

## TERMS AND CONDITIONS OF THE BONDS

**THIS DOCUMENT IS NOT AN OFFER TO SELL SECURITIES OR THE SOLICITATION OF ANY OFFER TO BUY SECURITIES.**

**SOLELY FOR THE PURPOSES OF THE PRODUCT GOVERNANCE REQUIREMENTS CONTAINED WITHIN: (A) EU DIRECTIVE 2014/65/EU ON MARKETS IN FINANCIAL INSTRUMENTS, AS AMENDED (“MIFID II”); (B) ARTICLES 9 AND 10 OF COMMISSION DELEGATED DIRECTIVE (EU) 2017/593 SUPPLEMENTING MIFID II; (C) LOCAL IMPLEMENTING MEASURES IN THE EUROPEAN ECONOMIC AREA (“EEA”); (D) REGULATION (EU) NO 600/2014 AS IT FORMS PART OF UNITED KINGDOM DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE “EUWA”) (“UK MIFIR”); AND (E) FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (TOGETHER, THE “PRODUCT GOVERNANCE REQUIREMENTS”), AND DISCLAIMING ALL AND ANY LIABILITY, WHETHER ARISING IN TORT, CONTRACT OR OTHERWISE, WHICH ANY “MANUFACTURER” (FOR THE PURPOSES OF THE MIFID II PRODUCT GOVERNANCE REQUIREMENTS) MAY OTHERWISE HAVE WITH RESPECT THERETO, THE BONDS HAVE BEEN SUBJECT TO A PRODUCT APPROVAL PROCESS, WHICH HAS DETERMINED THAT: (I) THE TARGET MARKET FOR THE BONDS IS (A) IN THE EEA, ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN MIFID II AND (B) IN THE UNITED KINGDOM, ELIGIBLE COUNTERPARTIES (AS DEFINED IN THE FCA HANDBOOK CONDUCT OF BUSINESS SOURCEBOOK) AND PROFESSIONAL CLIENTS (AS DEFINED IN UK MIFIR); AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE BONDS TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE BONDS (A “DISTRIBUTOR”) SHOULD TAKE INTO CONSIDERATION EACH MANUFACTURER’S TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II OR THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE BONDS (BY EITHER ADOPTING OR REFINING EACH MANUFACTURERS’ TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.**

**THE TARGET MARKET ASSESSMENT IS WITHOUT PREJUDICE TO THE REQUIREMENTS OF ANY CONTRACTUAL OR LEGAL SELLING RESTRICTIONS IN RELATION TO THE BONDS.**

**FOR THE AVOIDANCE OF DOUBT, THE TARGET MARKET ASSESSMENT DOES NOT CONSTITUTE: (A) AN ASSESSMENT OF SUITABILITY OR APPROPRIATENESS FOR THE PURPOSES OF MIFID II OR UK MIFIR; OR (B) A RECOMMENDATION TO ANY INVESTOR OR GROUP OF INVESTORS TO INVEST IN, OR PURCHASE, OR TAKE ANY OTHER ACTION WHATSOEVER WITH RESPECT TO THE BONDS. THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR THE UNITED KINGDOM. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS, IN THE EEA, A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF MIFID II; OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS, IN THE UNITED KINGDOM, A PERSON WHO IS ONE (OR MORE) OF (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF UNITED KINGDOM DOMESTIC LAW BY VIRTUE OF THE EUWA OR (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 OF THE UNITED KINGDOM (THE “FSMA”) AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT**

**DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF UNITED KINGDOM DOMESTIC LAW BY VIRTUE OF THE EUWA.**

**CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014, AS AMENDED (THE “PRIIPS REGULATION”) OR THE PRIIPS REGULATION AS IT FORMS PART OF UNITED KINGDOM DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “UK PRIIPS REGULATION”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION AND/OR THE UK PRIIPS REGULATION.**

*The following (excluding italicised paragraphs) are the terms and conditions of the Bonds which will be endorsed on the Certificates relating to the Bonds:*

The issue of the €450,000,000 0.80 per cent. green senior unsecured guaranteed equity-linked bonds due 2027 (the “**Bonds**”) was authorised by resolutions of the board of directors of Iberdrola Finanzas, S.A.U. (the “**Issuer**”) passed on 7 November 2022 and the guarantee of the Bonds was authorised by resolutions of a shareholder meeting of Iberdrola, S.A. (the “**Guarantor**”) passed on 18 June 2021 and by resolutions of the board of directors of the Guarantor passed on 8 November 2022. The Bonds are issued pursuant to a fiscal agency agreement dated 7 December 2022 (the “**Agency Agreement**”) relating to the Bonds between the Issuer, The Bank of New York Mellon, London Branch as fiscal agent (the “**Fiscal Agent**”, which expression shall include any successor fiscal agent under the Agency Agreement), the other paying, transfer and conversion agents for the time being (such persons, together with the Fiscal Agent, being referred to below as the “**Paying, Transfer and Conversion Agents**”, which expression shall include their successors as Paying, Transfer and Conversion Agents under the Agency Agreement) and The Bank of New York Mellon SA/NV, Luxembourg Branch as in its capacity as registrar in respect of the Bonds (the “**Registrar**”, which expression shall include any successor as registrar under the Agency Agreement) and with the benefit of a deed of covenant (the “**Deed of Covenant**”) executed and delivered by the Issuer dated 7 December 2022 in relation to the Bonds. The Guarantor has, for the benefit of the Bondholders from time to time, executed and delivered a deed of guarantee dated 7 December 2022 (the “**Deed of Guarantee**”) under which it has guaranteed the due and punctual payment of all amounts due by the Issuer under the Bonds and the Deed of Covenant as and when the same shall become due and payable.

The Issuer and the Guarantor have also entered into a calculation agency agreement dated 7 December 2022 (the “**Calculation Agency Agreement**”) with Conv-Ex Advisors Limited (the “**Calculation Agent**”, which expression shall include any successor as calculation agent under the Calculation Agency Agreement), whereby the Calculation Agent has been appointed to make certain calculations in relation to the Bonds from time to time.

The Issuer has executed a deed (*escritura publica*) (the “**Public Deed**”) before a Spanish public notary in relation to the Bonds and will register the Public Deed with the Commercial Registry of Biscay. The Public Deed will contain, among other information, the terms and conditions of the Bonds.

Copies of the Agency Agreement, the Deed of Covenant, the Deed of Guarantee and the Calculation Agency Agreement are available for inspection during normal business hours at the specified offices for the time being of the Paying, Transfer and Conversion Agents and the Registrar.

“**Agents**” means the Fiscal Agent, any other Paying, Transfer and Conversion Agents and the Registrar.

Capitalised terms used but not defined in these terms and conditions (the “**Conditions**”) shall have the meanings attributed to them in the Agency Agreement unless the context otherwise requires or unless otherwise stated.

## 1 Form, Denomination, Title, Status and Guarantee

### (a) Form and Denomination

The Bonds are issued in registered form, serially numbered, in principal amounts of €100,000 each and integral multiples thereof.

### (b) Title

Title to the Bonds will pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as otherwise required by law or as ordered by a court of competent jurisdiction, the holder (as defined below) of any Bond shall be deemed to be and may 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 the Certificate representing it or the theft or loss of such Certificate) and no person will be liable for so treating the holder.

### (c) Status of the Bonds

The Bonds constitute direct, unconditional, unsubordinated and (without prejudice to the provisions of Condition 2) unsecured obligations of the Issuer and (subject to any applicable statutory exceptions and unless the Bonds qualify by law as subordinated credits (*créditos subordinados*) under Article 281.1 of the Legislative Royal Decree 1/2020, of 5 May (Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal) (as amended from time to time, the “**Spanish Insolvency Law**”)) will rank (i) *pari passu* and rateably, without any preference among themselves and (ii) at least *pari passu* with all other unsecured and unsubordinated indebtedness and monetary obligations involving or otherwise related to borrowed money of the Issuer, present and future.

*In the event of the insolvency (concurso) of the Issuer, under the Spanish Insolvency Law claims relating to the Bonds (which are not subordinated pursuant to Article 281.1 of the Spanish Insolvency Law) will be ordinary credits (creditos ordinarios) as defined in the Spanish Insolvency Law. Ordinary credits rank below credits against the insolvency estate (creditos contra la masa) and credits with a general or special privilege (creditos con privilegio general o especial). Ordinary credits rank above subordinated credits and the rights of shareholders. Interest on the Bonds accrued but unpaid as at the commencement of any insolvency proceeding (concurso) relating to the Issuer under Spanish law shall thereupon constitute subordinated obligations of the Issuer ranking below its unsecured and unsubordinated obligations. Under Spanish law, accrual of interest on the Bonds shall be suspended as from the date of any declaration of insolvency (concurso) of the Issuer.*

### (d) Guarantee

The Guarantor has irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds.

The obligations of the Guarantor in respect of the Bonds constitute direct, unconditional, unsubordinated and (without prejudice to the provisions of Condition 2) unsecured obligations of the Guarantor and (subject to any applicable statutory exceptions and unless such obligations qualify by law as subordinated credits under Article 281.1 of the Spanish Insolvency Law) will rank at least *pari passu* with all other unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future. The obligations of the Guarantor in that respect (the “**Guarantee**”) are contained in the Deed of Guarantee referred to above.

## 2 Negative Pledge

So long as any Bond remains outstanding (as defined in the Agency Agreement):

- (a) neither the Issuer nor the Guarantor will create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“**Security Interest**”) (other than Permitted Security (as defined in Condition 3)) upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Indebtedness, or any guarantee of, or indemnity in respect of, any Relevant Indebtedness;
- (b) each of the Issuer and the Guarantor will procure that no other person creates or permits to subsist any Security Interest (other than Permitted Security) upon the whole or any part of the undertaking, assets or revenues present or future of that other person to secure (A) any of the Issuer’s Relevant Indebtedness or the Guarantor’s Relevant Indebtedness, or any guarantee of or indemnity in respect of any of the Issuer’s Relevant Indebtedness or the Guarantor’s Relevant Indebtedness or (B) where the person in question is a Subsidiary of the Guarantor, any of the Relevant Indebtedness of any person other than (1) that Subsidiary of the Guarantor or (2) if that Subsidiary is not a Relevant Subsidiary, any other Subsidiary of the Guarantor (which is not the Issuer or a Relevant Subsidiary), or in each case any guarantee of, or indemnity in respect, of any such Relevant Indebtedness; and
- (c) each of the Issuer and the Guarantor will procure that no person other than the Guarantor gives any guarantee of, or indemnity in respect of, any of its Relevant Indebtedness,

unless, at the same time or prior thereto, the Issuer’s obligations under the Bonds or, as the case may be, the Guarantor’s obligations under the Guarantee (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution.

### 3 Definitions

In these Conditions, unless otherwise provided:

“**Additional Amounts**” has the meaning given to it in Condition 11.

“**Averaging Date**” means (i) in respect of any Relevant Calculation Period and each Scheduled Trading Day comprised in such Relevant Calculation Period, each such Scheduled Trading Day, subject to adjustment pursuant to Condition 7, and (ii) in respect of any CA Period, each Scheduled Trading Day (which is not a Disrupted Day) comprised in such CA Period (and, for the avoidance of doubt, an Averaging Date pursuant to limb (ii) of this definition shall not be subject to adjustment pursuant to this Condition 7).

“**Bid Price**” means, in respect of any day and from any Leading Institution, the bid price quoted by such Leading Institution per €100,000 in principal amount of Bonds as at or around 6.00 p.m. (Madrid time) on such day.

“**Bondholder**” and “**holder**” mean the person in whose name a Bond is registered in the Register (as defined in Condition 1(b)).

“**Bond Market Price**” means, for the purposes of the definition of “Fair Value per Bond”, in respect of any Scheduled Trading Day and each €100,000 in principal amount of Bonds, as determined by an Independent Adviser, the arithmetic average of the Mid-Market Prices in respect of such Scheduled Trading Day from the Designated Leading Institutions for such Scheduled Trading Day, or, if only two Mid-Market Prices are capable of being obtained by such Independent Adviser from such Designated Leading Institutions, the arithmetic average of such two Mid-Market Prices or, if only one Mid-Market Price can be obtained from such Designated Leading Institutions, such Mid-Market Price, and provided that where such Independent Adviser is not able to obtain any Mid-Market Price from the Designated Leading Institutions, the Bond Market Price shall be considered (as determined by such Independent Adviser) not to be available in respect of such Scheduled Trading Day.

“**business day**” means (i) in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place and (ii) if it relates to a payment in euro, on which the TARGET System is operating.

“**Cash Amount Calculation Period**” has the meaning given to it in Condition 5(c)(i).

“**Cash Distribution**” has the meaning given to it in Condition 6(a)(ii).

