in full has occurred and all sums due in respect of such Security (including all accrued interest) have been received by the Fiscal Agent and remain available for payment;
- 1.2.3 all claims for principal and interest in respect of such Security have become void under Condition 10 (*Prescription*);
- 1.2.4 it has been mutilated or defaced, or is alleged to have been lost, stolen or destroyed, and has been replaced pursuant to Condition 11 (*Replacement of Securities and Coupons*); or
- 1.2.5 for the purposes of Schedule 5 (*Provisions for Meetings of Holders of Securities*) only, it is held by, or by any person for the benefit of, the Issuer or the Guarantor;

*provided, however, that, for the purposes of (i) ascertaining the right to attend and vote at any meeting of Holders of Securities and (ii) Condition 12 (Meetings of Holders of Securities and Modification, Substitution and Variation) and Schedule 5 (Provisions for Meetings of Holders of Securities), those Securities (if any) which are for the time being held by any person (including but not limited to the Issuer, the Guarantor or any Subsidiary or Affiliate of either) for the benefit of the Issuer, the Guarantor or any Subsidiary or Affiliate of either shall (unless and until ceasing to be so held) be deemed not to remain outstanding.*

## 1.3 **Clauses and Schedules**

Any reference in this Agreement to a Clause or a sub-clause or a Schedule is, unless otherwise stated, to a clause or a sub-clause hereof or a schedule hereto.

## 1.4 **Principal and interest**

In this Agreement, any reference to principal or interest includes any additional amounts payable in relation thereto under the Conditions.

## 1.5 **Terms defined in the Conditions**

Terms and expressions used but not defined herein have the respective meanings given to them in the Conditions.

## 1.6 **Legislation**

Any reference in this Agreement to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall

be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

## **1.7 Headings**

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Agreement.

## **2. APPOINTMENT OF THE AGENTS**

### **2.1 Appointment**

Each of the Issuer and the Guarantor appoints each Agent as its agent in relation to the Securities for the purposes specified in this Agreement and in the Conditions.

### **2.2 Acceptance of appointment**

Each Agent accepts its appointment as agent of the Issuer and the Guarantor in relation to the Securities and agrees to comply with the provisions of this Agreement.

## **3. THE SECURITIES**

### **3.1 Temporary Global Security**

The Temporary Global Security shall:

- 3.1.1 be in substantially the form set out in Schedule 1 (*Form of Temporary Global Security*); and
- 3.1.2 be executed manually or in facsimile by or on behalf of the Issuer and authenticated manually or electronically by or on behalf of the Fiscal Agent.

### **3.2 Permanent Global Security**

The Permanent Global Security shall:

- 3.2.1 be in substantially the form set out in Schedule 2 (*Form of Permanent Global Security*); and
- 3.2.2 be executed manually or in facsimile by or on behalf of the Issuer and authenticated manually or electronically by or on behalf of the Fiscal Agent.

### **3.3 Definitive Securities:**

Each Definitive Security shall:

- 3.3.1 be in substantially the form set out in Schedule 3 (*Form of Definitive Security, Coupon and Talon*) and have attached to it Coupons and Talons in substantially the form set out therein;
- 3.3.2 be security printed in accordance with all applicable legal and stock exchange requirements;

- 3.3.3 have a unique certificate number printed thereon;
- 3.3.4 be executed manually or in facsimile by or on behalf of the Issuer and authenticated manually or electronically by or on behalf of the Fiscal Agent; and
- 3.3.5 otherwise be in accordance with the format from time to time specified by the International Capital Market Association or any successor body thereto.

### 3.4 **Signatures**

Any signature on a Security shall be that of a person who is at the time of the creation and issue of the Securities an authorised signatory for such purpose of the Issuer notwithstanding that such person has for any reason (including death) ceased to be such an authorised signatory at the time at which such Security is delivered.

### 3.5 **Availability**

The Issuer shall arrange for the unauthenticated Permanent Global Security to be made available to or to the order of the Fiscal Agent not later than 10 days before the Exchange Date. If the Issuer is required to deliver Definitive Securities pursuant to the terms of the Permanent Global Security, the Issuer shall arrange for EUR 1,000,000,000 in aggregate principal amount in respect of the Securities of unauthenticated Definitive Securities to be made available to or to the order of the Fiscal Agent as soon as practicable and in any event not later than 30 days after the bearer of the Permanent Global Security has requested its exchange for Definitive Securities. The Issuer shall also arrange for such unauthenticated Temporary Global Securities, Permanent Global Securities, Definitive Securities, Coupons and Talons as are required to enable the Replacement Agents to perform their obligations under Clause 5 (*Replacement Securities, Coupons and Talons*) to be made available to or to the order of the Replacement Agents from time to time.

### 3.6 **Duties of Fiscal Agent and Replacement Agents**

Each of the Fiscal Agent and the Replacement Agents shall hold in safe custody all unauthenticated Temporary Global Securities, Permanent Global Securities, Definitive Securities, Coupons and Talons delivered to it in accordance with Clause 3.5 (*The Securities - Availability*) and shall ensure that they are authenticated (in the case of Temporary Global Securities, Permanent Global Securities and Definitive Securities) and delivered only in accordance with the terms hereof, of the Conditions, and of the Temporary Global Security or (as the case may be) the Permanent Global Security.

### 3.7 **Authority to authenticate**

Each of the Fiscal Agent and the Replacement Agents is authorised by the Issuer to authenticate the Temporary Global Security and the Permanent Global Security, any replacement therefor and each Definitive Security by the signature of any of its officers or any other person duly authorised for the purpose by the Fiscal Agent or (as the case may be) such Replacement Agent.

#### 4. **DELIVERY OF PERMANENT GLOBAL SECURITY AND DEFINITIVE SECURITIES**

##### 4.1 **Delivery of Permanent Global Security**

Subject to receipt by the Fiscal Agent of the Permanent Global Security in accordance with Clause 3.5 (*The Securities - Availability*), the Fiscal Agent shall, against presentation or (as the case may be) surrender to it or to its order of the Temporary Global Security and in accordance with the terms thereof, authenticate and deliver to the bearer of the Temporary Global Security the Permanent Global Security in the aggregate principal amount required by the terms of the Temporary Global Security or, if the Permanent Global Security has already been issued in exchange for part only of the Temporary Global Security, procure that such aggregate principal amount is noted in the schedule to the Permanent Global Security and procure the signature of such notation on its behalf.

##### 4.2 **Exchange of Temporary Global Security and Permanent Global Security**

On each occasion on which the Permanent Global Security is delivered pursuant to Clause 4.1 (*Delivery of Permanent Global Security and Definitive Securities - Delivery of Permanent Global Security*) or a further exchange of interests in the Temporary Global Security for interests in the Permanent Global Security is made, the Fiscal Agent shall procure that there is noted in the respective schedules to the Temporary Global Security and the Permanent Global Security the aggregate principal amount of interests in the Permanent Global Security so delivered (the "**relevant principal amount**"), the new aggregate principal amount of the Permanent Global Security (which shall be the previous principal amount thereof plus the relevant principal amount) and the remaining principal amount of the Temporary Global Security (which shall be the previous principal amount thereof less the relevant principal amount) and shall procure the signature of each such notation on its behalf. The Fiscal Agent shall cancel or procure the cancellation of the Temporary Global Security when and if it has made full exchange thereof for interests in the Permanent Global Security.

##### 4.3 **Delivery of Definitive Securities**

Subject to receipt by the Fiscal Agent of Definitive Securities in accordance with Clause 3.5 (*The Securities - Availability*), the Fiscal Agent shall, against presentation or (as the case may be) surrender to it or to its order of the Permanent Global Security and in accordance with the terms thereof, authenticate and deliver Definitive Securities in the required aggregate principal amount to the bearer of the Permanent Global Security; *provided, however, that* each Definitive Security shall at the time of its delivery have attached thereto only such Coupons and Talons as shall ensure that neither loss nor gain accrues to the bearer thereof.

##### 4.4 **Exchange of Permanent Global Security for Definitive Securities**

On each occasion on which Definitive Securities are delivered in exchange for the Permanent Global Security the Fiscal Agent shall procure that there is noted in the schedule to the relevant Permanent Global Security the aggregate principal amount of Definitive Securities so delivered (the "**relevant principal amount**") and the remaining principal amount of the Permanent Global Security (which shall be the previous



principal amount thereof less the relevant principal amount) and shall procure the signature of such notation on its behalf. The Fiscal Agent shall cancel or procure the cancellation of the Permanent Global Security when and if it has made full exchange thereof for Definitive Securities.

## **5. REPLACEMENT SECURITIES, COUPONS AND TALONS**

### **5.1 Delivery of Replacements**

Subject to receipt of sufficient replacement Temporary Global Securities, Permanent Global Securities, Definitive Securities, Coupons and Talons in accordance with Clause 3.5 (*The Securities - Availability*), each Replacement Agent shall, upon and in accordance with the instructions of the Issuer (which instructions may, without limitation, include terms as to the payment of expenses and as to evidence, security and indemnity), authenticate (if necessary) and deliver a Temporary Global Security, Permanent Global Security, Definitive Security, Coupon or Talon as a replacement for any Temporary Global Security, Permanent Global Security, Definitive Security, Coupon or Talon which has been mutilated or defaced or which is alleged to have been destroyed, stolen or lost; *provided, however, that* the Replacement Agents shall not deliver any Temporary Global Security, Permanent Global Security, Definitive Security, Coupon or Talon as a replacement for any Temporary Global Security, Permanent Global Security, Definitive Security, Coupon or Talon which has been mutilated or defaced otherwise than against surrender of the same and shall not issue any replacement Temporary Global Security, Permanent Global Security, Definitive Security, Coupon or Talon until the applicant has furnished the Replacement Agent with such evidence and indemnity as the Issuer, the Guarantor and/or the Replacement Agent may reasonably require and has paid such costs and expenses as may be incurred in connection with such replacement.

### **5.2 Replacements to be numbered**

Each replacement Temporary Global Security, Permanent Global Security, Definitive Security, Coupon or Talon delivered under this Agreement shall bear a unique certificate or (as the case may be) serial number.

### **5.3 Cancellation of mutilated or defaced Securities**

Each Replacement Agent shall cancel each mutilated or defaced Temporary Global Security, Permanent Global Security, Definitive Security, Coupon or Talon surrendered to it in respect of which a replacement has been delivered.

### **5.4 Notification**

Each Replacement Agent shall notify the Issuer, the Guarantor and each other Paying Agent of the delivery by it of any replacement Temporary Global Security, Permanent Global Security, Definitive Security, Coupon or Talon, specifying the certificate or serial number thereof and the certificate or serial number (if any and if known) of the Temporary Global Security, Permanent Global Security, Definitive Security, Coupon or Talon which it replaces and confirming that the Temporary Global Security, Permanent Global Security, Definitive Security, Coupon or Talon which it replaces has

been cancelled and (if such is the case) destroyed in accordance with Clause 9.8 (*Miscellaneous Duties of the Agent - Destruction*).

## **6. PAYMENTS TO THE FISCAL AGENT**

### **6.1 Issuer or Guarantor to pay Fiscal Agent**

In order to provide for the payment of principal and interest in respect of the Securities as the same becomes due and payable, the Issuer (failing which, the Guarantor) shall pay to the Fiscal Agent, on or before the date on which such payment becomes due, an amount equal to the amount of principal and/or (as the case may be) interest falling due in respect of the Securities on such date.

### **6.2 Manner and time of payment**

Each amount payable under Clause 6.1 (*Payments to the Fiscal Agent - Issuer or Guarantor to pay Fiscal Agent*) shall be paid unconditionally by credit transfer in euro and in same day, freely transferable, cleared funds not later than 10.00 a.m. (London time) on the relevant day to such account with such bank as the Fiscal Agent may from time to time by notice to the Issuer and the Guarantor specify for such purpose. The Issuer or (as the case may be) the Guarantor shall, before 10.00 a.m. (Local Time) on the second Local Banking Day before the due date of each payment by it under Clause 6.1 (*Payments to the Fiscal Agent - Issuer or Guarantor to pay Fiscal Agent*), confirm to the Issue and Paying Agent the amount of such payment, in respect of what such payment will be made and the name of the bank to which such payment is being made.

### **6.3 Exclusion of liens and interest**

The Fiscal Agent shall be entitled to deal with each amount paid to it under this Clause 6 in the same manner as other amounts paid to it as a banker by its customers; *provided, however, that:*

6.3.1 it shall not exercise against the Issuer or the Guarantor any lien, right of set-off or similar claim in respect thereof;

6.3.2 it shall not be liable to any person for interest thereon; and

6.3.3 monies held by it need not be segregated except as required by law.

### **6.4 Application by Fiscal Agent**

The Fiscal Agent shall apply each amount paid to it hereunder in accordance with Clause 7 (*Payments to Holders of Securities*) and shall not be obliged to repay any such amount unless the claim for the relevant payment becomes void under Condition 10 (*Prescription*), in which event it shall as soon as practicable refund such portion of such amount as relates to such payment by paying the same by credit transfer in euro to such account with such bank as the Issuer or (as the case may be) the Guarantor has by notice to the Fiscal Agent specified for the purpose.

## 6.5 Failure to confirm payment instructions

If the Fiscal Agent has not, by 12.00 noon (Local Time) on the second Local Banking Day before the due date of any payment to it under Clause 6.1 (*Payments to the Fiscal Agent - Issuer or Guarantor to pay Fiscal Agent*), received confirmation of the relevant payment instructions referred to in Clause 6.2 (*Payments to the Fiscal Agent - Manner and time of payment*), it shall forthwith notify the Issuer, the Guarantor and the other Paying Agents. If the Fiscal Agent subsequently receives confirmation of such payment instructions, it shall forthwith notify the Issuer, the Guarantor and the other Paying Agents.

## 7. PAYMENTS TO HOLDERS OF SECURITIES

### 7.1 Payments by Paying Agents

Each Paying Agent acting through its Specified Office shall make payments of principal and interest in respect of the Securities in accordance with the Conditions (and, in the case of a Temporary Global Security or a Permanent Global Security, the terms thereof); *provided, however, that:*

- 7.1.1 if any Definitive Security or Coupon is presented or surrendered for payment to any Paying Agent and such Paying Agent has delivered a replacement therefor or has been notified that the same has been replaced, such Paying Agent shall forthwith notify the Issuer and the Guarantor and (if such Paying Agent is not the Fiscal Agent) the Fiscal Agent of such presentation or surrender and shall not make payment against the same until it is so instructed by the Issuer or the Guarantor and has received the amount to be so paid;
- 7.1.2 a Paying Agent shall not be obliged (but shall be entitled) to make payments of principal or interest in respect of the Securities, if:
  - (a) in the case of the Fiscal Agent, it has not received the full amount of any payment due to it under Clause 6.1 (*Payments to the Fiscal Agent - Issuer or Guarantor to pay Fiscal Agent*) and has not been able to identify or confirm receipt of those funds; or
  - (b) in the case of any other Paying Agent:
    - (i) it has been notified in accordance with Clause 6.5 (*Payments to the Fiscal Agent - Failure to confirm payment instructions*) that confirmation of the relevant payment instructions has not been received, unless it is subsequently notified that confirmation of such payment instructions has been received; or
    - (ii) it is not able to establish that the Fiscal Agent has received (whether or not at the due time) the full amount of any payment due to it under Clause 6.1 (*Payments to the Fiscal Agent - Issuer or Guarantor to pay Fiscal Agent*) and has not been able to identify or confirm receipt of those funds;
- 7.1.3 each Paying Agent shall cancel each Definitive Security or Coupon against surrender of which it has made full payment and shall, in the case of a Paying

Agent other than the Fiscal Agent, deliver each Definitive Security or Coupon so cancelled by it to, or to the order of, the Fiscal Agent; and

- 7.1.4 in the case of payment of principal or interest against presentation of the Temporary Global Security or the Permanent Global Security, the relevant Paying Agent shall procure that there is noted in the schedule to the relevant Temporary Global Security or (as the case may be) the Permanent Global Security the amount of such payment and, in the case of payment of principal, the remaining principal amount of the Temporary Global Security or (as the case may be) Permanent Global Security (which shall be the previous principal amount thereof less the amount of principal then paid) and shall procure the signature of such notation on its behalf.

## **7.2 Exclusion of liens and commissions**

No Paying Agent shall exercise any lien, right of set-off or similar claim against any person to whom it makes any payment under Clause 7.1 (*Payments to Holders of Securities - Payments by Paying Agents*) in respect thereof, nor shall any commission or expense be charged by it to any such person in respect thereof.

## **7.3 Reimbursement by Fiscal Agent**

If a Paying Agent other than the Fiscal Agent makes any payment in accordance with Clause 7.1 (*Payments to Holders of Securities - Payments by Paying Agents*):

- 7.3.1 it shall notify the Fiscal Agent of the amount so paid by it, the certificate or serial number (if any) of the Temporary Global Security, Permanent Global Security, Definitive Security or Coupon against presentation or surrender of which payment of principal was made, or of the Temporary Global Security, Permanent Global Security or Definitive Security against presentation or surrender of which payment of interest was made, and the number of Coupons by maturity against presentation or surrender of which payment of interest was made; and
- 7.3.2 subject to and to the extent of compliance by the Issuer or (as the case may be) the Guarantor with Clause 6.1 (*Payments to the Fiscal Agent - Issuer or Guarantor to pay Fiscal Agent*) (whether or not at the due time), the Fiscal Agent shall pay to such Paying Agent out of the funds received by it under Clause 6.1 (*Payments to the Fiscal Agent - Issuer or Guarantor to pay Fiscal Agent*), by credit transfer in euro and in same day, freely transferable, cleared funds to such account as such Paying Agent has by notice to the Fiscal Agent specified for the purpose, an amount equal to the amount so paid by such Paying Agent.