“**Change in Law**” means that, as determined by the Issuer, on or after the issue of the Bonds (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a Taxing Authority), the Issuer, the Guarantor or a Hedging Counterparty determines in good faith that (X) it has become illegal to hold, acquire or dispose of Ordinary Shares, or (Y) it will incur a materially increased cost in performing its obligations under, in the case of the Issuer or the Guarantor, the Bonds (or, as the case may be, the Guarantee) or, in the case of a Hedging Counterparty, a Hedge Position (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position); provided that, where the Change in Law relates to the Hedging Counterparty, the Hedging Counterparty terminates the Hedge Position as a result of the Change in Law.

“**Change of Control**” has the meaning given to it in Condition 9(c).

“**Closing Date**” means 7 December 2022.

“**Closing Price**” means, in respect of an Ordinary Share, other Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset, on any Scheduled Trading Day, the official closing price on such Scheduled Trading Day of such Ordinary Share, Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset on the Relevant Stock Exchange in respect thereof as published by or derived from Bloomberg page HP (or any successor page) (using the setting labelled “Last Price” or any equivalent successor label to this setting) for such Ordinary Share, Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset and such Relevant Stock Exchange (and for the avoidance of doubt such Bloomberg page in respect of the Ordinary Shares is IBE SM Equity HP as at the Closing Date), or, if such Bloomberg page is not available, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Adviser in respect of such Scheduled Trading Day; provided that:

- (i) if on any such Scheduled Trading Day (for the purposes of this definition, the “**Affected Scheduled Trading Day**”) such price is not available or cannot otherwise be determined as provided above, the Closing Price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset, in respect of such Scheduled Trading Day shall be the Closing Price, determined as provided above, on the immediately succeeding Scheduled Trading Day on which the same can be so determined as aforesaid (provided that, in respect of an Ordinary Shares, for the purpose of Condition 6(a)(ii), where such Closing Price on such immediately succeeding Scheduled Trading Day is quoted “ex-” the Relevant Cash Distribution or, as the case may be, Relevant Specified Non Cash Distribution, such Closing Price shall be increased by an amount equal to the Fair Market Value of such Relevant Cash Distribution or, as the case may be, Relevant Specified Non Cash Distribution as at the Relevant Cum Date); and
- (ii) if the Closing Price cannot be so determined on any of the two Scheduled Trading Days immediately succeeding the Affected Scheduled Trading Day, the Closing Price shall be determined in good faith by an Independent Adviser,

all as determined by the Calculation Agent unless otherwise specified.

“**Conversion Date**” has the meaning provided in Condition 5(b).

“**Conversion Notice**” has the meaning given to it in Condition 5(b).

“**Conversion Notice Delivery Date**” has the meaning given to it in Condition 5(b).

“**Conversion Period**” has the meaning given to it in Condition 5(a)(i).

“**Conversion Premium**” means 20 per cent.

The “**Conversion Price**” per Ordinary Share shall initially be equal to the product (rounded to four decimal places, with 0.00005 being rounded upwards) of (x) the Share Reference Price and (y) the sum of (i) one and (ii) the Conversion Premium), as determined by the Calculation Agent. The Conversion Price will be subject to adjustment from time to time in accordance with these Conditions.

“**Conversion Ratio**” means, on any day, the result (rounded to five decimal places with 0.000005 being rounded upwards) of the division of each €100,000 in principal amount of the Bonds by the prevailing Conversion Price on such day.

“**Conversion Right**” has the meaning given to it in Condition 5(a)(i).

“**Daily Cash Amount**” or “**DCA**” has the meaning given to it in Condition 5(c)(i).

“**Delisting**” means that, as determined by the Calculation Agent, the Relevant Stock Exchange announces that pursuant to the rules of such Relevant Stock Exchange, the Ordinary Shares cease (or will cease) to be listed, traded or publicly quoted on the Relevant Stock Exchange for any reason (other than by reason of a Nationalisation, or Merger or Take-Over Bid (as referred to in the MEFF Adjustments to Contracts Specifications as at the Closing Date) or other special circumstance in relation to which an Options Settlement Event occurs) and are not immediately re-listed, re-traded or re-quoted on a stock exchange or securities market located in the United Kingdom or any member state of the European Union).

“**Delta-Adjusted Fair Value per Bond**” means, in respect of each €100,000 in principal amount of Bonds and as determined by an Independent Adviser, the Fair Value per Bond adjusted in such manner as such Independent Adviser determines in good faith taking into account, *inter alia*, the equity sensitivity of the Bonds (based on the delta of the Bonds on the Relevant Announcement Date as determined by such Independent Adviser) taking into account the arithmetic average of the Volume Weighted Average Prices of the Ordinary Shares on each of the Averaging Dates in relation to any ERA Period (or any ERCA Period, as applicable).

“**Designated Leading Institutions**” means, for any Scheduled Trading Day, three Leading Institutions as an Independent Adviser shall consider appropriate.

“**Disrupted Day**” has the meaning given to it in Condition 7.

“**Dividend**” has the meaning given to it in Condition 6(a)(ii).

“**Dividend Threshold**” has the meaning given to it in Condition 6(a)(ii).

“**Early Conversion Period Termination Date**” has the meaning given to it in Condition 5(a)(i).

“**Early Redemption Amount**” means, in respect of each €100,000 principal amount of the Bonds, the higher of (i) €100,000 in principal amount of the Bonds, together with interest accrued thereon up to (but excluding) the Early Redemption Date; and (ii) the Delta-Adjusted Fair Value per Bond, together with interest accrued thereon up to (but excluding) the Early Redemption Date.

“**Early Redemption Cash Amount**” or “**ERCA**” has the meaning given to it in Condition 6(b)(ii).

“**Early Redemption Date**” means, in relation to any Early Redemption Amount (or, as the case may be, Early Redemption Cash Amount), the third Madrid business day following the last Averaging Date in relation to any ERA Period (or, as the case may be, ERCA Period).

“**ERA Period**” means for the purpose of determining the Early Redemption Amount, the period of 35 consecutive Scheduled Trading Days (or such lesser number in order to comply with a Change in Law)

commencing on the Scheduled Trading Day following the date on which the Issuer gives a notice of redemption pursuant to Condition 8 or Condition 9(d).

“**ERCA Period**” means for the purpose of determining the Early Redemption Cash Amount, the period of consecutive “N minus D” (with “N” and “D” having the meanings given to them in the definition of “Early Redemption Cash Amount”) Scheduled Trading Days as provided in Condition 5(c)(ii) (or such lesser number in order to comply with a Change in Law) commencing on the Scheduled Trading Day following the date on which the Issuer gives a notice of redemption pursuant to Condition 8 or Condition 9(d).

“**equity share capital**” means (other than for the purposes of Condition 6(a)(iii)), in relation to any entity, its issued share capital excluding any part thereof which, neither as regards dividends nor as regards capital, carries any right to participate beyond a specified amount in a distribution.

“**Event of Default**” has the meaning given to it in Condition 12.

“**Extraordinary Resolution**” has the meaning given to it in the Agency Agreement.

“**Fair Market Value**” means, with respect to any property on any date (the “**FMV Date**”):

- (i) in the case of a Cash Distribution, the amount of such Cash Distribution, as determined by the Calculation Agent;
- (ii) in the case of any other cash amount, the amount of such cash, as determined by the Calculation Agent;
- (iii) in the case of Securities (including Ordinary Shares), Spin-Off Securities, options, warrants or other rights or assets that are or are intended to be publicly traded on a Relevant Stock Exchange of adequate liquidity (as determined by (where the Calculation Agent determines in its sole discretion that it is capable of making such calculation in its capacity as Calculation Agent) the Calculation Agent or (in any other case) an Independent Adviser), the arithmetic mean of the daily Volume Weighted Average Prices (or, where there is generally no Volume Weighted Average Price available (in any such case, disregarding, for this purpose, the provisos to the definition of “Volume Weighted Average Price”) for such Securities, options, warrants or other rights or assets, the daily Closing Prices) of such Securities, Spin-Off Securities, options, warrants or other rights or assets during the period of five consecutive Scheduled Trading Days on the Relevant Stock Exchange for such Securities, Spin-Off Securities, options, warrants or other rights or assets commencing on such FMV Date (or, if later, the first such Scheduled Trading Day (the “**Adjusted FMV Date**”) on which such Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded) or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded;
- (iv) in the case of Securities (including Ordinary Shares), Spin-Off Securities, options, warrants or other rights or assets that are not publicly traded on a Relevant Stock Exchange of adequate liquidity (as determined by (where the Calculation Agent determines in its sole discretion that it is capable of making such calculation in its capacity as Calculation Agent) the Calculation Agent or (in any other case) an Independent Adviser), the fair market value of such Securities, Spin-Off Securities, options, warrants or other rights or assets as determined by an Independent Adviser on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights or assets, including as to the expiry date and exercise price (if any) thereof.

Such amounts (if expressed in a currency other than the Relevant Currency) shall translated by the Calculation Agent or, as the case may be, an Independent Adviser into the Relevant Currency at the Prevailing Rate on the FMV Date (or, if applicable, the Adjusted FMV Date). In addition, the Fair Market Value shall be determined by the Calculation Agent or, as the case may be, an Independent Adviser on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

“**Fair Value per Bond**” means, in respect of each €100,000 in principal amount of Bonds and as determined by an Independent Adviser in good faith, the fair mid-market value of such Bond on the Relevant Announcement Date taking into account, *inter alia* (i) the Bond Market Price on the Relevant Announcement Date (or, for the purpose of determining the implied volatility of the Ordinary Shares as derived from the Bond Market Price, on each of the 5 consecutive Scheduled Trading Days ending on (and including) the Scheduled Trading Day falling immediately prior to the Relevant Fair Value Determination Date), (ii) the Volume Weighted Average Price of the Ordinary Shares on the Relevant Announcement Date, (iii) the settlement amount(s) of any termination of any Hedge Position, (iv) the yield to maturity as at the Relevant Announcement Date of any senior unsecured bonds of the Issuer with a similar final maturity date to the Bonds and (v) any other market parameter such Independent Adviser deems in good faith to be relevant for the valuation of the Bonds on the Relevant Announcement Date.

“**Final Maturity Date**” means 7 December 2027.

“**Fitch**” Fitch Ratings Limited.

“**Guarantee**” has the meaning given to it in Condition 1(d).

“**Hedge Position**” means a transaction or asset the Issuer or the Guarantor (or any of the Guarantor’s other Subsidiaries) deems appropriate to hedge the equity price risk of entering into and performing the Issuer’s obligations with respect to the Bonds or with respect to an option contract under which the Issuer, the Guarantor or such other person hedges its (or the Issuer’s) equity price risk relating to the Bonds.

“**Hedging Counterparty**” means a counterparty to a Hedge Position.

“**Independent Adviser**” means an independent financial institution or adviser with appropriate expertise, which may be the initial Calculation Agent, appointed by the Issuer at its own expense from time to time and whenever required by these Conditions.

“**Initial Averaging Date**” has the meaning given to it in the definition of “Share Reference Price”.

“**Interest Payment Date**” has the meaning provided in Condition 4(a).

“**Interest Period**” has the meaning provided in Condition 4(a).

“**Joint Bookrunner**” means each of Barclays Bank Ireland PLC, Credit Suisse Bank (Europe), S.A., Goldman Sachs Bank Europe SE and Mizuho Securities Europe GmbH.

“**Leading Institution**” means an investment bank of recognised standing which is a leading European convertible bond dealer or a market maker in pricing European corporate convertible bond issues;

“**MEFF**” means *Mercado Oficial Español de Opciones y Futuros Financieros*, or its successor as determined by the Calculation Agent.

“**MEFF Adjustments to Contracts Specifications**” means the standard corporate actions policy of MEFF applicable to stock options (being, as at the Closing Date, the “*Adjustments to the Contracts Characteristics*” (*Ajustes a las características del contrato*) applicable to stock options, as set out in MEFF’s General Conditions applicable to the Financial Derivatives Segment (*Condiciones Generales aplicables al Segmento de Derivados Financieros*)) in effect at the relevant time of adjustment (or, if at the relevant time no such standard corporate actions policy of MEFF is in effect, the last such standard corporate actions policy of MEFF to have been in effect).

“**Mid-Market Price**” means, in respect of any day and from any Leading Institution, the arithmetic average of the Bid Price and the Ask Price from such Leading Institution in respect of such day.

“**Modified Postponement**” means, in relation to any Initial Averaging Date that is a Disrupted Day, the first succeeding Scheduled Trading Day that is not a Disrupted Day pursuant to Condition 7 and on which another Initial Averaging Date does not or is deemed not to occur (a “**Valid Day**”). If the first such succeeding Valid



Day has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Initial Averaging Date or Disrupted Day, would have been the final Initial Averaging Date, then (1) that eighth Scheduled Trading Day shall be deemed the Initial Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Initial Averaging Date), and (2) an Independent Adviser shall determine its good faith estimate of the value of the Ordinary Share at the Valuation Time on such eighth Scheduled Trading Day (the “**Deemed Initial Averaging Date**”).

“**Moody’s**” Moody’s Investors Service Limited.