## **7.4 Appropriation by Fiscal Agent**

If the Fiscal Agent makes any payment in accordance with Clause 7.1 (*Payments to Holders of Securities - Payments by Paying Agents*), it shall be entitled to appropriate for its own account out of the funds received by it under Clause 6.1 (*Payments to the Fiscal Agent - Issuer or Guarantor to pay Fiscal Agent*) an amount equal to the amount so paid by it.

## **7.5 Reimbursement by Issuer or Guarantor**

Subject to sub-clauses 7.1.1 and 7.1.2 (*Payments to Holders of Securities - Payments by Paying Agents*), if a Paying Agent makes a payment in respect of Securities on or after the due date for such payment under the Conditions at a time at which the Fiscal Agent has not received the full amount of the relevant payment due to it under Clause 6.1 (*Payments to the Fiscal Agent - Issuer or Guarantor to pay Fiscal Agent*) and the Fiscal Agent is not able out of funds received by it under Clause 6.1 (*Payments to the Fiscal Agent - Issuer or Guarantor to pay Fiscal Agent*) to reimburse such Paying Agent therefor (whether by payment under Clause 7.3 (*Payments to Holders of Securities - Reimbursement by Fiscal Agent*) or appropriation under Clause 7.4 (*Payments to Holders of Securities - Appropriation by Fiscal Agent*), the Issuer (failing which, the Guarantor) shall from time to time on demand pay to the Fiscal Agent for account of such Paying Agent:

7.5.1 the amount so paid out by such Paying Agent and not so reimbursed to it; and

7.5.2 interest on such amount from the date on which such Paying Agent made such payment until the date of reimbursement of such amount;

*provided, however, that any payment made under sub-clause 7.5.1 shall satisfy pro tanto the obligations of the Issuer or (as the case may be) the Guarantor under Clause 6.1 (Payments to the Fiscal Agent - Issuer or Guarantor to pay Fiscal Agent).*

## **7.6 Interest**

Interest shall accrue for the purpose of Clause 7.5 (*Payments to Holders of Securities - Reimbursement by Issuer or Guarantor*) (as well after as before judgment) on the basis of a year of 365 days and the actual number of days elapsed and at the rate per annum which is the aggregate of one per cent. per annum and the rate per annum specified by such Paying Agent as reflecting its cost of funds for the time being in relation to the unpaid amount.

## **7.7 Partial payments**

If at any time and for any reason a Paying Agent makes a partial payment in respect of the Temporary Global Security, Permanent Global Security or any Definitive Security or Coupon presented for payment to it, such Paying Agent shall enface thereon a statement indicating the amount and date of such payment.

## **8. DUTIES OF THE AGENT BANK**

### **8.1 Determinations**

The Agent Bank agrees to comply with the provisions of Condition 4 (*Interest Payments*) and this Agreement. In particular, the Agent Bank shall:

8.1.1 as soon as practicable after determining the Prevailing Interest Rate applicable to the Securities for any period pursuant to the Conditions, notify the Issuer, the Guarantor and the Paying Agents thereof;

- 8.1.2 publish the Prevailing Interest Rate, Interest Amount and relative Interest Payment Date in accordance with Condition 4 (*Interest Payments*);
- 8.1.3 maintain records of the quotations obtained, and all rates determined, by it and make such records available for inspection during normal office hours or via electronic means at its discretion to the Issuer, the Guarantor and the Paying Agents; and
- 8.1.4 as soon as practicable after receiving notice from the Issuer of its intention to redeem the Securities pursuant to Condition 6(c) (*Redemption and Purchase – Issuer's Make-Whole Call Option*) and receiving either the Reference Screen Page displaying the mid-market yield to maturity for the Reference Bond or the Reference Government Bond Dealer Quotations from the Reference Government Bond Dealers, calculate the Make-Whole Redemption Amount (as defined in the Conditions) and notify such Make-Whole Redemption Amount to the Issuer.

## 8.2 **Liability of the Agent Bank**

In the event that, in accordance with Condition 4(c) (*Interest Payments - Prevailing Interest Rate*), the Agent Bank is required to determine the Prevailing Interest Rate on the basis of quotations provided to it by leading swap dealers in the interbank market, the Agent Bank shall not be held liable or responsible for any losses incurred by the Holders of Securities as a result of the Agent Bank's reliance upon such quotations if such quotations are subsequently found to be incorrect or inaccurate.

## 9. **MISCELLANEOUS DUTIES OF THE AGENTS**

### 9.1 **Records**

The Fiscal Agent shall:

- 9.1.1 maintain a record of the Temporary Global Security, the Permanent Global Security and all Definitive Securities, Coupons and Talons delivered hereunder and of their redemption, payment, cancellation, mutilation, defacement, alleged destruction, theft, loss or replacement (and, in the case of the Temporary Global Security, exchange of interests thereof for interests in the Permanent Global Security and, in the case of the Permanent Global Security, exchange thereof for Definitive Securities); *provided, however, that* no record need be maintained of the serial numbers of Coupons, save for the serial numbers of Coupons for which replacements have been issued under Clause 5 (*Replacement Securities, Coupons and Talons*) and unmatured Coupons missing at the time of redemption or other cancellation of the relevant Definitive Securities and for any subsequent payments against such Coupons;
- 9.1.2 maintain a record of all certifications received by it in accordance with Clause 9.3 (*Miscellaneous Duties of the Agent - Certifications*) or the provisions of the Temporary Global Security and all confirmations received by it in accordance with Clause 9.4 (*Miscellaneous Duties of the Agent - Cancellation*); and

9.1.3 make such records available for inspection during normal office hours or via electronic means at its discretion to the Issuer, the Guarantor and the other Paying Agents.

## **9.2 Information from Paying Agents**

The Paying Agents shall make available to the Fiscal Agent such information as is reasonably required by it for the maintenance of the records referred to in Clause 9.1 (*Miscellaneous Duties of the Agent - Records*).

## **9.3 Certifications**

Each Paying Agent shall promptly copy to the Issuer and the Guarantor and, in the case of a Paying Agent other than the Fiscal Agent, the Fiscal Agent any certification received by it in accordance with the provisions of the Temporary Global Security.

## **9.4 Cancellation**

The Issuer may from time to time deliver to the Fiscal Agent Definitive Securities and unmatured Coupons and Talons relating thereto for cancellation, whereupon the Fiscal Agent shall cancel such Definitive Securities and Coupons and Talons. In addition, the Issuer may from time to time procure the delivery to the Fiscal Agent of either Temporary Global Security or Permanent Global Security with instructions to cancel a specified aggregate principal amount of Securities represented by it (which instructions shall be accompanied by confirmation from Euroclear or Clearstream, Luxembourg that Securities having such aggregate principal amount may be cancelled), whereupon the Fiscal Agent shall procure that there is noted on the schedule to the relevant Temporary Global Security or (as the case may be) the Permanent Global Security the aggregate principal amount of Securities so cancelled and the remaining principal amount of the Temporary Global Security or (as the case may be) Permanent Global Security (which shall be the previous principal amount thereof less the aggregate principal amount of the Securities so cancelled) and shall procure the signature of such notation on its behalf.

## **9.5 Definitive Securities and Coupons in issue**

As soon as practicable (and in any event within three months) after each interest payment date in relation to the Securities, after each date on which Securities are cancelled in accordance with Clause 9.4 (*Miscellaneous Duties of the Agent - Cancellation*) and after each date on which the Securities fall due for redemption in accordance with the Conditions, the Fiscal Agent shall notify the Issuer, the Guarantor and the other Paying Agents (on the basis of the information available to it) of the number of any Definitive Securities or Coupons against surrender of which payment has been made and of the number of any Definitive Securities or (as the case may be) Coupons which have not yet been surrendered for payment.

## **9.6 Forwarding of communications**

The Fiscal Agent shall promptly forward to the Issuer and the Guarantor a copy of any notice or communication addressed to the Issuer or the Guarantor by any Holder of Securities which is received by the Fiscal Agent.

## 9.7 **Publication of notices**

The Fiscal Agent shall arrange for the publication of any notice which is to be given to the Holders of Securities and shall supply a copy thereof to each other Agent, Euroclear, Clearstream, Luxembourg and any competent authority, stock exchange and/or quotation system by which the Securities have been admitted to listing, trading and/or quotation.

## 9.8 **Destruction**

The Fiscal Agent may destroy the Temporary Global Security following its cancellation in accordance with Clause 4.2 (*Delivery of Permanent Global Security and Definitive Securities - Exchange of Temporary Global Security and Permanent Global Security*) and the Permanent Global Security following its cancellation in accordance with Clause 4.4 (*Delivery of Permanent Global Security and Definitive Securities - Exchange of Permanent Global Security for Definitive Securities*) and the Temporary Global Security, Permanent Global Security and each Definitive Security or Coupon delivered to or cancelled by it in accordance with sub-clause 7.1.3 (*Payments to Holders of Securities - Payments by Paying Agents*) or cancelled by it in accordance with Clause 5.3 (*Replacement Securities, Coupons and Talons - Cancellation of mutilated or defaced Securities*) or Clause 9.4 (*Miscellaneous Duties of Agents - Cancellation*), in which case it shall, upon written request, furnish the Issuer and the Guarantor with a certificate of destruction specifying the certificate or serial numbers (if any) of the Temporary Global Security or (as the case may be) Permanent Global Security or Definitive Securities and the number of Coupons so destroyed.

## 9.9 **Documents available for inspection**

The Issuer (failing which, the Guarantor) shall provide to each Agent:

- 9.9.1 conformed copies of this Agreement, the Deed of Covenant and the Deed of Guarantee;
- 9.9.2 if the provisions of Condition 6(d) (*Redemption and Purchase – Redemption for Taxation Reasons*) become relevant in relation to the Securities, the documents contemplated under Condition 6(d) (*Redemption and Purchase – Redemption for Taxation Reasons*); and
- 9.9.3 such other documents as may from time to time be required by The Irish Stock Exchange plc trading as Euronext Dublin to be made available at the Specified Office of the Agent.

Each of the Agents shall make available for inspection during normal business hours at its Specified Office, or via electronic means at its discretion, the documents referred to above and, upon reasonable request, will allow copies of such documents to be taken.

## 9.10 **Voting Certificates and Block Voting Instructions**

Each Paying Agent shall, at the request of any Holder of Securities, issue Voting Certificates and Block Voting Instructions in a form and manner which comply with the provisions of Schedule 5 (*Provisions for Meetings of Holders of Securities*) (except that it shall not be required to issue the same less than 48 hours before the time fixed



for any Meeting provided for therein). Each Paying Agent shall keep a full record of Voting Certificates and Block Voting Instructions issued by it and shall give to the Issuer and the Guarantor, not less than 24 hours before the time appointed for any Meeting, full particulars of all Voting Certificates and Block Voting Instructions issued by it in respect of such Meeting.

**9.11 Exchange of Talons for further Coupons**

The Fiscal Agent acting through its Specified Office shall issue further Coupon Sheets in exchange for Talons in accordance with the Conditions.

**9.12 Procedures for compliance with Spanish Tax legislation**

The Fiscal Agent undertakes to comply with the obligations which are applicable to it pursuant to Schedule 7 (*Procedures for compliance with Spanish Tax Legislation*).

**9.13 Consultation with the Issuer**

The Issuer and the Fiscal Agent agree to consult prior to the determination by the Issuer that a Benchmark Event (as defined in the Conditions) has occurred.

**10. FEES AND EXPENSES**

**10.1 Fees and expenses**

The Issuer (failing which, the Guarantor) shall pay to the Fiscal Agent for the account of the Agents such fees and expenses (including, without limitation, legal fees and any publication, advertising, communication, courier, postage and other out-of-pocket expenses plus any applicable value added tax) as have been agreed between the Issuer and the Fiscal Agent and recorded in a letter dated on or about the date of this Agreement from the Fiscal Agent to the Issuer and as may be agreed in any other written correspondence between the Issuer, the Guarantor and the Fiscal Agent, in respect of the services of the Agents hereunder.

**10.2 Taxes**

The Issuer (failing which, the Guarantor) shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Agreement, and the Issuer and the Guarantor shall jointly and severally indemnify each Agent on demand against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same except such as may result from such Paying Agent's fraud, negligence or wilful misconduct, or that of its officers, agents or employees.

**10.3 Fees and expenses outside the ordinary course of Agents' obligations**

If any Agent, acting properly, finds it expedient or necessary to undertake duties which such Agent reasonably determines to be outside the ordinary course of the performance by such Agent of its obligations hereunder, such Agent shall be entitled to receive

additional remuneration in respect of such duties further to consultation and consent by the Issuer (failing which, the Guarantor).

## **11. TERMS OF APPOINTMENT**

### **11.1 Rights and powers**

Each Agent may, in connection with its services hereunder:

- 11.1.1 except as ordered by a court of competent jurisdiction or otherwise required by law and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof, but subject to sub-clause 7.1.1 (*Payments to Holders of Securities - Payments by Paying Agents*), treat the holder of any Temporary Global Security, Permanent Global Security, Definitive Security or Coupon as its absolute owner for all purposes and make payments thereon accordingly;
- 11.1.2 assume that the terms of the Temporary Global Security, the Permanent Global Security and each Definitive Security, Coupon, and Talon as issued are correct;
- 11.1.3 refer any question relating to the ownership of the Temporary Global Security, the Permanent Global Security or any Definitive Security, Coupon or Talon or the adequacy or sufficiency of any evidence supplied in connection with the replacement of the Temporary Global Security, the Permanent Global Security or any Definitive Security, Coupon or Talon to the Issuer for determination by the Issuer and rely upon any determination so made;
- 11.1.4 rely upon the terms of any notice, communication or other document believed by it to be genuine or signed by the proper party; and
- 11.1.5 engage and pay for the advice or services of any lawyers or other experts whose advice or services it considers necessary and rely upon any advice so obtained (and such Agent shall be protected and shall incur no liability as against the Issuer or the Guarantor in respect of any action taken, or permitted to be taken, in accordance with such advice and in good faith).

### **11.2 Extent of duties**

Each Agent accepts its appointment as agent of the Issuer and the Guarantor in relation to the Securities and shall perform all matters expressed to be performed by it in, and otherwise comply with, the Conditions of each series of Securities and the provisions of this Agreement. No implied duties shall attach to the Agents under this Agreement and the Conditions.

No Agent shall:

- 11.2.1 be under any fiduciary duty or other obligation towards or have any relationship of agency or trust for or with any person other than a relationship of agency with the Issuer and the Guarantor;
- 11.2.2 be responsible for or liable in respect of the legality, validity or enforceability of the Temporary Global Security, the Permanent Global Security or any

Definitive Security, Coupon or Talon or any act or omission of any other person (including, without limitation, any other Paying Agent);

11.2.3 be required to undertake any act which is illegal or contrary to any law or regulation to which such Agent is subject;

11.2.4 be under any obligation to monitor or supervise the functions of any other person under the Securities or any other agreement or document relating to the transactions herein or therein contemplated and shall be entitled to assume that each such person is properly performing and complying with its obligations; or

### 11.3 **Freedom to transact**

Each Paying Agent may purchase, hold and dispose of Securities, Coupons and Talons and may enter into any transaction (including, without limitation, any depository, trust or agency transaction) with the Issuer, the Guarantor, any Holders of Securities, Coupons or Talons or with any other person in the same manner as if it had not been appointed as the agent of the Issuer and the Guarantor in relation to the Securities.

### 11.4 **Indemnity in favour of the Agents**

The Issuer (failing whom, the Guarantor) shall indemnify each Agent (each an "**indemnified party**") against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it may incur as a result or arising out of or in relation to any failure to pay or delay in paying any of the same except such as may result from such Agent's fraud, negligence or wilful misconduct or that of its officers, agents or employees. The foregoing indemnity shall extend also to the employees, officers, directors and agents of such indemnified party and to any person controlling any indemnified party (within the meaning of the Securities Act) (each a "**Related Party**"). However, no indemnified party shall have any duty or obligation, whether as fiduciary for any Related Party or otherwise to recover any payment or to account to any other person for any amounts paid to it under this Clause 11.4. This indemnity shall survive the termination or expiry of this Agreement and the resignation and removal of the Agents. Neither the Issuer nor the Guarantor shall be liable for consequential loss (being loss of business, goodwill, opportunity or profit) of any kind whatsoever even if advised of the possibility of such loss.

### 11.5 **Indemnity in favour of the Issuer and Guarantor**

Each Agent shall severally indemnify the Issuer and/or the Guarantor against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it may incur, otherwise than by reason of the Issuer's or, as the case may be, the Guarantor's own negligence or wilful misconduct, as a result or arising out of such Agent's own negligence or wilful misconduct. This indemnity shall survive the termination or expiry of this Agreement and the resignation and removal of the Agents. No Agent shall be liable for consequential loss (being loss of business, goodwill, opportunity or profit) of any kind whatsoever even if advised of the possibility of such loss.