“**Nationalisation**” means that, as determined by an Independent Adviser, all the Ordinary Shares or all or substantially all the assets of the Guarantor are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

“**Optional Redemption Date**” has the meaning given to it in Condition 9(b)(i).

“**Optional Redemption Notice**” has the meaning given to it in Condition 9(b)(i).

“**Options Settlement Event**” means that, as determined by an Independent Adviser, any event occurs as a result of which option contracts in respect of the Ordinary Shares (i) (if options contracts in respect of the Ordinary Shares are traded on MEFF at the relevant time) are or are expected to be settled, or (ii) (if no options contracts in respect of the Ordinary Shares are traded on MEFF at the relevant time) would have been or would have been expected to be settled, in each case in accordance with the MEFF Adjustments to Contracts Specifications (other than a Nationalisation, Delisting or (if the Issuer has elected to redeem the Bonds) Change in Law), provided that such Options Settlement Event shall be deemed to have occurred on the earlier of:

- (i) the date of first public announcement of a firm intention (whether or not subsequently amended) to engage in the relevant transaction or to purchase or otherwise obtain the requisite number of voting shares or otherwise; and
- (ii) the first date on which option contracts are settled as aforesaid.

“**Ordinary Shares**” means ordinary shares in the capital of the Guarantor with, on the Closing Date, a nominal value of €0.75 each.

“**Permitted Security**” means any Security Interest created in respect of any Relevant Indebtedness of a company which has merged with the Guarantor or one of its Subsidiaries or which has been acquired by the Guarantor or one of its Subsidiaries, provided that such security was already in existence at the time of the merger or the acquisition, was not created for the purpose of financing the merger or the acquisition and is not increased in amount and not extended following the merger or the acquisition.

a “**person**” means any individual, company, corporation, firm, partnership, joint venture, trust, undertaking, association, organisation or state or agency of a state or any political subdivisions thereof (in each case whether or not having a separate legal personality).

“**Prevailing Rate**” means, in respect of any pair of currencies on any day, the spot mid-rate of exchange between the relevant currencies prevailing as at 12 noon (Madrid time) on that date (for the purposes of this definition, the “**Original Date**”) as appearing on or derived from Bloomberg page BFIX (or any successor page) in respect of such pair of currencies, or, if such a rate cannot be so determined, the rate prevailing as at 12 noon (Madrid time) on the immediately preceding day on which such rate can be so determined, provided that if such immediately preceding day falls earlier than the fifth day prior to the Original Date or if such rate cannot be so determined (all as determined by the Calculation Agent), the Prevailing Rate in respect of the Original Date shall be the rate determined in such other manner as an Independent Adviser shall consider appropriate.

“**Put Period**” has the meaning given to it in Condition 9(c).

“**Relevant Announcement Date**” means (i) in respect of an early redemption of the Bonds pursuant to Condition 9(d), the date of the occurrence of the relevant Options Settlement Event (such date being determined

in accordance with the definition thereof), (ii) in respect of a Nationalisation, the date of the first public announcement to nationalise (whether or not subsequently amended) that leads to the Nationalisation, (iii) in respect of a Change in Law, the day on which the Issuer determines that a Change in Law has occurred or on which the Issuer or the Guarantor receives a written notice from a Hedging Counterparty that it has determined that a Change in Law has occurred and (iv) in the case of a Delisting, the date of the first public announcement by the Relevant Stock Exchange that the Ordinary Shares will cease to be listed, traded or publicly quoted, whichever is earlier.

“**Relevant Conversion Ratio**” means, in respect of any day, the result (rounded to five decimal places with 0.000005 being rounded upwards) of the division of the aggregate principal amount of Bonds in respect of which the relevant Bondholder shall have exercised Conversion Rights by the Conversion Price prevailing on such day.

“**Relevant Currency**” means euro or, if at the relevant time or for the purposes of the relevant calculation or determination, the euro is no longer the currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange, the currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange at such time.

“**Relevant Date**” means, in respect of any Bond, the date on which payment in respect thereof first becomes due or if any amount of the money payable is improperly withheld (or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is given to the Bondholders in accordance with Condition 17 and to the Agents that, upon further surrender of the Certificate representing such Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

“**Relevant Fair Value Determination Date**” means (i) in respect of an early redemption of the Bonds pursuant to Condition 9(d) in circumstances where the options contracts are settled at fair value in accordance with the MEFF Adjustments to Contracts Specifications, the date immediately following the period (if any such period is announced by MEFF) by reference to which MEFF will determine the implied volatility to be used for the purpose of determining such fair value as aforesaid, other than where such date falls after the Relevant Announcement Date or (ii) in any other case, the Relevant Announcement Date.

“**Relevant Indebtedness**” means any present or future indebtedness for borrowed money of the Guarantor, the Issuer or any other person or entity in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are or are capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market (for which purpose any such bonds, notes, debentures, loan stock or other securities shall be deemed not to be capable of being so quoted, listed or ordinarily dealt in if the terms of the issue thereof expressly so provide).

“**Relevant Period**” has the meaning provided in Condition 6(a)(ii).

“**Relevant Stock Exchange**” means:

- (i) in respect of Ordinary Shares, the Spanish Stock Exchanges or if the Ordinary Shares cease to be listed and admitted to trading on any of the Spanish Stock Exchanges, the principal stock exchange or securities market on which the Ordinary Shares are, at the relevant time, listed, admitted to trading or quoted or dealt in; and
- (ii) in respect of any Security (other than Ordinary Shares) or, as the case may be, Spin-Off Security, option, warrant or other right or asset, the principal stock exchange or securities market on which such Securities or, as the case may be, Spin-Off Securities, options, warrants or other rights or assets are then listed or quoted or dealt in,

where “**principal stock exchange or securities market**” shall mean the stock exchange or securities market on which such Ordinary Shares, Securities, Spin-Off Securities, options, warrants or other rights or assets are listed, admitted to trading or quoted or dealt in, provided that if such Ordinary Shares, Securities, Spin-Off

Securities, options, warrants or other rights or assets are listed, admitted to trading or quoted or dealt in (as the case may be) on more than one stock exchange or securities market at such time, then “**principal stock exchange or securities market**” shall mean that stock exchange or securities market on which such Ordinary Shares, Securities, Spin-Off Securities, options, warrants or other rights or assets are traded at such time as determined by the Calculation Agent (if the Calculation Agent determines that it is able to make such determination) or (in any other case) by an Independent Adviser by reference to the stock exchange or securities market with the highest average daily trading volume in respect of such Ordinary Shares, Securities, Spin-Off Securities, options, warrants or other rights or assets.

“**Relevant Subsidiary**” means a Subsidiary of the Guarantor which is incorporated in a country whose sovereign debt is rated A or more by S&P (or any equivalent rating) and whose total assets or revenues or EBITDA (consolidated if it has subsidiaries) represent 7 per cent. or more of the consolidated total assets, revenues or EBITDA of the Guarantor and its Subsidiaries for the time being; with “**EBITDA**” for these purposes being the aggregate of (a) “profits from operations” (after adding back “depreciation and amortisation charge, allowances and provisions”) and (b) “results of companies accounted for using the equity method”.

“**Scheduled Trading Day**” means any day on which the Relevant Stock Exchange and MEFF are both scheduled to be open for trading for their respective regular trading sessions.

“**Securities**” or “**Security**” means any securities including, without limitation, Ordinary Shares and any other shares in the capital of the Guarantor, and options, warrants or other rights to subscribe for or purchase or acquire Ordinary Shares or any other shares in the capital of the Guarantor.

“**Security Interest**” has the meaning given to it in Condition 2(a).

“**Settlement Date**” means, in respect of a Conversion Date, the second Madrid business day following the last Averaging Date relating to such Conversion Date.

“**Share Price**” means, in respect of any Scheduled Trading Day:

- (i) for the purpose of determining the Share Reference Price and where such Scheduled Trading Day is:
  - (a) an Initial Averaging Date (but other than the Deemed Initial Averaging Date): the Volume Weighted Average Price of an Ordinary Share on the relevant Scheduled Trading Day; or
  - (b) the Deemed Initial Averaging Date: such good faith estimate of the value of the Ordinary Share as determined in accordance with the definition of “Modified Postponement”; and
- (ii) for the purpose of determining a Daily Cash Amount and where such Scheduled Trading Day is:
  - (a) an Averaging Date (but other than the Deemed Averaging Date): the Volume Weighted Average Price of an Ordinary Share on the relevant Scheduled Trading Day; and
  - (b) the Deemed Averaging Date: such good faith estimate of the value of the Ordinary Share as determined by an Independent Adviser in accordance with Condition 7.

“**Share Reference Price**” means the arithmetic average (rounded to four decimal places, with 0.00005 being rounded upwards) of the daily Share Prices on each of the 10 consecutive Scheduled Trading Days, subject to Modified Postponement (each an “**Initial Averaging Date**”), commencing on and including 1 December 2022, as determined by the Calculation Agent and notified by the Issuer to the Bondholders in accordance with Condition 17 and to the Agents as soon as practicable (and in any event within five Madrid business days) following determination (such notice specifying the Share Reference Price, the resulting Conversion Price and the Conversion Ratio based on that Conversion Price).

“**Shareholders**” means the holders of Ordinary Shares.

“**S&P**” means Standard & Poor’s Global Ratings Europe Limited.

“**Spanish Stock Exchanges**” means the Madrid, Barcelona, Bilbao and Valencia stock exchanges and the automated quotation system thereof.

“**Specified Non Cash Distribution**” has the meaning provided in Condition 6(a)(ii).

“**Spin-Off**” has the meaning provided in Condition 6(a)(ii).

“**Spin-Off Securities**” has the meaning provided in Condition 6(a)(ii).

“**Subsidiary**” means, at any particular time: (i) any company which is then directly or indirectly controlled, or more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned, by the first person and/or one or more of its subsidiaries, and (ii) in relation to the Guarantor, a company which fulfils the definition in paragraph (i) above and which is included in the Consolidated Financial Statements on a fully integrated basis, where “**Consolidated Financial Statements**” means the most recently published: (i) audited consolidated annual accounts of the Guarantor, as approved by the annual general meeting of its shareholders and audited by an independent auditor; or, as the case may be, (ii) unaudited (but subject to a limited review by an independent auditor) condensed consolidated half-year or quarterly financial statements of the Guarantor, as approved by its Board of Directors, in each case prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union.

For a company to be “**controlled**” by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that company or otherwise controls or has the power to control the affairs and policies of that company.

“**TARGET Business Day**” means a day on which the TARGET System is operating.

“**TARGET System**” means the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET2) System which was launched on 19 November 2007, or any successor thereto.

“**Tax Redemption Date**” has the meaning given to it in Condition 9(b)(ii).

“**Tax Redemption Notice**” has the meaning given to it in Condition 9(b)(ii).

“**Taxing Authority**” has the meaning given to it in Condition 11(a).

“**Volume Weighted Average Price**” means, in respect of an Ordinary Share, other Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset, on any Scheduled Trading Day, the volume weighted average price on such Scheduled Trading Day of such Ordinary Share, Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset on the Relevant Stock Exchange in respect thereof as published by or derived from Bloomberg page HP (using the setting labelled “Weighted Average Line” or any equivalent successor label to this setting) for such Ordinary Share, Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset and such Relevant Stock Exchange (and for the avoidance of doubt such Bloomberg page in respect of the Ordinary Shares is IBE SM Equity HP as at the Closing Date), or, if such Bloomberg page is not available, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Adviser in respect of such Scheduled Trading Day; provided that

- (i) if on any such Scheduled Trading Day (for the purposes of this definition, the “**Affected Scheduled Trading Day**”) such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security, option, warrant or other right or asset, in respect of such Scheduled Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately succeeding Scheduled Trading Day on which the same can be so determined as aforesaid; and
- (ii) if the Volume Weighted Average Price cannot be so determined on any of the five Scheduled Trading Days immediately succeeding the Affected Scheduled Trading Day, Volume Weighted Average Price shall be determined in good faith by an Independent Adviser,

all as determined by the Calculation Agent unless otherwise specified.

“€” and “euro” means the currency introduced at the start of the third stage of the European economic and monetary union, pursuant to the Treaty establishing the European Community.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

References to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

References to any issue or offer or grant to Shareholders “**as a class**” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of the average of the Volume Weighted Average Price or any average thereof on multiple Scheduled Trading Days or Volume Weighted Average Price, such adjustments (if any) shall be made in good faith and as the Calculation Agent or an Independent Adviser considers appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Conditions 6(a)(ii) and Condition 13 only, (i) references to the “**issue**” of Ordinary Shares shall include the transfer and/or delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Guarantor or any of its Subsidiaries, and (ii) Ordinary Shares held by or on behalf of the Guarantor or any of its Subsidiaries shall not be considered as or treated as “**in issue**”.

#### 4 Interest

##### (a) *Interest Rate*

The Bonds bear interest from and including the Closing Date at the rate of 0.80 per cent. per annum calculated by reference to the principal amount thereof and payable semi-annually in arrear in equal instalments on 7 June and 7 December in each year (each an “**Interest Payment Date**”), commencing with the Interest Payment Date falling on 7 June 2023.

Where interest is required to be calculated for any period which is shorter than an Interest Period it will be calculated on the basis of the 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.

“**Interest Period**” means the payment period beginning on (and including) the Closing 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.

##### (b) *Accrual of Interest*

Each Bond will cease to bear interest (i) where the Conversion Right shall have been exercised by a Bondholder, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date; or (ii) where such Bond is being redeemed or repaid pursuant to Condition 9 or Condition 12, from the due date for redemption thereof unless, upon due presentation of the certificate thereof (if so required), payment of the principal amount of the Bond is improperly withheld or refused, in which event interest will continue to accrue as provided in Condition 4(a) (both before and after

judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the seventh day after the Fiscal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

## 5 Conversion of Bonds

### (a) *Conversion Right, Conversion Period, Parity Event, IA Parity Event*

#### (i) Conversion Right, Conversion Period

The Issuer grants to each Bondholder the right (the “**Conversion Right**”) exercisable at any time during any Conversion Period to require the Bond(s) held by it to be redeemed in accordance with the provisions of Condition 5(c).

For the purposes of these Conditions:

“**Conversion Period**” means, in respect of any Bond, each of:

#### (A) any of the following periods occurring after 17 January 2022 and prior to 2 August 2027:

- (I) if the Issuer declares the Bonds due for early redemption pursuant to Condition 9(b), then, (x) in respect of Bonds to be redeemed pursuant to Condition 9(b)(i) the period (if any) from (and including) the date on which the Optional Redemption Notice is published to (and including) the Early Conversion Period Termination Date or (y) in respect of Bonds to be redeemed pursuant to Condition 9(b)(ii) the period from (and including) the date on which the Tax Redemption Notice is given to (and including) the Early Conversion Period Termination Date;
- (II) if the Guarantor makes a distribution to Shareholders of cash, assets, Securities or other property where the Fair Market Value (as at the date on which the terms of such distribution were first publicly announced by the Guarantor) of such distribution per Ordinary Share is greater than 20 per cent. of the arithmetic average of the daily Volume Weighted Average Prices of an Ordinary Share on each Scheduled Trading Day in the period of 20 consecutive Scheduled Trading Days ending on (and including) (x) the Scheduled Trading Day immediately preceding such date of first public announcement as aforesaid or (y) if an Adjusted FMV Date applies to the determination of such Fair Market Value as aforesaid, the last Scheduled Trading Day on which the Ordinary Share is quoted “cum-” such distribution prior to such Adjusted FMV Date, the period from (and including) the later of (i) the date of first public announcement as aforesaid and (ii) the first date on which such Fair Market Value as aforesaid is capable of being determined in accordance with the definition thereof to (and including) the later of (i) the Ex-Date in respect of such distribution and (ii) the 10th Scheduled Trading Day following the first date on which such Fair Market Value as aforesaid is capable of being determined, provided that where an Early Conversion Period Termination Date occurs before the end of such period, such period (if any) shall instead end on such Early Conversion Period Termination Date (inclusive);
- (III) if a Put Event occurs, the Put Period, provided that where an Early Conversion Period Termination Date occurs before the end of such Put Period, the Conversion Period pursuant to this limb (III) shall instead be the period (if any) from (and including) the first day of such Put Period to (and including) such Early Conversion Period Termination Date;

- (IV) if any Event of Default occurs, the period from (and including) the date on which such Event of Default occurs to (and including) the Early Conversion Period Termination Date (if any) or, if earlier, the date the relevant Event of Default ceases to be continuing; or
  - (V) if a Parity Event or an IA Parity Event occurs, the period of 10 consecutive Scheduled Trading Days from (and including) the first Scheduled Trading Day following the Issuer Notification Date (as defined in Condition 5(a)(ii)), provided that where an Early Conversion Period Termination Date occurs before the end of such period, such period (if any) shall instead end on such Early Conversion Period Termination Date (inclusive);
- (B) the period (if any) from (and including) 2 August 2027 to (and including) the earlier of:
- (I) the Scheduled Trading Day immediately preceding the 28<sup>th</sup> Scheduled Trading Day before the Final Maturity Date; and
  - (II) the Early Conversion Period Termination Date (if any),

and where, “**Early Conversion Period Termination Date**” means the earliest of:

- (A) the Madrid business day immediately preceding the Relevant Announcement Date, if the Issuer redeems the Bonds pursuant to Condition 8 or 9(d);
  - (B) the Madrid business day immediately preceding the day on which such Bond is declared due and payable by the relevant Bondholder pursuant to Condition 12;
  - (C) the Madrid business day immediately preceding the day on which a Put Option Notice has been given in respect of such Bond;
  - (D) the eighth Scheduled Trading Day preceding the Optional Redemption Date: or
  - (E) the eighth Scheduled Trading Day preceding any Tax Redemption Date.
- (ii) Parity Event, IA Parity Event

Whether or not a Parity Event or IA Parity Event has occurred for the purposes of these Conditions shall be determined in accordance with the provisions of this Condition 5(a)(ii).

Any person with an interest in a Bond (or any person acting on its behalf) shall be entitled to notify the Issuer in writing, with a simultaneous copy to the Calculation Agent, in each case in accordance with Condition 17, (each, a “**Parity Notification Event Notice**”) if and to the extent that a Parity Notification Event has occurred, provided that such notice shall be accompanied by reasonable supporting evidence regarding the occurrence of such Parity Notification Event. Any Parity Notification Event Notice which is so provided after 6.30 p.m. (Madrid time) on a Madrid and London business day, or which is delivered on a day which is not a Madrid and London business day, shall be deemed to have been provided on the next following Madrid and London business day.

A Parity Notification Event Notice shall include a certification by or on behalf of the relevant person that it holds an economic interest in at least one Bond, on which certification the Issuer and the Calculation Agent shall be able to rely, in the absence of fraud or manifest error, without further investigation. If a Parity Notification Event Notice is delivered in accordance with the foregoing, neither the Issuer nor the Calculation Agent shall be entitled or required to demand any further information from such person.

The date on which any Parity Notification Event Notice is provided (or deemed to be so provided) to the Issuer and the Calculation Agent in accordance with the foregoing shall be the

“**Notification Date**”. Once a Parity Notification Event Notice has been provided (or deemed to be so provided) on a Notification Date, any subsequent Parity Notification Event Notice shall be disregarded, and no Notification Date shall occur in respect of that subsequent Parity Notification Event Notice, if the Parity Notification Event to which that subsequent Parity Notification Event Notice relates occurred in respect of a period which ended prior to the Notification Date in respect of the first Parity Notification Event Notice provided.

The following shall apply in respect of each Notification Date which is deemed to occur under this Condition 5(a)(ii):

- (A) the Issuer shall give notice thereof to the Bondholders in accordance with Condition 17 and to the Agents (and such notice shall be given no later than on the first Scheduled Trading Day of the relevant Reference Period and shall specify such Reference Period);
- (B) the Calculation Agent shall determine whether or not a Parity Event or (as the case may be) a Bond Price Unavailability Date has occurred in respect of the relevant Reference Period;
- (C) if a Parity Event occurs in respect of the relevant Reference Period, the Calculation Agent shall notify the Issuer thereof by no later than the second Scheduled Trading Day immediately following the last Scheduled Trading Day of the Reference Period;
- (D) if a Bond Price Unavailability Date occurs in respect of the relevant Reference Period, (i) the Issuer shall give notice thereof to the Bondholders in accordance with Condition 17 and to the Agents (and such notice shall be given no later than on the second Scheduled Trading Day following such Bond Price Unavailability Date and shall specify the relevant Bond Price Determination Date); and (ii) the Calculation Agent shall determine whether an IA Parity Event has occurred or has not occurred in respect of such Reference Period (such determination to have been made no later than the third Scheduled Trading Day immediately following the Bond Price Determination Date); and
- (E) the Issuer will give notice of the Calculation Agent’s determination to the Bondholders in accordance with Condition 17 and to the Agents no later than the date falling on the second Scheduled Trading Day immediately following the date on which the Calculation Agent notifies the Issuer of such determination as aforesaid (the date on which notice is given by the Issuer as aforesaid being referred to as the “**Issuer Notification Date**”).

None of the Issuer, the Guarantor, the Calculation Agent, the Independent Adviser, the Fiscal Agent or any other Paying, Transfer and Conversion Agent will be required to monitor Bond Quotes or Ask Prices or to take any steps or to perform any related calculations to verify whether a Parity Notification Event, Parity Event or IA Parity Event has occurred, and shall not be liable to the Bondholders or any other person for not doing so, save (in the case of the Issuer, the Calculation Agent and the Independent Adviser only and only as expressly provided in this Condition 5(a)(ii), and subject as provided in Condition 5(b)(ii) where a Notification Date has occurred pursuant to this Condition 5(a)(ii).

If (x) no Bond Quote is available as contemplated by limb (ii) of the definition of “IA Parity Event”, the Issuer shall appoint an Independent Adviser to determine the fair mid-market value per €100,000 in principal amount of the Bonds in the manner required by such provision and (y) any doubt shall arise as to whether Conversion Rights are capable of being exercised by reason of the occurrence of a Parity Event or an IA Parity Event pursuant to this Condition 5(a)(ii), the Issuer may appoint an Independent Adviser to determine in good faith whether Conversion Rights are capable of being exercised by Bondholders as aforesaid and, in the absence of manifest error and following consultation between the Issuer and the Independent Adviser, the written determination of the Independent Adviser in respect of (x) and/or (y), as the case may be, shall



be conclusive and binding on the Issuer, the Bondholders, the Calculation Agent, the Fiscal Agent and any other Paying, Transfer and Conversion Agent.

For the purposes of these Conditions:

“**Adjusted Parity Value**” means, on any Scheduled Trading Day, 97 per cent. of the Parity Daily Cash Amount per Bond on such Scheduled Trading Day, where “**Parity Daily Cash Amount**” or “**PDCA**” means, on any Scheduled Trading Day, an amount in euro calculated by the Calculation Agent where the Calculation Agent determines in its sole discretion that it is capable of making such calculation in its capacity as Calculation Agent or, in any other case, an Independent Adviser, in accordance with the following formula:

$$PDCA = CR_n \times P_n$$

where:

$CR_n$  = the Conversion Ratio prevailing on such Scheduled Trading Day; and

$P_n$  = the Closing Price (disregarding for this purpose provisos (i) and (ii) of the definition thereof) on such Scheduled Trading Day, provided that if no Closing Price on such Scheduled Trading Day is capable of being determined in accordance of the definition thereof, such Closing Price shall instead be such price as is determined to be appropriate by an Independent Adviser, and provided further that, if on such Scheduled Trading Day the Relevant Currency is no longer the euro,  $P_n$  shall be translated into euro at the Prevailing Rate on such Scheduled Trading Day;

“**Bond Price Determination Date**” means the fifth Scheduled Trading Day following the relevant Bond Price Unavailability Date;

A “**Bond Price Unavailability Date**” shall occur in respect of any Reference Period if, as determined by the Calculation Agent, no Bond Quote is available in respect of at least six of the Scheduled Trading Days comprised in that Reference Period, in which case the Bond Price Unavailability Date shall be deemed to occur on the sixth Scheduled Trading Day falling in the relevant Reference Period in respect of which no Bond Quote is available;

A “**Parity Event**” shall occur in respect of any Reference Period if, as determined by the Calculation Agent, (i) a Bond Quote is available in respect of at least 5 Scheduled Trading Days in the Reference Period and (ii) on each Scheduled Trading Day in the Reference Period in respect of which a Bond Quote is available, such Bond Quote is less than the Adjusted Parity Value on such Scheduled Trading Day;

An “**IA Parity Event**” shall occur in respect of any Reference Period if, as determined by the Calculation Agent, (i) a Bond Price Unavailability Date occurs in respect of that Reference Period, and (ii) the Bond Quote in respect of the Bond Price Determination Date (or, if no such Bond Quote is available, the fair mid-market value per €100,000 in principal amount of the Bonds as at or around 6.00 p.m. (Madrid time) on the Bond Price Determination Date, as determined by an Independent Adviser) is less than the Adjusted Parity Value on such Bond Price Determination Date;

“**Bond Quote**” means, in respect of any Scheduled Trading Day:

- (i) the arithmetic average (as determined by the Calculation Agent) of the Ask Prices in respect of such Scheduled Trading Day provided to the Calculation Agent by each Joint Bookrunner on such Scheduled Trading Day, or where one or more Joint Bookrunner does not provide such Ask Price in respect of such Scheduled Trading Day, such lesser number of Ask Prices (if any) as were provided by the Joint Bookrunners to the Calculation Agent in respect of such Scheduled Trading Day (or, if only one such Ask Price was so provided, such Ask Price); or
- (ii) where no Ask Price is provided to the Calculation Agent pursuant to paragraph (i) above, the arithmetic average (as determined by such Independent Adviser) of the Ask Prices in respect of such Scheduled Trading Day obtained by such Independent Adviser from the Designated Leading Institutions for such Scheduled Trading Day, or, if only two Ask Prices are capable of being obtained by such Independent Adviser from such Designated Leading Institutions, the arithmetic average of such two Ask Prices so obtained or, if only one Ask Price can be obtained from such Designated Leading Institutions, such Ask Price,

provided that where no Ask Price can be obtained pursuant to paragraph (i) (failing which, (ii) above), it shall be deemed that no Bond Quote is available in respect of such Scheduled Trading Day.