## **12. CHANGES IN AGENTS**

### **12.1 Resignation**

Any Agent may, without providing a reason, resign its appointment upon not less than 30 days' nor more than 60 days' notice to the Issuer and the Guarantor (with a copy, in the case of an Agent other than the Fiscal Agent, to the Fiscal Agent); *provided, however, that:*

- 12.1.1 if such resignation would otherwise take effect less than 30 days before or after the maturity date or other date for redemption of the Securities or any interest payment date in relation to the Securities, it shall not take effect until the thirtieth day following such date; and
- 12.1.2 in the case of the Fiscal Agent, the Agent Bank or a Required Paying Agent, such resignation shall not take effect until a successor has been duly appointed consistently with Clause 12.4 (*Changes in Agents - Additional and successor agents*) or Clause 12.5 (*Changes in Agents - Agents may appoint successors*) and notice of such appointment has been given to the Holders of Securities.

### **12.2 Revocation**

The Issuer and the Guarantor (acting together) may revoke their appointment of any Agent by not less than 30 days' notice to such Agent (with a copy, in the case of an Agent other than the Fiscal Agent, to the Fiscal Agent); *provided, however, that*, in the case of the Fiscal Agent, the Agent Bank or any Required Paying Agent, such revocation shall not take effect until a successor has been duly appointed consistently with Clause 12.4 (*Changes in Agents - Additional and successor agents*) or Clause 12.5 (*Changes in Agents - Agents may appoint successors*) and notice of such appointment has been given to the Holders of Securities in accordance with the Conditions.

### **12.3 Automatic termination**

The appointment of any Agent as the agent of the Issuer and the Guarantor hereunder and in relation to the Securities shall terminate forthwith if any of the following events or circumstances shall occur or arise, namely: such Agent becomes incapable of acting; such Agent is adjudged bankrupt or insolvent; such Agent files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver, administrator or other similar official of all or any substantial part of its property or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof; a resolution is passed or an order is made for the winding up or dissolution of such Agent; a receiver, administrator or other similar official of such Agent or of all or any substantial part of its property is appointed; an order of any court is entered approving any petition filed by or against such Agent under the provisions of any applicable bankruptcy or insolvency law; or any public officer takes charge or control of such Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. If the appointment of the Fiscal Agent, the Agent Bank or any Required Paying Agent is terminated in accordance with the preceding sentence, the Issuer and the Guarantor (acting together) shall forthwith appoint a successor in accordance with Clause 12.4 (*Changes in Agents - Additional and successor agents*).

#### 12.4 Additional and successor agents

The Issuer and the Guarantor (acting together) may appoint a successor fiscal agent or agent bank and additional or successor paying agents and shall forthwith give notice of any such appointment to the continuing Agents and the Holders of Securities, whereupon the Issuer, the Guarantor, the continuing Agents, and the additional or successor fiscal agent, agent bank or paying agent shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form *mutatis mutandis* of this Agreement.

#### 12.5 Agents may appoint successors

If the Fiscal Agent, Agent Bank or any Required Paying Agent gives notice of its resignation in accordance with Clause 12.1 (*Changes in Agents - Resignation*) and by the tenth day before the expiry of such notice a successor has not been duly appointed in accordance with Clause 12.4 (*Changes in Agents - Additional and successor agents*), the Fiscal Agent or (as the case may be) Agent Bank or Required Paying Agent may itself, following such consultation with the Issuer and the Guarantor as is practicable in the circumstances, appoint as its successor any reputable and experienced financial institution and give notice of such appointment to the Issuer, the Guarantor, the remaining Agents and the Holders of Securities, whereupon the Issuer, the Guarantor, the remaining Agents and such successor shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form *mutatis mutandis* of this Agreement.

#### 12.6 Release

Upon any resignation or revocation taking effect under Clause 12.1 (*Changes in Agents - Resignation*) or 12.2 (*Changes in Agents - Revocation*) or any termination taking effect under Clause 12.3 (*Changes in Agents - Automatic termination*), the relevant Agent shall:

- 12.6.1 be released and discharged from its obligations under this Agreement (save that it shall remain entitled to the benefit of and subject to Clause 10.2 (*Fees and Expenses - Taxes*), Clause 11 (*Terms of Appointment*) and Clause 12 (*Changes in Agents*));
- 12.6.2 in the case of the Fiscal Agent, deliver to the Issuer, the Guarantor and to its successor a copy, certified as true and up-to-date by an officer or authorised signatory of the Fiscal Agent, of the records maintained by it in accordance with Clause 9.1 (*Miscellaneous Duties of the Agents - Records*);
- 12.6.3 in the case of the Agent Bank, deliver to the Issuer, the Guarantor and its successor a copy, certified as true and up-to-date by an officer or authorised signatory of the Agent Bank, of the records maintained by it in accordance with Clause 8 (*Duties of the Agent Bank*); and
- 12.6.4 forthwith (upon payment to it of any amount due to it in accordance with Clause 10 (*Fees and Expenses*) or Clause 11.4 (*Terms of Appointment - Indemnity in favour of the Agents*) transfer all moneys and papers (including any unissued Securities held by it hereunder and any documents held by it pursuant to Clause

9.9 (*Miscellaneous Duties of the Agents - Documents available for inspection*)) to its successor and, upon appropriate notice, provide reasonable assistance to its successor for the discharge of its duties and responsibilities hereunder.

## 12.7 **Merger**

Any legal entity into which any Agent is merged or converted or consolidated or any legal entity resulting from any merger or conversion or consolidation to which such Agent is a party shall, to the extent permitted by applicable law, be the successor to such Agent without any further formality, whereupon the Issuer, the Guarantor, the other Agents and such successor shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form *mutatis mutandis* of this Agreement. Notice of any such merger or conversion or consolidation shall forthwith be given by such successor to the Issuer, the Guarantor, the other Agents and the Holders of Securities in accordance with the Conditions.

## 12.8 **Changes in Specified Offices**

If any Agent decides to change its Specified Office (which may only be effected within the same city unless the prior written approval of the Issuer and the Guarantor has been obtained), it shall give notice to the Issuer and the Guarantor (with a copy to the other Agents) of the address of the new Specified Office stating the date on which such change is to take effect, which date shall be not less than 30 days after the date of such notice. The Issuer (failing which, the Guarantor) shall at its own expense not less than 14 days prior to the date on which such change is to take effect (unless the appointment of the relevant Agent is to terminate pursuant to any of the foregoing provisions of this Clause 12 on or prior to the date of such change) give notice thereof to the Holders of Securities.

## 13. **NOTICES**

### 13.1 **Addresses for notices**

All notices and communications hereunder shall be made in writing (by letter or fax) and shall be sent as follows:

13.1.1 if to the Issuer, to it at:

Zuidplein 112  
H Tower, 13th floor,  
1077XV  
Amsterdam  
The Netherlands

Fax: +31 20 575 3373  
Attention: Finance Manager

13.1.2 if to the Guarantor, to it at:

Distrito Telefónica  
Edificio Central  
c/ Ronda de la Comunicación, s/n

28050 Madrid  
Spain

Fax: + 34 91 727 1397  
Email: carlosdavid.marotosobrado@telefonica.com  
Attention: Carlos David Maroto Sobrado

13.1.3 if to an Agent, to it at the address, email address or fax number specified against its name in Schedule 6 (*Specified Offices of the Agents*) (or, in the case of an Agent not originally a party hereto, specified by notice to the parties hereto at the time of its appointment) for the attention of the person or department specified therein;

or, in any case, to such other address, email address or fax number or for the attention of such other person or department as the addressee has by prior notice to the sender specified for the purpose.

### 13.2 Effectiveness

Every notice or communication sent in accordance with Clause 13.1 (*Notices - Addresses for notices*) shall be effective, if sent by letter, email or fax, upon receipt by the addressee; *provided, however, that* any such notice or communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the addressee.

The parties to this Agreement accept that some such methods of communication are not secure. The Agents shall incur no liability for receiving Instructions via any such non-secure method from persons believed by the Agents to be authorised to give Instructions on behalf of the Issuer or Guarantor, except if there has been negligence or wilful misconduct of the relevant Agent. The Issuer and Guarantor shall incur no liability for receiving data via any such non-secure method from persons believed by the Issuer or Guarantor to be authorised to transmit data on behalf of the Agents, except if there has been negligence or wilful misconduct of the Issuer or Guarantor. The parties to this Agreement shall use all reasonable endeavours to ensure that Instructions or communications transmitted pursuant to this Agreement are correct and complete. Any Instructions or transmissions of data shall be conclusively deemed to be valid Instructions for the purposes of this Agreement to the extent that such Instructions or transmissions of data are sent by persons believed by the receiving party to be authorised to give Instructions or transmit data.

For the purposes of this Clause 13.2, the following defined terms shall apply:

**"Instructions"** means Written Instructions; and

**"Written Instructions"** means any written notices, directions or instructions received by an Agent in accordance with this Agreement from the Issuer or Guarantor or a person reasonably believed by such Agent to be authorised by the Issuer or Guarantor, as the case may be

### 13.3 **Notices to Holders of Securities**

Any notice required to be given to Holders of Securities under this Agreement shall be given in accordance with the Conditions; *provided, however, that*, so long as all the Securities are represented by the Temporary Global Security and/or the Permanent Global Security, notices to Holders of Securities shall be given in accordance with the terms of the Temporary Global Security and/or the Permanent Global Security.