“**Ask Price**” means, in respect of any day and from any Leading Institution, the ask price quoted by such Leading Institution per €100,000 in principal amount of Bonds as at or around 6.00 p.m. (Madrid time) on such day.

“**Reference Period**” means, in respect of any Notification Date, the period of 10 consecutive Scheduled Trading Days from (and including) the second Scheduled Trading Day following such Notification Date.

A “**Parity Notification Event**” shall occur if, in respect of each Scheduled Trading Day during a period of 5 consecutive Scheduled Trading Days (ending no earlier than the 5<sup>th</sup> Scheduled Trading Day before the Notification Date), either (i) no Ask Price is available from a Leading Institution on such Scheduled Trading Day or (ii) the arithmetic average of the Ask Prices obtained from at least three Leading Institutions (or such lesser number of such Leading Institutions (if any) as the Bondholder is able to obtain such Ask Price from) in respect of such Scheduled Trading Day was less than the Adjusted Parity Value on such Scheduled Trading Day.

*(b) Procedure for Exercise of Conversion Rights*

Conversion Rights may be exercised by a Bondholder during any Conversion Period by transferring its Bonds to be so converted to the account of any Paying, Transfer and Conversion Agent as specified in the Conversion Notice (as defined below) for the account of the Issuer, accompanied by a duly completed and signed notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from any Paying, Transfer and Conversion Agent. The date on which such Conversion Notice and Bonds are transferred as aforesaid are referred to as the “**Conversion Notice Delivery Date**”.

If such transfer is made after the end of normal business hours or on a day which is not a business day in the place of the specified office of the relevant Paying, Transfer and Conversion Agent, the Conversion Notice Delivery Date shall be deemed for all purposes of these Conditions to have been occurred on the following such business day.

If the Conversion Notice Delivery Date in relation to any exercise of Conversion Rights in respect of any Bond does not fall within a Conversion Period, such Conversion Rights shall be deemed not to be validly exercised in respect of such Bond.

Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying, Transfer and Conversion Agent to whom the relevant Conversion Notice is delivered is located.

Any determination as to whether a Conversion Notice has been duly completed and properly delivered and the applicable Conversion Notice Delivery Date in relation to any exercise of Conversion Rights shall be made by the relevant Paying, Transfer and Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Guarantor, the other Agents, the Calculation Agent and the relevant Bondholder.

A Conversion Notice, once delivered, shall be irrevocable.

The “**Conversion Date**” in respect of a Bond shall be:

- (i) if the relevant Conversion Notice Delivery Date falls during a Conversion Period pursuant to limb (A) of the definition thereof, the Madrid business day immediately following the Conversion Notice Delivery Date as provided in this Condition 5(b); or
- (ii) if the relevant Conversion Notice Delivery Date falls during a Conversion Period pursuant to limb (B) of the definition thereof, the first of the following dates to occur after the Conversion Notice Delivery Date:
  - a. the 15<sup>th</sup> calendar day of a calendar month (or if such day is not a Madrid business day, the immediately following Madrid business day);
  - b. the last Madrid business day of a calendar month;
  - c. the date falling on the first Madrid business day immediately following the 28<sup>th</sup> Scheduled Trading Day before the Final Maturity Date; and
  - d. the Relevant Announcement Date,

provided that:

- (A) if the Issuer has given notice to Bondholders that it will redeem the Bonds pursuant to Condition 9(b), the Conversion Date in respect of any exercise of Conversion Rights where the Conversion Notice Delivery Date falls on or after the date of publication of the Optional Redemption Notice or the Tax Redemption Notice, as the case may be, shall be the Madrid business day immediately following such Conversion Notice Delivery Date; and
- (B) if an Event of Default occurs and is continuing pursuant to Condition 12, the Conversion Date in respect of any exercise of Conversion Rights where the Conversion Notice Delivery Date falls on or after the date the date on which such Event of Default occurs, shall be the Madrid business day immediately following such Conversion Notice Delivery Date.

A Bondholder must also pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond in connection with the exercise of Conversion Rights by it.

*(c) Cash Amount or Early Redemption Cash Amount*

- (i) Upon any valid exercise of Conversion Rights with respect to one or more Bonds, the Issuer (failing which the Guarantor) shall redeem the relevant Bonds at their Cash Amount on or before the relevant Settlement Date, subject to the provisions of this Condition 5(c).

In these Conditions:

“**Cash Amount**” means, in respect of all Averaging Dates relating to the relevant Cash Amount Calculation Period and each of the Bonds in respect of which the relevant Bondholder shall have exercised its Conversion Rights, the sum (rounded to two decimal places, with €0.005 being rounded upwards) of the Daily Cash Amounts in respect of such Averaging Dates,

where:

“**Cash Amount Calculation Period**” means, in relation to any Conversion Date, the period of N (as defined below) consecutive Scheduled Trading Days commencing on the sixth Scheduled Trading Day immediately following such Conversion Date;

“**Daily Cash Amount**” or “**DCA**” means, in respect of each of the Averaging Dates relating to the relevant Cash Amount Calculation Period or any CA Period (as defined below) as the case may be an amount in euro calculated by the Calculation Agent for each Averaging Date, in accordance with the following formula:

$$DCA = \frac{1}{N} \times RCR_n \times P_n$$

where:

N = 20;

P<sub>n</sub> = the Share Price on the n<sup>th</sup> Averaging Date, provided that, if on such Averaging Date the Relevant Currency is no longer the euro, P<sub>n</sub> shall be translated into euro at the Prevailing Rate on such Averaging Date; and

RCR<sub>n</sub> = the Relevant Conversion Ratio (or, for the purpose of determining the Early Redemption Cash Amount only, the Conversion Ratio), prevailing on the n<sup>th</sup> Averaging Date.

- (ii) If the Relevant Announcement Date (if any) occurs (i) after the Conversion Notice Delivery Date in respect of any Bond and (ii) on or prior to the last Averaging Date in relation to the Cash Amount Calculation Period, such Bond shall not be redeemed in accordance with 5(c)(i) and shall instead be redeemed at the relevant Early Redemption Cash Amount on the relevant Early Redemption Date.

In these Conditions:

“**Early Redemption Cash Amount**” or “**ERCA**” means in respect of each €100,000 in principal amount of Bonds and as determined by the Calculation Agent, the higher of (i) €100,000 in principal amount of the Bonds, together with interest accrued thereon up to (but excluding) the Early Redemption Date; and (ii) an amount in euro (rounded to the nearest whole multiple of €0.01, with €0.005 being rounded upwards) calculated by the Calculation Agent, in accordance with the following formula, together with interest accrued thereon up to (but excluding) the Early Redemption Date:

$$CA + DAFV \times \frac{N - D}{N}$$

where:

CA = in respect of each €100,000 in principal amount of Bonds, the sum (rounded to the nearest whole multiple of €0.01, with

€0.005 being rounded upwards) of the Daily Cash Amounts in respect of all Scheduled Trading Days (which are not Disrupted Days) in the relevant CA Period (and, for the avoidance of doubt, where all Scheduled Trading Days in the relevant CA Period are Disrupted Days, or where it shall be deemed that no CA Period applies pursuant to the definition thereof, “CA” shall be equal to zero);

DAFV = the Delta-Adjusted Fair Value per Bond;

D = the number of Scheduled Trading Days (which are not Disrupted Days) in the relevant CA Period (and, for the avoidance of doubt, where all Scheduled Trading Days in the relevant CA Period are Disrupted Days, or where it shall be deemed that no CA Period applies pursuant to the definition thereof, “D” shall be equal to zero); and

N = 20.

“CA Period” means, in respect of any Bond which is to be redeemed pursuant to Condition 5(c)(ii), the period commencing on (and including) the first day of the relevant Cash Amount Calculation Period relating to the Conversion Date in respect of such exercise and ending on (and including) the Relevant Announcement Date (provided that if such Relevant Announcement Date falls prior to the first day of such Cash Amount Calculation Period, it shall be deemed that no CA Period applies).

(d) *Purchase or Redemption of Ordinary Shares*

The Guarantor or any Subsidiary of the Guarantor (including the Issuer), may exercise such rights as it may from time to time enjoy to purchase, hold, redeem or buy back any shares of the Guarantor (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of any Bondholder.

(e) *No Duty to Monitor*

Neither the Calculation Agent nor the Fiscal Agent nor any Paying, Transfer and Conversion Agent shall be under any duty to monitor whether any event or circumstance has happened or exists or may happen or exist and which requires or may require an adjustment to be made to the Conversion Price.

**6 Adjustment of Conversion Price**

(a) The Calculation Agent shall adjust the Conversion Price as follows:

(i) *MEFF Adjustments to Contracts Specifications*

(A) If options contracts in respect of the Ordinary Shares are traded on MEFF and MEFF adjusts such options contracts in light of any corporate actions and/or capital adjustments, the Calculation Agent shall, to the extent required and with effect as of the same date,

adjust the Conversion Price to reflect the adjustments effected by MEFF (if any) by multiplying the relevant Conversion Price by the adjustment factor (referred to as the “ratio” (or any successor terminology) in MEFF notices in respect of any adjustment to the exercise prices of option contracts in respect of shares) as determined and published by MEFF (and rounding if necessary the resulting Conversion Price in accordance with Condition 6(b)); provided that, in relation to Cash Distributions and Specified Non Cash Distributions only, the Calculation Agent shall make the adjustments as set out in Condition 6(a)(ii) (instead of, in the case of a Cash Distribution, any corresponding or other adjustment under the MEFF Adjustments to Contracts Specifications), and provided further that in the case of a (x) Nationalisation, (y) Change in Law (if the Issuer has elected to redeem the Bonds) or (z) Options Settlement Event, the Bonds will be redeemed as provided in these Conditions.

- (B) .If no options contracts in respect of the Ordinary Shares are traded on MEFF:
- (x) in the case of an adjustment event pursuant to Sections 5.7.1, 5.7.2, 5.7.4, 5.7.5, 5.7.7, 5.7.8 or 5.7.9 of the MEFF Adjustments to Contracts Specifications (or any successor sections thereto in the MEFF Adjustments to Contracts Specifications in effect at the relevant time) and where the Calculation Agent determines in its sole discretion that it is capable of performing such adjustments in accordance therewith in its capacity as Calculation Agent), the Calculation Agent; or
  - (y) in any other case, an Independent Adviser, shall make the necessary adjustments in light of any corporate actions and/or capital adjustments in analogous application of the relevant MEFF Adjustments to Contracts Specifications,

in each case other than in relation to the distribution by the Guarantor to its shareholders of a Cash Distribution or a Specified Non Cash Distribution, in respect of which the Calculation Agent shall make the adjustments as set out in Condition 6(a)(ii), and (ii) a (x) Nationalisation, (y) Change in Law (if the Issuer has elected to redeem the Bonds) or (z) Options Settlement Event, upon the occurrence of which the Bonds will be redeemed as provided in these Conditions.

(ii) *Cash Distributions/Specified Non Cash Distributions*

- (A) If, prior to the Final Maturity Date (1) an Ex-Date in respect of any Cash Distribution (including, for the avoidance of doubt, any Cash Engagement Dividend) (a “**Relevant Cash Distribution**”) falls in a Relevant Period or (2) no Ex-Date in respect of a Cash Distribution (other than a Cash Engagement Dividend) falls in a Relevant Period (other than the Final Relevant Period), the Calculation Agent shall calculate the adjustment to the Conversion Price in accordance with the following formula (instead of any corresponding or other adjustment under the MEFF Adjustments to Contracts Specifications):

$$X_n = X_o \times R$$

where:

- X<sub>n</sub> = the adjusted Conversion Price;
- X<sub>o</sub> = the Conversion Price on the Relevant Cum Date;
- R = (S<sub>prev</sub> – D) / (S<sub>prev</sub> – T), provided that if S<sub>prev</sub> is less than or equal to either D or T, R shall be such amount as is determined in good faith to be appropriate by an Independent Adviser;

- $S_{prev}$  = the Closing Price of an Ordinary Share on the Relevant Cum Date, or (other than where the Relevant Cash Distribution is a Cash Engagement Dividend) where the Ex-Date in respect of the Relevant Cash Distribution falls on a date which is also the Ex-Date in respect of a Cash Engagement Dividend, the Closing Price of an Ordinary Share on the Relevant Cum Date less the Fair Market Value of such Cash Engagement Dividend on a per Ordinary Share basis on the Relevant Cum Date;
- D = (in the case of (1) above) the Fair Market Value of the Relevant Cash Distribution on a per Ordinary Share basis on the Relevant Cum Date and (in the case of (2) above) zero; and
- T = (other than where the Relevant Cash Distribution is a Cash Engagement Dividend) the applicable Dividend Threshold (translated if necessary into the Relevant Currency at the Prevailing Rate on the Relevant Cum Date) or (where the Relevant Cash Distribution is a Cash Engagement Dividend) zero.

- (B) If an Ex-Date in respect of a Specified Non Cash Distribution (a “**Relevant Specified Non Cash Distribution**”) falls in a Relevant Period prior to the Final Maturity Date, the Calculation Agent shall calculate the adjustment to the Conversion Price in accordance with the following formula:

$$X_n = X_o \times R$$

where:

- $X_n$  = the adjusted Conversion Price;
- $X_o$  = the Conversion Price on the Relevant Cum Date;
- R =  $(S_{prev} - D) / (S_{prev})$ , provided that if  $S_{prev}$  is less than or equal to D, R shall be such amount as is determined in good faith to be appropriate by an Independent Adviser;
- $S_{prev}$  = the Closing Price of an Ordinary Share on the Relevant Cum Date, or, where the Ex-Date in respect of the Relevant Specified Non Cash Distribution falls on a date which is also the Ex-Date in respect of any Cash Distribution, the Closing Price of an Ordinary Share on the Relevant Cum Date less the Fair Market Value of such Cash Distribution on a per Ordinary Share basis on the Relevant Cum Date; and
- D = the Fair Market Value of the Relevant Specified Non Cash Distribution on a per Ordinary Share basis on the Relevant Cum Date.

- (C) Any adjustment to the Conversion Price pursuant to this Condition 6(a)(ii) shall take effect on the Relevant Adjustment Date.

For the purposes of this Condition 6(a)(ii), Fair Market Value shall (subject as provided in paragraph (a) of the definition of “Dividend” and in the definition of “Fair Market Value”) be determined as at the Relevant Adjustment Date.

In making any calculations for the purposes of this Condition 6(a)(ii), such adjustments (if any) shall be made as the Calculation Agent may determine in good faith to be appropriate to reflect any consolidation or sub-division of any Ordinary Shares or the issue of Ordinary Shares by way of capitalisation of profits or reserves (or any like or similar

event) or any increase in the number of Ordinary Shares in issue in relation to the Relevant Period (as defined below) in question.

Notwithstanding the foregoing, the Conversion Price shall at all times be equal to or greater than the nominal value of an Ordinary Share.

(D) Definitions:

“**Cash Distribution**” means (i) any Dividend which is to be paid or made in cash (in whatever currency), but other than falling within paragraph (b) of the definition of “Spin-Off” and (ii) any Dividend determined to be a Cash Distribution pursuant to paragraph (a) or (c) of the definition of “Dividend”, in each case including, for the avoidance of doubt, any Cash Engagement Dividend.

“**Cash Engagement Dividend**” means an Engagement Dividend which is to be paid or made in cash (in whatever currency) (including, for the avoidance of doubt, any Engagement Dividend determined to be a Cash Engagement Dividend pursuant to the definition thereof).

“**Dividend**” means any distribution or dividend to Shareholders (including a Spin-Off) whether of cash, assets or other property, and however described and whether payable out of a share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders upon or in connection with a reduction of capital (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves); *provided that*:

(a) where:

- (1) an issue of Ordinary Shares to Shareholders by way of a capitalisation of profits or reserves (including any share premium account or capital redemption reserve) is announced and where Shareholders have the option to transfer, sell or renounce all or a portion of their entitlement to receive Ordinary Shares to the Guarantor for a payment of cash by the Guarantor pursuant to a purchase commitment assumed by the Guarantor, then the capitalisation in question shall be treated as a Cash Distribution of an amount equal to the Fair Market Value of such cash amount as at the Ex-Date in respect thereof; or
- (2) where a proposed remuneration to Shareholders is announced which may at the election of a Shareholder or Shareholders be satisfied either by the payment of a dividend in cash or by the issue or delivery of Ordinary Shares by way of a capitalisation of profits or reserves (including any share premium account or capital redemption reserve) (other than a capitalisation falling within (1) above), (including without limitation under the Guarantor’s “*Retribución Flexible*” scheme as in place at the Closing Date) then the dividend or capitalisation in question shall be treated as a Cash Distribution of an amount equal to the Fair Market Value of such cash amount as at the Ex-Date in respect thereof; or
- (3) (x) a dividend in cash is announced which may at the election of a Shareholder or Shareholders be satisfied by the issue or delivery of Ordinary Shares or other property or assets, or (y) where an issue of Ordinary Shares or other property or assets to Shareholders by way of a capitalisation of profits or reserves (including any share premium account or capital redemption reserve) is announced which may at the election of a Shareholder or Shareholders be



satisfied by the payment of cash, in each case other than falling within (1) or (2) above, then the dividend or capitalisation in question shall be treated as a Cash Distribution of an amount equal to the greater of (i) the Fair Market Value of such cash amount and (ii) the Volume Weighted Average Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets, in any such case as at the Ex-Date in respect of the relevant dividend or capitalisation, save that where a dividend in cash is announced which may at the election of a Shareholder or Shareholders be satisfied by the issue or delivery of Ordinary Shares where the number of Ordinary Shares to be issued or delivered is to be determined at a date or during a period following the last day on which such election can be made as aforesaid and is to be determined by reference to a publicly available formula based on the closing price or volume weighted average price or any like or similar pricing benchmark of the Ordinary Shares, without factoring in any discount or premium to such price or benchmark, then such dividend shall be treated as a Cash Distribution in an amount equal to the Fair Market Value of such cash amount on such date as such cash amount is determined as aforesaid; or

- (4) there shall (other than in any such case falling within (1), (2) or (3) above) (x) be any issue of Ordinary Shares or other property or assets to Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) where such issue or delivery is or is expressed to be in lieu of a Dividend in cash (whether or not a cash distribution equivalent amount is announced) or a Dividend in cash is announced that is to be satisfied by the issue or delivery of Ordinary Shares or other property or assets or (y) any issue or delivery of Ordinary Shares or other property or assets by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) that is to be satisfied by the payment of cash, then, in the case of (x), the capitalisation or dividend in question shall be treated as a Cash Distribution of an amount equal to the Volume Weighted Average Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets as at the Ex-Date in respect of the relevant capitalisation (or, if later, the Dividend Determination Date) and, in the case of (y), the capitalisation in question shall be treated as a Cash Distribution of an amount equal to the Fair Market Value of such cash amount as at the Ex-Date in respect of the relevant capitalisation (or, if later, the Dividend Determination Date), save that where an issue of Ordinary Shares by way of capitalisation of profits or reserves is announced where such issue is or is expected to be in lieu of a Dividend in cash (in circumstances where the cash amount thereof is announced) or an issue of Ordinary Shares by way of capitalisation of profits or reserves is announced that is to be satisfied by the payment of cash where the number of Ordinary Shares to be issued or delivered or the amount of such payment of cash is to be determined during a period following such announcement and is to be determined by reference to a publicly available formula based on the closing price or volume weighted average price or any like or similar pricing benchmark of the Ordinary Shares, without factoring in any discount or premium to such price or benchmark, then such dividend shall be treated as a Cash Distribution in an amount equal to the Fair Market Value of such cash amount on such date as such cash amount is announced or determined as aforesaid;

- (b) where a dividend or distribution is paid or made to Shareholders pursuant to any plan or arrangement implemented by the Guarantor for the purpose of enabling Shareholders to elect, or which may require Shareholders, to receive dividends or distributions in respect of the Ordinary Shares held by them from a person other than (or in addition to) the Guarantor, such dividend or distribution shall for the purposes of these Conditions be treated as a dividend or distribution made or paid to Shareholders by the Guarantor, and the foregoing provisions of this definition and the provisions of these Conditions shall be construed accordingly;
- (c) where a distribution in cash is declared which provides for payment by the Guarantor to Shareholders in the Relevant Currency, whether at the option of Shareholders or otherwise, it shall be treated as a Cash Distribution in the amount of such Relevant Currency and in any other case it shall be treated as a Cash Distribution in the amount and in the currency in which it is payable by the Guarantor;
- (d) a dividend or distribution that is a Spin-Off shall be deemed to be a Non Cash Distribution, and

any such determination shall be made in good faith by the Calculation Agent or where specifically provided, an Independent Adviser and, in either case, on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

*For the avoidance of doubt, the Guarantor's flexible dividend scheme as in place at the Closing Date (Iberdrola Retribución Flexible) (being, as at the Closing Date, the manner in which the Guarantor pays certain dividends) shall, as a result of the foregoing provisions and for the purposes of these Conditions, be categorised as a Cash Distribution pursuant to limb (a)(2) of the definition of "Dividend".*

**"Dividend Determination Date"** means, for the purposes of the definition of "Dividend", the date on which the number of Ordinary Shares or, as the case may be, amount of other property or assets, which may be issued or delivered is, or is capable of being, determined, and where determined by reference to prices or values or the like on or during a particular day or during a particular period, the Dividend Determination Date shall be deemed to be such day or the last day of such period, as the case may be.

**"Dividend Threshold"** means in respect of any Relevant Period, the amount per Ordinary Share corresponding to such Relevant Period as set out below (adjusted *pro rata* for any adjustments to the Conversion Price made pursuant to the provisions of this Condition 6 (including this Condition 6(a)(ii)). Notwithstanding the foregoing, (a) if no Ex-Date in respect of a Cash Distribution (other than a Cash Engagement Dividend) has occurred in a Relevant Period, for the purposes of the Relevant Adjustment Date falling on the first Scheduled Trading Day of the following Relevant Period, the Dividend Threshold shall be deemed to be the Dividend Threshold in respect of such Relevant Period in which no Ex-Date occurred, and (b) if more than one Ex-Date in respect of a Cash Distribution (disregarding for this purpose any Ex-Date in respect of a Cash Engagement Dividend) occurs in a Relevant Period, the Dividend Threshold set out in the table below shall apply to the first such Ex-Date to occur and the Dividend Threshold in respect of any subsequent Ex-Date occurring in such Relevant Period shall be zero.

<b>Relevant Period</b>	<b>Dividend Threshold (€)</b>
From (and including) the Closing Date, but on or before 30 April 2023	0.180

Thereafter, but on or before 30 November 2023	0.274
Thereafter, but on or before 30 April 2024	0.180
Thereafter, but on or before 30 November 2024	0.274
Thereafter, but on or before 30 April 2025	0.180
Thereafter, but on or before 30 November 2025	0.274
Thereafter, but on or before 30 April 2026	0.180
Thereafter, but on or before 30 November 2026	0.274
Thereafter, but on or before 30 April 2027	0.180
Thereafter, but on or before 31 July 2027	0.274
Thereafter, but on or before the Final Maturity Date (the “ <b>Final Relevant Period</b> ”)	0.000

“**Engagement Dividend**” means a Dividend (i) where the relevant distribution, dividend or capitalisation (as mentioned in the definition of “Dividend”) constituting such Dividend is publicly expressed by the Guarantor to be solely made in connection with incentivising the Shareholders to participate in the annual general meeting of the Guarantor and (ii) (if such distribution, dividend or capitalisation is paid or made as part of any Dividend, or, as the case may be, concurrently with any other Dividend) if and to the extent the part (if any) of such Dividend, or, as the case may be, aggregate of such Dividends to be attributed to such distribution, dividend or capitalisation is publicly announced by the Guarantor (failing which such distribution, dividend or capitalisation shall not be treated as an Engagement Dividend), provided that where such distribution, dividend or capitalisation is determined to be a Cash Distribution pursuant to the provisions of paragraph (a) or (c) of the definition of “Dividend”, such Cash Distribution shall be deemed to be an Engagement Dividend that is a Cash Engagement Dividend.

“**Ex-Date**” means the first Scheduled Trading Day on which the Ordinary Shares are traded ex-the relevant Cash Distribution or Non Cash Distribution, as the case may be, on the Relevant Stock Exchange.

“**Non Cash Distribution**” means a Dividend which is not a Cash Distribution (including, for the avoidance of doubt, any Non Cash Engagement Dividend) and shall include a Spin-Off.

“**Non Cash Engagement Dividend**” means an Engagement Dividend which is not a Cash Engagement Dividend.

“**Relevant Adjustment Date**” means (i) where a Cash Distribution is paid or made that results in an adjustment to the Conversion Price pursuant to Condition 6(a)(ii), the Ex-Date in respect of the Relevant Cash Distribution or, in case no Ex-Date falls in a Relevant Period, the first Scheduled Trading Day following the end of such Relevant Period and (ii) where a Specified Non Cash Distribution is paid or made that results in an adjustment to the Conversion Price pursuant to Condition 6(a)(ii), the Ex-Date in respect of the Relevant Specified Non Cash Distribution.

“**Relevant Cum Date**” means the Scheduled Trading Day which immediately precedes the Relevant Adjustment Date.