### 13.4 **Notices in English**

All notices and other communications hereunder shall be made in the English language.

## 14. **LAW AND JURISDICTION**

### 14.1 **Governing law**

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

### 14.2 **English courts**

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

### 14.3 **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.

### 14.4 **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.

### 14.5 **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 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.



## 15. **SANCTIONS**

Each of the Issuer and the Guarantor represents that neither they nor their directors and, to the best knowledge of the Guarantor or the Issuer, any of their affiliates, subsidiaries or officers are currently the target or subject of any sanctions enforced by the US Government, (including the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**")), the United Nations Security Council, the European Union or HM Treasury (collectively "**Sanctions**").

The Issuer covenants and represents that neither it nor any of its controlled subsidiaries, directors or officers will use any payments received pursuant to this Agreement, (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions or, (ii) to fund or facilitate any activities of or business with any country or territory that, at the time of such funding or facilitation, is the target or subject of comprehensive territorial Sanctions, except to the extent such funding or facilitation would not be prohibited for a person required to comply with Sanctions.

None of the representations and covenant above shall be made to the extent that the making or requirement of such representations and warranties would result (i) in any violation of or conflict the EU Blocking Regulation , as amended from time to time, or any law or regulation implementing such regulation in any member state of the European Union or (ii) any similar blocking or anti-boycott law in the United Kingdom and elsewhere, if applicable.

"**EU Blocking Regulation**" means Council Regulation (EC) 2271/96.

## 16. **RIGHTS OF THIRD PARTIES**

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

## 17. **MODIFICATION**

This 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.

## 18. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Any party may enter into this 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 750,000,000 Undated 6.5 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)*

**ISIN: XS2410367747**

**TEMPORARY GLOBAL SECURITY**

**1. INTRODUCTION**

This Temporary Global Security is issued in respect of the EUR 750,000,000 Undated 6.5 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (the "**Securities**") 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 24 November 2021, (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 24 November 2021 (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 24 November 2021 (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 750,000,000**  
**(SEVEN HUNDRED AND FIFTY 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 3 (*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 depositary 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 24 November 2021

**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**

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



**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 750,000,000 Undated 6.5 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 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.

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.

Dated: [ ]

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 750,000,000 Undated 6.5 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 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 substantially to the effect set forth in the temporary global security issued in respect of the Securities.

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.

Euroclear Bank SA/NV

**Clearstream Banking S.A.**

55-41026110

**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 750,000,000 Undated 6.5 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)*

**ISIN: XS2410367747**

**PERMANENT GLOBAL SECURITY**

**1. INTRODUCTION**

This Global Security is issued in respect of the EUR 750,000,000 Undated 6.5 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (the "**Securities**") 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 24 November 2021, (insofar as they are represented by this Global Security) have the benefit of a deed of covenant dated 24 November 2021 (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 24 November 2021 (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 ("**Coupons**") and talons for further Coupons ("**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 depositary 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 24 November 2021

**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, Exchanges against Temporary Global Security, Delivery of Definitive Securities and Cancellation of Securities**

[illegible]

## **Schedule 2**

### **Terms and Conditions of the Securities**

*[see Schedule 4 to this Agreement]*

**SCHEDULE 3**  
**FORM OF DEFINITIVE SECURITY, COUPON AND TALON**

*[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 750,000,000 Undated 6.5 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 enforced 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**  
One Canada Square  
London E14 5AL  
United Kingdom

**PAYING AGENTS**

[•]

[•]

## Form of Coupon

*[On the face of the Coupon:]*

**TELEFÓNICA EUROPE B.V.**

**EUR 750,000,000 Undated 6.5 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  
One Canada Square  
London E14 5AL  
United Kingdom

**Paying Agents:** [•];

[•]; and

[•].

## Form of Talon

*[On the face of the Talon:]*

**TELEFÓNICA EUROPE B.V.**

**EUR 750,000,000 Undated 6.5 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  
One Canada Square  
London E14 5AL  
United Kingdom

**SCHEDULE 4**  
**TERMS AND CONDITIONS OF THE SECURITIES**

## TERMS AND CONDITIONS OF THE SECURITIES

The issue of the EUR 750,000,000 Undated 6.5 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (the "**Securities**") was authorised by a resolution of the Board of Managing Directors of the Issuer dated 10 November 2021 and the guarantee of the Securities was authorised by a resolution of the Delegated Committee of the Board of Directors of the Guarantor dated 11 November 2021, 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 24 November 2021 (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. 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 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 Securities bear interest at the Prevailing Interest Rate from (and including) 24 November 2021 (the "**Issue Date**") 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 (except for a long first Interest Period) 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 (or, if none, the Issue Date) to (but excluding) the next succeeding Interest Payment Date. Notwithstanding the above, the interest in respect of any Security for the long first Interest Period shall be EUR 4,308.16 per Calculation Amount, calculated on the basis of the actual number of days in the period from (and including) the Issue Date to (but excluding) 24 May 2023 divided by 365 days.

(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 Issue Date to (but excluding) the First Reset Date, at the rate of 2.880 per cent. per annum; and
- (ii) from (and including) the First Reset Date, at the applicable 6 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) 24 November 2031, 2.866 per cent. per annum;
  - (B) from (and including) 24 November 2031 to (but excluding) 24 May 2048, 3.116 per cent. per annum; and
  - (C) from (and including) 24 May 2048, 3.866 per cent. per annum,(each a "**Subsequent Fixed Interest Rate**"), all as determined by the Agent Bank, payable annually (except for a long first Interest Period) in arrear on each Interest Payment Date, commencing on 24 May 2023, subject to Condition 5 (*Optional Interest Deferral*),

and where:

"**6 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 6 Year Swap Rate does not appear on the Reset Screen Page on the relevant Reset Interest Determination Date, the 6 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 6 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 6 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 6 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, -0.019 per cent. per annum.

The "**6 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 6 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 6 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 6 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 6 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 Capital Event to occur.

(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 One Canada Square, London E14 5AL, 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(h), 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 24 May 2048.

## 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 the TARGET System. 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*). 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 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 Securities on the Issue Date or, if "equity credit" is not assigned to the Securities by the relevant Rating Agency on the 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 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. **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.

16. **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 16 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.

## 17. 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;

**"2017 Non-Call Securities"** means the EUR 1,000,000,000 Undated 5.5 Year Non-Call Deeply Subordinated Guaranteed Fixed Rate Reset Securities (ISIN: XS1731823255) issued by the Issuer on 7 December 2017 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 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;

**"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;

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

**"6 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 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 the Target System 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 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 Securities by such Rating Agency on the Issue Date, or, if "equity credit" is not assigned to the Securities by the relevant Rating Agency on the 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 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;

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

**"First Call Date"** means 24 February 2028;

**"First Reset Date"** means 24 May 2028;

**"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 24 May in each year;

**"Interest Period"** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

**"Issue Date"** means 24 November 2021;

**"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 a rate equal to the sum of: (x) the Reference Bond Rate and (y) 0.500 per cent. per annum;

**"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.;

**"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 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 Issue Date a nominal amount of EUR 460.00 each;

**"Original Reference Rate"** means EURIBOR;

**"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 2021 Non-Call Securities, the 2020 Non-Call Securities, the 2019 Non-Call Securities, the 2018 Non-Call Securities, the 2017 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 2021 Non-Call Securities, (ii) the 2020 Non-Call

Securities, (iii) the 2019 Non-Call Securities, (iv) the 2018 Non-Call Securities, (v) the 2017 Non-Call Securities and (vi) the 2014 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 16(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 0.5 per cent. February 2028 (ISIN: DE0001102440) 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 sixth 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 loan made by the Issuer to the Guarantor dated 24 November 2021, 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;

**"Target System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

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 16 November 2021;

**"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 16 November 2021;

**"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.

**SCHEDULE 5**  
**PROVISIONS FOR MEETINGS OF HOLDERS OF SECURITIES**

**1. Definitions**

In this Agreement and the Conditions, the following expressions have the following meanings:

**"Block Voting Instruction"** means, in relation to any Meeting, a document in the English language issued by a Paying Agent:

- (a) certifying that certain specified Securities (the **"deposited Securities"**) have been deposited with such Paying Agent (or to its order at a bank or other depositary) or blocked in an account with a clearing system and will not be released until the earlier of:
  - (i) the conclusion of the Meeting; and
  - (ii) the surrender to such Paying Agent, not less than 48 hours before the time fixed for the Meeting (or, if the Meeting has been adjourned, the time fixed for its resumption), of the receipt for the deposited or blocked Securities and notification thereof by such Paying Agent to the Issuer and the Guarantor;
- (b) certifying that the depositor of each deposited Security or a duly authorised person on its behalf has instructed the relevant Paying Agent that the votes attributable to such deposited Security are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 hours before the time fixed for the Meeting, such instructions may not be amended or revoked;
- (c) listing the total number and (if in definitive form) the certificate numbers of the deposited Securities, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and
- (d) authorising a named individual or individuals to vote in respect of the deposited Securities in accordance with such instructions;

**"Chairperson"** means, in relation to any Meeting, the individual who takes the chair in accordance with paragraph 7 (*Chairperson*);

**"Extraordinary Resolution"** means a resolution passed at a Meeting duly convened and held in accordance with this Schedule by an absolute majority of the votes cast;

**"Meeting"** means a meeting of Holders of Securities (whether originally convened or resumed following an adjournment);

**"Proxy"** means, in relation to any Meeting, a person appointed to vote under a Block Voting Instruction other than:

- (a) any such person whose appointment has been revoked and in relation to whom the Fiscal Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such Meeting; and

- (b) any such person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the Meeting when it is resumed;

**"Voter"** means, in relation to any Meeting, the bearer of a Voting Certificate, a Proxy or the bearer of a Definitive Security who produces such Definitive Security at the Meeting;

**"Voting Certificate"** means, in relation to any Meeting, a certificate in the English language issued by a Paying Agent and dated in which it is stated:

- (a) that certain specified Securities (the **"deposited Securities"**) have been deposited with such Paying Agent (or to its order at a bank or other depository) or blocked in an account with a clearing system and will not be released until the earlier of:
  - (i) the conclusion of the Meeting; and
  - (ii) the surrender of such certificate to such Paying Agent; and
- (b) that the bearer of such certificate is entitled to attend and vote at the Meeting in respect of the deposited Securities;

**"Written Resolution"** means a resolution in writing signed by or on behalf of not less than seventy-five per cent. of Holders of Securities who for the time being are entitled to receive notice of a Meeting in accordance with the provisions of this Schedule, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such Holders of the Securities;

**"24 hours"** means a period of 24 hours including all or part of a day upon which banks are open for business in both the places where the relevant Meeting is to be held and in each of the places where the Paying Agents have their Specified Offices (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid; and

**"48 hours"** means 2 consecutive periods of 24 hours.

## 2. **Issue of Voting Certificates and Block Voting Instructions**

The holder of a Security may obtain a Voting Certificate from any Paying Agent or require any Paying Agent to issue a Block Voting Instruction by depositing such Security with such Paying Agent or arranging for such Security to be (to its satisfaction) held to its order or under its control or blocked in an account with a clearing system not later than 48 hours before the time fixed for the relevant Meeting. A Voting Certificate or Block Voting Instruction shall be valid until the release of the deposited Securities to which it relates. So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the holder of the Securities to which it relates for all purposes in connection with the Meeting. A Voting Certificate

and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Security.

**3. References to Deposit/Release of Securities**

Where Securities are represented by the Temporary Global Security and/or the Permanent Global Security or are held in definitive form within a clearing system, references to the deposit, or release, of Securities shall be construed in accordance with the usual practices (including blocking the relevant account) of such clearing system.

**4. Validity of Block Voting Instructions**

A Block Voting Instruction shall be valid only if it is deposited at the Specified Office of the Fiscal Agent, or at some other place approved by the Fiscal Agent, at least 24 hours before the time fixed for the relevant Meeting or the Chairperson decides otherwise before the Meeting proceeds to business. If the Fiscal Agent requires, a notarised copy of each Block Voting Instruction and satisfactory proof of the identity of each Proxy named therein shall be produced at the Meeting. The Fiscal Agent shall not be obliged to investigate the validity of any Block Voting Instruction or the authority of any Proxy.

**5. Convening of Meeting**

The Issuer and the Guarantor (acting together) may convene a Meeting at any time, and shall be obliged to do so upon the request in writing of Holders of Securities holding not less than one twentieth of the aggregate principal amount of the outstanding Securities.

**6. Notice**

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the relevant Meeting is to be held) specifying the date, time and place of the Meeting shall be given by the Issuer and the Guarantor to the Holders of Securities and the Paying Agents (with a copy to the Issuer and the Guarantor). The notice shall set out the full text of any resolutions to be proposed and shall state that the Securities may be deposited with, or to the order of, any Paying Agent for the purpose of obtaining Voting Certificates or appointing Proxies not later than 48 hours before the time fixed for the Meeting.

**7. Chairperson**

An individual (who may, but need not, be a Holder of Securities) nominated in writing by the Issuer and the Guarantor (acting together) may take the chair at any Meeting but, if no such nomination is made or if the individual nominated is not present within 15 minutes after the time fixed for the Meeting, those present shall elect one of themselves to take the chair failing which, the Issuer may appoint a Chairperson. The Chairperson of an adjourned Meeting need not be the same person as was the Chairperson of the original Meeting.

**8. Quorum**

The quorum at any Meeting shall be at least one Voter representing or holding at least two thirds of the aggregate principal amount of the outstanding Securities; or, in the case of a Meeting which has resumed after adjournment for want of a quorum, the fraction of the aggregate principal amount of the outstanding Securities represented or held by the Voters actually present at the Meeting.

**9. Adjournment for want of quorum**

If within 15 minutes after the time fixed for any Meeting a quorum is not present, then:

- (a) in the case of a Meeting requested by Holders of Securities, it shall be dissolved; and
- (b) in the case of any other Meeting, it shall be adjourned for such period (which shall be not less than 14 days and not more than 42 days) and to such place as the Chairperson determines; provided, however, that:
  - (i) the Meeting shall be dissolved if the Issuer and the Guarantor (acting together) so decide; and
  - (ii) no Meeting may be adjourned more than once for want of a quorum.

**10. Adjourned Meeting**

The Chairperson may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place.

**11. Notice Following Adjournment**

Paragraph 6 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for want of a quorum save that:

- (a) 10 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be sufficient; and
- (b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

It shall not be necessary to give notice of the resumption of a Meeting which has been adjourned for any other reason.

**12. Participation**

The following may attend and speak at a Meeting:

- (a) Voters;
- (b) representatives of the Issuer, the Guarantor and the Fiscal Agent;
- (c) the financial advisers of the Issuer and the Guarantor;

- (d) the legal counsel to the Issuer, the Guarantor and the Fiscal Agent; and
- (e) any other person approved by the Meeting.

**13. Show of hands**

Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairperson's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution. Where there is only one Voter, this paragraph shall not apply and the resolution will immediately be decided by means of a poll.

**14. Poll**

A demand for a poll shall be valid if it is made by the Chairperson, the Issuer, the Guarantor or one or more Voters representing or holding not less than one fiftieth of the aggregate principal amount of the outstanding Securities. The poll may be taken immediately or after such adjournment as the Chairperson directs, but any poll demanded on the election of the Chairperson or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business as the Chairperson directs.

**15. Votes**

Every Voter shall have:

- (a) on a show of hands, one vote; and
- (b) on a poll, the number of votes obtained by dividing the aggregate principal amount of the outstanding Security(s) represented or held by each voter by the unit of currency in which the Securities are denominated.

In the case of a voting tie the Chairperson shall have a casting vote.

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which they are entitled or to cast all the votes which they exercise in the same way.

**16. Validity of votes by Proxies**

Any vote by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it was given has been amended or revoked, provided that the Fiscal Agent has not been notified in writing of such amendment or revocation by the time which is 24 hours before the time fixed for the relevant Meeting. Unless revoked, any appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment; provided, however, that no such appointment of a Proxy in relation to a Meeting originally convened which has been adjourned for want of a quorum shall remain in force in



relation to such Meeting when it is resumed. Any person appointed to vote at such a Meeting must be re-appointed under a Block Voting Instruction Proxy to vote at the Meeting when it is resumed.

## **17. Powers**

A Meeting shall have power (exercisable by Extraordinary Resolution), without prejudice to any other powers conferred on it or any other person:

- (a) to approve any proposal by the Issuer and the Guarantor (acting together) for any modification, abrogation, variation or compromise of any of the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Securities;
- (b) to approve any proposal by the Guarantor for any modification of any provision of the Guarantee of the Securities or any arrangement in respect of the obligations of the Guarantor thereunder;
- (c) to approve any proposal by the Issuer and the Guarantor (acting together) for any modification of any provision of the Deed of Covenant or the Deed of Guarantee insofar as it relates to the Deed of Covenant or any arrangement in respect of the obligations of the Issuer thereunder;
- (d) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Securities and the Deed of Covenant or the substitution of any person for the Guarantor as guarantor under the Guarantee of the Securities and the Deed of Covenant;
- (e) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Securities or the Deed of Covenant, any proposed breach by the Guarantor of its obligations under the Guarantee of the Securities or the Deed of Guarantee insofar as it relates to the Deed of Covenant or any act or omission which might otherwise constitute an event of default under the Securities;
- (f) to authorise the Fiscal Agent or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- (g) to give any other authorisation or approval which is required to be given by Extraordinary Resolution; and
- (h) to appoint any persons as a committee to represent the interests of the Holders of Securities and to confer upon such committee any powers which the Holders of Securities could themselves exercise by Extraordinary Resolution.