“**Relevant Period**” means each successive period referred to in the table set out above.

“**Specified Non Cash Distribution**” means a Non Cash Distribution, other than a Non Cash Distribution (i) if options contracts in respect of the Ordinary Shares are traded on MEFF, in respect of which MEFF adjusts such options contracts in respect of such Non Cash Distribution, or (ii) if no options contracts in respect of the Ordinary Shares are traded on MEFF, which would require an adjustment to be made to the Conversion Price pursuant to Condition 6(a)(i)(B)(i).

“**Spin-Off**” means:

- (a) a distribution of Spin-Off Securities by the Guarantor to Shareholders as a class; or
- (b) any issue, transfer or delivery of any property or assets (including cash or shares or other securities of or in or issued or allotted) by any entity (other than the Guarantor) to Shareholders as a class, pursuant in each case to any arrangements with the Guarantor or any of its Subsidiaries.

“**Spin-Off Securities**” means equity share capital of an entity other than the Guarantor or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Guarantor.

(b) *Calculation of Adjustments, Rounding, Calculation Agent, Independent Adviser*

(i) Calculation of Adjustments, Rounding

Adjustments in accordance with this Condition 6 (other than adjustments in accordance with Condition 6(a)(ii), which shall become effective as provided in Condition 6(a)(ii)) will become effective as of the same date as any corresponding adjustment made by MEFF. Adjustments in accordance with this Condition 6 (including Condition 6(a)(ii)) will not be made, if the effective date for such adjustments is later than:

- (A) in the case of Bonds in respect of which Conversion Rights have been exercised, (x) (where the Cash Amount is to be paid in respect of such exercise) the last Averaging Date in relation to the Cash Amount Calculation Period, or (y) where the Early Redemption Cash Amount is to be paid in respect of such exercise) the last Averaging Date in relation to the ERCA Period; or
- (B) in the case of Bonds in respect of which Conversion Rights have not been exercised, the end of the last Conversion Period pursuant to Condition 5(a)(ii), as the case may be (or, where the Early Redemption Amount is to be paid, the last Averaging Date in relation to the ERA Period).

(ii) Calculation Agent, Independent Adviser

Adjustments to the Conversion Price and the Dividend Threshold pursuant to this Condition 6 shall be determined and calculated in good faith by the Calculation Agent, and/or to the extent so specified in the Conditions, in good faith by an Independent Adviser. Adjustments to the Conversion Price and/or the Dividend Threshold calculated by the Calculation Agent or, where applicable, an Independent Adviser and any other determinations made by the Calculation Agent or, where applicable, an Independent Adviser pursuant to these Conditions shall be final and binding (in the absence of manifest error) on the Issuer, the Guarantor and the Bondholders. The Calculation Agent may, subject to the provisions of the Calculation Agency Agreement, consult, at the expense of the Issuer (failing which, the Guarantor), on any matter (including but not limited to, any legal matter), with any legal or other professional adviser and it shall be able to rely upon, and it shall not be liable and shall incur no liability as against the Issuer, the Guarantor or the Bondholders in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with that adviser’s opinion. The Calculation Agent shall act solely upon request from and as agent of the Issuer and the Calculation Agent or, as the case may be, any

Independent Adviser appointed by the Issuer in accordance with these Conditions, will not assume any obligations towards or relationship of agency or trust with, and they shall not be liable and shall incur no liability as against, the Bondholders.

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or the Dividend Threshold or as to the appropriate adjustment to the Conversion Price or the Dividend Threshold, and following consultation between the Issuer and an Independent Adviser, a written opinion of such Independent Adviser in respect thereof shall be conclusive and binding on the Issuer and the Bondholders, save in the case of manifest error.

If in case of any adjustment the resulting Conversion Price or Dividend Threshold, as the case may be, is not an integral multiple of €0.0001, it shall be rounded down to the nearest whole or multiple of €0.0001. Any amount by which the Conversion Price or Dividend Threshold, as the case may be, has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time.

The Issuer will give notice to the Bondholders in accordance with Condition 17 and to the Agents as soon as practicable after the date on which any adjustment to the Conversion Price or the Dividend Threshold becomes effective.

## 7 Disrupted Days

If any Averaging Date in relation to any Cash Amount Calculation Period, or, as the case may be, Early Redemption Amount or Early Redemption Cash Amount (other than an Averaging Date pursuant to limb (ii) of the definition thereof) would (but for the operation of this provision) fall on a Disrupted Day, then such Averaging Date shall be postponed to the first succeeding Scheduled Trading Day which is not a Disrupted Day, and on which another Averaging Date (in relation to such Cash Amount Calculation Period, Early Redemption Amount or Early Redemption Cash Amount), as the case may be, does not or is not deemed to occur (such date, a “**Valid Date**”). If the first such succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date (in relation to such Cash Amount Calculation Period, Early Redemption Amount or Early Redemption Cash Amount) or Disrupted Day, would have been the final Averaging Date (in relation to such Cash Amount Calculation Period, Early Redemption Amount or Early Redemption Cash Amount), then (i) such eighth Scheduled Trading Day as aforesaid shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date or a Disrupted Day) (the “**Deemed Averaging Date**”) and (ii) an Independent Adviser shall determine its good faith estimate of the value of the Ordinary Share at the Valuation Time on such eighth Scheduled Trading Day.

For the purposes of these Conditions:

“**Disrupted Day**” means any Scheduled Trading Day on which the Relevant Stock Exchange for the Ordinary Shares or the Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred, as determined by the Calculation Agent.

“**Early Closure**” means the closure on any Scheduled Trading Day of the Relevant Stock Exchange or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Relevant Stock Exchange or Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Relevant Stock Exchange or, as the case may be, the Related Exchange on such Scheduled Trading Day and (ii) the submission deadline for orders to be entered into the system of the Relevant Stock Exchange or, as the case may be, Related Exchange for execution at the Valuation Time on such Scheduled Trading Day.

“**Exchange Disruption**” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Ordinary Shares on the Relevant Stock Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Ordinary Shares on the Related Exchange.

“**Market Disruption Event**” means each of (i) Trading Disruption, (ii) Exchange Disruption and (iii) Early Closure but in respect of (i) and (ii) only if the Calculation Agent determines that such event is material at any time during the one hour period that ends at the Valuation Time.

“**Related Exchange**” means MEFF.

“**Relevant Calculation Period**” means the Cash Amount Calculation Period, the ERA Period or the ERCA Period, as the context requires.

“**Scheduled Closing Time**” means, in respect of the Relevant Stock Exchange or the Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Relevant Stock Exchange or, as the case may be, Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

“**Trading Disruption**” means any suspension of or limitation imposed on trading by the Relevant Stock Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or, as the case may be, Related Exchange or otherwise (i) relating to the Ordinary Share on the Relevant Stock Exchange or (ii) in futures or options contracts relating to the Ordinary Shares on the Related Exchange.

“**Valuation Time**” means the Scheduled Closing Time in respect of the relevant Scheduled Trading Day.

## 8 Nationalisation, Change in Law and Delisting

If (i) a Nationalisation and/or a Delisting occurs, the Issuer shall and (ii) a Change in Law occurs the Issuer may, by providing notice of the occurrence of such event to the Bondholders in accordance with Condition 17 and to the Agents within five Madrid business days of the Relevant Announcement Date specifying the date of such redemption or purchase and the relevant Early Redemption Amount or, in the case of Condition 5(c)(ii), their Early Redemption Cash Amount (or such lesser notice as may be required to comply with the Change in Law), redeem or purchase all but not only some of the outstanding Bonds at their Early Redemption Amount or, in the case of Condition 5(c)(ii), their Early Redemption Cash Amount, on the Early Redemption Date.

## 9 Redemption and Purchase

### (a) *Final Redemption*

Unless previously purchased and cancelled, redeemed or converted and cancelled as herein provided, the Bonds will be redeemed at their principal amount on the Final Maturity Date. The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 8, Condition 9(b) or Condition 9(d) and may only be redeemed by Bondholders prior to the Final Maturity Date in accordance with Condition 9(c) or upon exercise of Conversion Rights.

### (b) *Redemption at the Option of the Issuer*

- (i) The Issuer may, on giving not less than 30 nor more than 60 days’ notice (an “**Optional Redemption Notice**”) to the Bondholders in accordance with Condition 17 and to the Agents (which notice shall be irrevocable), redeem all but not some only of the Bonds on the date (the “**Optional Redemption Date**”) specified in the Optional Redemption Notice at their principal amount if, at any time, the aggregate principal amount of the Bonds outstanding is equal to or less than 15 per cent. of the aggregated principal amount of the Bonds originally issued (for which

purpose, any further securities issued pursuant to Condition 18 and consolidated and forming a single series with the Bonds shall also be deemed to have been ‘originally issued’).

On the Optional Redemption Date the Issuer (failing which the Guarantor) shall redeem the Bonds at their principal amount.

- (ii) Subject to the following paragraph, the Bonds may be redeemed at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 17 and to the Agents (which notice shall be irrevocable), at their principal amount, on the date (the “**Tax Redemption Date**”) specified in the Tax Redemption Notice, if (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Amounts as provided or referred to in Condition 11 as a result of any change in, or amendment to, the laws or regulations of any Taxing Authority, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 30 November 2022, and (ii) such obligations cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Amounts if a payment in respect of the Bonds (or the Guarantee, as the case may be) were then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by a director of the Issuer (or the Guarantor, as the case may be) stating that the Issuer (or the Guarantor, as the case may be) is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer (or the Guarantor, as the case may be) so to redeem have occurred. On the Tax Redemption Date the Issuer (failing which the Guarantor) shall (subject to the following paragraph) redeem the Bonds at their principal amount.

If the Issuer gives a Tax Redemption Notice, each Bondholder will have the right to elect that its Bonds shall not be redeemed and that the provisions of Condition 11 with respect to the payment of Additional Amounts shall not apply in respect of the Bonds, whereupon no Additional Amounts shall be payable in respect thereof pursuant to Condition 11 and payment of all amounts on such Bonds (or under the Guarantee, as the case may be) shall be made subject to the deduction or withholding of any Taxing Jurisdiction (as defined in Condition 11(e)) required to be withheld or deducted. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of the Registrar or any Paying, Transfer and Conversion Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of the Registrar or any Paying, Transfer and Conversion Agent together with the relevant Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

References in this Condition 9(b)(ii) to any Taxing Authority shall be deemed also to refer to any jurisdiction or relevant authority thereof in respect of which any undertaking or covenant equivalent to that in Condition 11 is given pursuant to the Agency Agreement, (except that as regards such jurisdiction the words “becomes effective on or after 30 November 2022” above shall be replaced with the words “becomes effective after, and has not been announced on or before, the date on which any undertaking or covenant equivalent to that in Condition 11 was given pursuant to the Agency Agreement”).

(c) *Redemption at the Option of Bondholders upon a Put Event*

Each Bondholder will have the option (a “**Change of Control Put Option**”) to require the Issuer to redeem or, at the Issuer’s option, to procure the purchase of such Bond on the Optional Redemption Date (as defined below) at its principal amount, if a Change of Control Event has occurred and is continuing (together, a “**Put Event**”).

A “**Change of Control**” shall be deemed to have occurred at each time that any person or persons acting in concert (“**Relevant Persons**”) or any person or persons acting on behalf of such Relevant Persons, acquire(s) control, directly or indirectly, of the Guarantor.

A “**Change of Control Event**” shall be deemed to occur if a Change of Control occurs and, during the Change of Control Period, a Rating Downgrade occurs.

“**Change of Control Period**” means the period commencing on the date that is the earlier of: (a) the date of the occurrence of the relevant Change of Control; and (b) the date of the earliest Potential Change of Control Announcement (if any), and ending on the date which is 270 days after the date of the occurrence of the relevant Change of Control.

“**control**” means: (a) the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Guarantor; or (b) the right to appoint and/or remove all or the majority of the members of the Guarantor's board of directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

“**Investment Grade Rating**” means: (a) with respect to S&P, any of the categories from and including AAA to and including BBB- (or equivalent successor categories); (b) with respect to Moody's, any of the categories from and including Aaa to and including Baa3 (or equivalent successor categories) and (c) with respect to Fitch, any of the categories from and including AAA to and including BBB- (or equivalent successor categories).

“**Potential Change of Control Announcement**” means any public announcement or public statement by the Issuer, the Guarantor, any actual or potential bidder or any advisor thereto relating to any potential Change of Control.

“**Rating Agency**” means any of the following: (a) S&P, (b) Moody's, (c) Fitch or (d) any other credit rating agency of equivalent international standing specified from time to time by the Issuer and, in each case, their respective successors or affiliates.

“**Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control if: (A) within the Change of Control Period the rating previously assigned to the Guarantor by any Rating Agency is: (x) withdrawn; (y) ceases to be an Investment Grade Rating; or (z) if the rating assigned to the Guarantor by any Rating Agency which is current at the time the Change of Control Period begins is below an Investment Grade Rating, that rating is lowered one full rating notch by any Rating Agency (for example BB+ to BB by S&P), provided that a Rating Downgrade shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency withdrawing or lowering the rating does not publicly announce or otherwise confirms in writing to the Issuer that the reduction or withdrawal was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control; or (B) at the time of the Change of Control there is no rating assigned to the Guarantor.