## **18. Extraordinary Resolution binds all Holders of Securities**

An Extraordinary Resolution duly passed shall be binding upon all Holders of Securities and holders of Coupons and Talons whether or not present at such Meeting and each of the Holders of Securities shall be bound to give effect to it accordingly. Notice of the result of every vote on an Extraordinary Resolution shall be given to the

Holders of Securities and the Paying Agents (with a copy to the Issuer and Guarantor) within 14 days of the conclusion of the Meeting.

19. **Minutes**

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairperson shall sign the minutes, which shall be prima facie evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

20. **Written Resolution**

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

**SCHEDULE 6**  
**SPECIFIED OFFICES OF THE AGENTS**

**The Fiscal Agent:**

The Bank of New York Mellon, London Branch  
One Canada Square  
London E14 5AL

Fax: +44(0) 207 964 2536

Email: [CORPSOV4@bnymellon.com](mailto:CORPSOV4@bnymellon.com)

Attention: Corporate Trust Administration

**The Agent Bank:**

The Bank of New York Mellon, London Branch  
One Canada Square  
London E14 5AL

Fax: +44(0) 207 964 2536

Attention: Corporate Trust Administration

with a copy to:

The Bank of New York Mellon, London Branch  
Merck House  
Seldown  
Poole  
BH15 1PX

Fax: +44(0) 120 268 9600

Email: [CORPSOV4@bnymellon.com](mailto:CORPSOV4@bnymellon.com)

Attention: Corporate Trust Administration

**SCHEDULE 7**  
**PROCEDURES FOR COMPLIANCE WITH SPANISH TAX LEGISLATION**

**Information Procedures and Certification Obligations of the Fiscal Agent in respect of payments under the Securities and under the Guarantee**

**A. Payments made by the Issuer under the Securities**

1. ***Delivery of the Payment Information Certificate:*** In connection with each payment made by the Issuer under the Securities, the Fiscal Agent shall deliver to the Issuer by the close of business on the Business Day (as defined in the Conditions) immediately preceding the day on which such payment is made a duly completed and executed Payment Information Certificate substantially in the form set forth in Exhibit I hereto (*Form of Payment Information Certificate*). Such form may be delivered initially by email, in pdf form, or by fax, provided that the original is delivered by the end of the following month.
2. ***Failure to deliver the Payment Information Certificate:*** In the event that the Fiscal Agent fails or for any reason is unable to deliver a timely, duly completed Payment Information Certificate as described above to the Issuer in respect of a payment of income under the Securities, this will have no impact on the payment to be made by the Issuer under the Securities.

**B. Payments made by the Guarantor under the Guarantee**

1. ***Delivery of the Payment Information Certificate:*** In the event that the Guarantor has advised the Fiscal Agent that it is making a payment under the Guarantee and in connection with each payment made by the Guarantor under the Guarantee, the Fiscal Agent shall deliver to the Guarantor by the close of business on the Business Day (as defined in the Conditions) immediately preceding the day on which such payment is made a duly completed and executed Payment Information Certificate substantially in the form set forth in Exhibit I hereto (*Form of Payment Information Certificate*). Such form may be delivered initially by email, in pdf form, or by fax, provided that the original is delivered by the end of the following month.

If the Payment Information Certificate is delivered by the Fiscal Agent in a timely manner to the Guarantor, the relevant income payment will be made free and clear of Spanish withholding tax.

The Fiscal Agent has no duty or responsibility to comply with Spanish tax laws arising out of this Agreement, and may request and rely conclusively upon any instructions from the Guarantor in respect of any action necessary or required to be taken by the Fiscal Agent pursuant to this Schedule 7; provided, however, that in no event shall the Fiscal Agent be required to expend or risk its own funds in the performance of any of its duties pursuant to this Schedule 7, or be obligated to take any legal or other action which might in its judgment involve or cause it to incur any expense or liability unless it shall have been furnished with acceptable indemnification.

The Guarantor agrees to instruct the Fiscal Agent in writing with respect to any certifications that may be required under Spanish law, and the Fiscal Agent

acknowledges that this Schedule 7 shall constitute an instruction in this regard, unless otherwise instructed in writing by the Guarantor.

2. ***Failure to deliver the Payment Information Certificate:*** If the Guarantor has not received a duly executed and completed Payment Information Certificate by the close of business on the Business Day (as defined in the Conditions) immediately preceding the day on which such payment is made, the Issuer shall no later than 11.00 a.m. (CET) on the relevant Payment Date, instruct the Paying Agent to withhold Spanish income tax on behalf of the Guarantor from the relevant Payment Amount at the then-applicable rate (currently 19 per cent). In the absence of such an instruction the Paying Agent shall pay the Payment Amount free and clear of Spanish withholding tax.
3. If, after the relevant payment date but before the 10th day of the month immediately following the relevant payment date the Fiscal Agent provides the duly completed Payment Information Certificate to the Guarantor, then the Guarantor shall instruct the Fiscal Agent to immediately transfer the amounts withheld in respect of the relevant payment pursuant to the foregoing paragraphs above by way of reimbursement of the amounts withheld on the relevant payment date and completion of the corresponding income payment in respect of payments under the Guarantee.
4. If the Fiscal Agent fails or for any reason is unable to submit a duly completed and executed Payment Information Certificate to the Guarantor by the 10th day of the month immediately following the relevant payment date, the Fiscal Agent shall immediately return (but in any event no later than the 10th day of the month immediately following the relevant payment date) to the Guarantor any remaining amount of the amounts withheld in respect of the relevant payment, and Holders will have to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

## EXHIBIT I

**Anexo al Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007**

**Modelo de declaración a que se refieren los apartados 3, 4 y 5 del artículo 44 del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos**

Annex to Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

Declaration form referred to in paragraphs 3, 4 and 5 of Article 44 of the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

**Don (nombre), con número de identificación fiscal (...) <sup>(1)</sup>, en nombre y representación de (entidad declarante), con número de identificación fiscal (...) <sup>(1)</sup> y domicilio en (...) en calidad de (marcar la letra que proceda):**

Mr. (name), with tax identification number (...) <sup>(1)</sup>, in the name and on behalf of (entity), with tax identification number (...) <sup>(1)</sup> and address in (...) as (function - mark as applicable):

**(a) Entidad Gestora del Mercado de Deuda Pública en Anotaciones.**

(a) Management Entity of the Public Debt Market in book entry form.

**(b) Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero.**

(b) Entity that manages the clearing and settlement system of securities resident in a foreign country.

**(c) Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español.**

(c) Other entities that hold securities on behalf of third parties within clearing and settlement systems domiciled in the Spanish territory.

**(d) Agente de pagos designado por el emisor.**

(d) Fiscal Agent appointed by the issuer.

**Formula la siguiente declaración, de acuerdo con lo que consta en sus propios registros:**

Makes the following statement, according to its own records:

**1. En relación con los apartados 3 y 4 del artículo 44:**

1. In relation to paragraphs 3 and 4 of Article 44:

**1.1 Identificación de los valores.....**

1.1 Identification of the securities.....

**1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)**

1.2 Income payment date (or refund if the securities are issued at discount or are segregated)

**1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados).....**

1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated)

**1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora.....**

1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved.....

**1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).**

1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).

**2. En relación con el apartado 5 del artículo 44.**

2. In relation to paragraph 5 of Article 44.

**2.1 Identificación de los valores.....**

2.1 Identification of the securities.....

**2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados) .....**

2.2 Income payment date (or refund if the securities are issued at discount or are segregated)  
.....

**2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados.....**

2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated)

**2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.**

2.4 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country A.

**2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.**

2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.

**2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C.**

2.6 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

**Lo que declaro en.....a .... de.....de ....**

I declare the above in..... on the.... of..... of....

**<sup>(1)</sup>En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia**

<sup>(1)</sup>In case of non-residents (individuals or corporations) without permanent establishment in Spain it shall be included the number or identification code which corresponds according to their country of residence.



## SIGNATURES

### *The Issuer*

For and on behalf of

**TELEFÓNICA EUROPE B.V.**

By:



Name: François Decleve/Miguel Á. Contreras

Title: Director/Director



### *The Guarantor*

For and on behalf of

**TELEFÓNICA, S.A.**

By:



Name: Carlos David Maroto Sobrado

Title: Director

*The Fiscal Agent*

Signed for and on behalf of

THE BANK OF NEW YORK MELLON, LONDON BRANCH

B



Marco  
Thuo

*The Agent Bank*

Signed for and on behalf of

THE BANK OF NEW YORK MELLON, LONDON BRANCH

By:



Marco  
Thuo