As soon as practicable (and in any event not later than five Madrid business days) following the occurrence of a Change of Control, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 17 and the Agents.

As soon as practicable (and in any event not later than five Madrid business days) following the occurrence of a Put Event, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 17 and to the Agents (a “**Put Event Notice**”). The Put Event Notice shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to exercise their Change of Control Put Option.

The Put Event Notice shall also specify:



- (i) the date such Put Event occurred and a summary of the events giving rise to such Put Event;
- (ii) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Put Event Notice;
- (iii) the last day of the Put Period;
- (iv) the Put Redemption Date; and
- (v) the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option to require redemption or, as the case may be, purchase of a Bond under this Condition 9(c), the holder of that Bond must transfer or cause to be transferred its Bonds to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Event Notice for the account of the Issuer within the period (the “**Put Period**”) of 45 days after the Put Event Notice is given together with a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying, Transfer and Conversion Agent (a “**Put Option Notice**”) and in which the holder may specify a euro bank account to which payment is to be made pursuant to this Condition 9(c).

The Issuer shall redeem or, at the option of the Issuer, procure the purchase of the Bonds in respect of which the Change of Control Put Option has been validly exercised as provided above, and subject to the transfer of such Bonds to the account of the Fiscal Agent for the account of the Issuer as described above on the date which is the fifth Madrid business day following the end of the Put Period (the “**Put Redemption Date**”). Payment in respect of any Bond so transferred will be made in euro to the holder to the bank account in a city in which banks have access to the TARGET System specified in the Put Option Notice on the Put Redemption Date *via* the relevant account holders.

None of the Agents or the Calculation Agent shall be required to take any steps to monitor or ascertain whether a Change of Control or a Put Event or any event which could lead to a Change of Control or a Put Event has occurred or may occur.

*(d) Options Settlement Event*

If an Options Settlement Event occurs, the Issuer shall give notice to the Bondholders in accordance with Condition 17 and to the Agents within five Madrid business days of the date of occurrence of the Relevant Announcement Date and shall thereafter redeem all outstanding Bonds at their Early Redemption Amount or, in the case of Condition 5(c)(ii), their Early Redemption Cash Amount, on the Early Redemption Date.

*(e) Nationalisation, Delisting and/or a Change in Law*

Upon the occurrence of a Nationalisation, a Delisting and/or a Change in Law, Condition 8 shall apply.

*(f) Purchase*

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase any Bonds in the open market or otherwise at any price. Such Bonds may be held, resold or reissued or, at the option of the Issuer, the Guarantor or the relevant Subsidiary, as the case may be, surrendered to the Registrar for cancellation.

*(g) Cancellation*

All Certificates representing Bonds which are redeemed or which are purchased by or on behalf of the Issuer, the Guarantor or any Subsidiary of either of them and surrendered for cancellation shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold, and

if so surrendered, shall be cancelled and the obligations of the Issuer in respect of any such Bonds shall be discharged.

(h) *Multiple Notices*

If more than one notice of redemption is given pursuant to this Condition 9, the first of such notices to be given shall prevail.

## 10 Payments

(a) *Principal*

Payment of principal in respect of the Bonds shall be made (subject to surrender of the relevant Certificates representing the relevant Bonds at the specified office of any of the Paying, Transfer and Conversion Agents or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in the following paragraph.

Any payments due to Bondholders in respect of any Bond shall be paid to the person shown on the Register at the close of business on the fifth business day (in the place in which the specified office of the Registrar is located) before the due date for payment thereof (the “**Record Date**”).

If the outstanding amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount.

(b) *Payments subject to fiscal laws*

All payments in respect of the Bonds are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 11 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 to 1474 (inclusive) of the Code, any United States Treasury Regulations or agreements thereunder, any official interpretations thereof, any successor, substitute or similar legislation or law or any law implementing an intergovernmental approach thereto.

(c) *Appointment of Agents*

The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying, Transfer and Conversion Agent or the Registrar and to appoint additional or other Agents; provided that the Issuer and the Guarantor will at all times maintain (i) a Fiscal Agent and (ii) a Registrar with a specified office outside the United Kingdom. The Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Bondholder.

Notice of any change in any Agent or their respective specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 17 and to the other Agents.

The Issuer further reserves the right under the Calculation Agency Agreement at any time to vary or terminate the appointment of the Calculation Agent and appoint another Calculation Agent, provided that they will maintain a Calculation Agent which shall be a financial institution of international repute or a financial adviser with appropriate expertise. Notice of any change in the Calculation Agent will promptly be given by the Issuer to the Bondholders in accordance with Condition 17 and to the Agents.

In addition, at any time a determination is required to be made by an Independent Adviser, the Issuer shall promptly appoint and maintain such an Independent Adviser.

(d) *No Charges*

None of the Paying, Transfer and Conversion Agents shall make or impose on a Bondholder any charge or commission in relation to any payment, transfer or conversion in respect of the Bonds.

(e) *Delay in Payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a TARGET Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) *Non-Business Days*

If any date for payment in respect of any Bond is not a TARGET Business Day, the holder shall not be entitled to payment until the next following TARGET Business Day nor to any interest or other sum in respect of such postponed payment.

(g) *Fractions*

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

*The Bonds, on issue, will be represented by a global bond (the “**Global Bond**” registered in the name of, and held by a nominee on behalf of, a common depository for Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream Banking S.A. (“Clearstream, Luxembourg”). All payments in respect of the Bonds represented by the Global Bond will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date of payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 24 December and 1 January.*

## 11 Taxation

(a) *Additional Amounts*

All payments in respect of the Bonds by or on behalf of 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 of whatever nature (“**Taxes**”) imposed or levied by or on behalf of the Kingdom of Spain or any authority therein or thereof having power to tax (each, a “**Taxing Authority**”), unless such withholding or deduction of such Taxes is required by law or required pursuant to an agreement described in Section 1471(b) of the Code. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts (“**Additional Amounts**”) of principal, Cash Amounts and any other amounts due in respect of the Bonds as will result in the receipt by the Bondholders of the amounts which would have been received by them in respect of the Bonds had no withholding or deduction been made; except that no such Additional Amounts shall be payable in respect of any Bond or, as the case may be, under the Guarantee:

- (i) to, or to a third party on behalf of, a Bondholder who is liable for Taxes in respect of such Bond (or the Certificate representing such Bond) by reason of having some connection with the Kingdom of Spain other than the mere holding of the Bond (or the Certificate representing such Bond); or
- (ii) in respect of which the certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the relevant holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the thirtieth such day; or
- (iii) in respect of any tax, assessment or other governmental charge that is imposed or withheld by reason of the failure by the holder or the beneficial owner of the Bonds to comply with a request

of the Issuer (or an agent acting on behalf of the Issuer), or the Guarantor addressed to the holder or the beneficial owner of the Bonds to provide such information as may be necessary to allow payment on such Bonds to be made free and clear of withholding tax or deduction on account of any Taxes imposed by the Kingdom of Spain, including when the Issuer (or an agent acting on behalf of the Issuer) does not receive such information concerning such holders' identity and tax residence as may be required in order to comply with the procedures that may be implemented to comply with the interpretation of Foral Decree 205/2008 and Royal Decree 1065/2007 eventually made by the Spanish Tax Authorities; or

- (iv) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

*(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 Bondholder 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 remission 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 11(b) and 11(c) 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 11 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) Taxing jurisdiction*

If the Issuer or, as the case may be, the Guarantor becomes subject at any time to any taxing jurisdiction other than or in addition to the Kingdom of Spain, references in these Conditions to such jurisdiction(s) shall be construed as references to the Kingdom of Spain and/or such other jurisdiction(s) (each, a “**Taxing Jurisdiction**”).

The provisions of this Condition 11 with respect to the payment of Additional Amounts shall not apply in respect of any payments which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 9(b).

## 12 Events of Default

If any of the following events (each, an “**Event of Default**”) occurs and is continuing, the holder of any Bond may give written notice to the Fiscal Agent at its specified office that such Bond is immediately repayable, whereupon such Bond shall become, due and repayable at its principal amount:

- (a) **Non-Payment:** default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest, principal or any Additional Amounts or any Early Redemption Amount in respect of any of the Bonds or for more than seven days in the payment when due of any Cash Amount or any Early Redemption Cash Amount on exercise of Conversion Rights; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under or in respect of the Bonds, the Agency Agreement or the Deed of Guarantee which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Fiscal Agent by any Bondholder; or
- (c) **Cross-Default:** (i) subject as provided below, any Relevant Indebtedness incurred by the Issuer or the Guarantor becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or the Guarantor, as the case may be, or, provided that no event of default on such Relevant Indebtedness, however described, has occurred, at the option of any person entitled to such Relevant Indebtedness, or (ii) any Relevant Indebtedness of the Issuer or of the Guarantor is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or the Guarantor fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of any Relevant Indebtedness, provided that the aggregate amount of the Relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 12(c) have occurred equals or exceeds €125,000,000 or its equivalent in other currencies.

Paragraph (c) shall not apply to Relevant Indebtedness which was incurred before 27 July 2007, provided that this exception shall not be applicable if such Relevant Indebtedness (I) has become (or is declared to become) due and payable, and (II) is not paid in full when so due and payable; or

- (d) **Enforcement Proceedings:** any distress, attachment, execution or other legal process which is material in the context of the issue and offering of the Bonds is levied, enforced or sued on or against any part of the property, assets or revenues of the Issuer or the Guarantor or any of the Guarantor’s Relevant Subsidiaries and is not discharged or stayed within 90 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any of the Guarantor’s Relevant Subsidiaries which is material in the context of the issue and offering of the Bonds becomes enforceable and any step is taken to enforce it (including the taking of possession by or the appointment of a receiver, administrative receiver, manager or other similar person);
- (f) **Insolvency:** (i) the Issuer or the Guarantor or any Relevant Subsidiary becomes, or is adjudicated to be, insolvent or is adjudicated to be unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or the Guarantor or any Relevant Subsidiary or the whole or any material part of the undertaking, assets and revenues of the Issuer or the Guarantor or any Relevant Subsidiary is appointed (or application for any such appointment is made), (iii) the Issuer or the Guarantor or any Relevant Subsidiary takes any action for a general readjustment or deferment of its obligations or makes a general assignment or arrangement or composition with or for the benefit of its creditors generally or declares a moratorium in respect of its indebtedness or guarantees given by it or (v) any other proceeding is

commenced in respect of the Issuer or the Guarantor or any Relevant Subsidiary which requires the application of priorities pursuant (or equivalent) to any applicable Spanish laws; or

- (g) **Winding up:** an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or the Guarantor or any Relevant Subsidiary, or the Issuer or the Guarantor or any Relevant Subsidiary shall cease or through an official action of its board of directors threaten to cease to carry on all or a substantial part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders or (ii) in the case of a Relevant Subsidiary, whereby the undertaking or assets of the Relevant Subsidiary are transferred to or otherwise vested in (A) the Issuer or the Guarantor or another Subsidiary or (B) any other person provided, in this case, that the undertaking or assets are transferred to that person for full consideration on an arm's length basis and the proceeds of the consideration are applied as soon as practicable in the Guarantor's or the Subsidiary's business or operations, (iii) in the case of the Issuer, whereby the undertakings or assets of the Issuer are transferred to or otherwise vested in the Guarantor or any entity wholly owned by the Guarantor; or (iv) to comply with any mandatory requirements of law, regulation, directive or rule applicable to the Guarantor or any of its Relevant Subsidiaries in connection with the reorganisation of the energy sector relevant to the Guarantor or any of its Relevant Subsidiaries; or
- (h) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds and the Guarantee, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Guarantee admissible in evidence in the courts of the Kingdom of Spain is not taken, fulfilled or done; or
- (i) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs including, but not limited to, *concurso*; or
- (j) **Guarantee:** the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

### 13 Undertakings

Whilst any Conversion Right remains exercisable, the Guarantor will (save in each case with the approval of an Extraordinary Resolution):

- (a) not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:
  - (i) by the issue of fully paid Ordinary Shares to Shareholders and other holders of shares in the capital of the Guarantor which by their terms entitle the holders thereof to receive Ordinary Shares or other Securities on a capitalisation of profits or reserves; or
  - (ii) by the issue of fully paid Ordinary Shares, issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash distribution; or
  - (iii) by the issue of Ordinary Shares or any equity share capital to, or for the benefit of, employees or former employees, director or executive holding or formerly holding executive office (including directors holding or formerly holding executive office or non-executive office, consultants or former consultants or the personal service company of any such person, in each case the Guarantor or any of its Subsidiaries or any associated company or to a trustee or nominee to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option or incentive scheme,

- unless, in any such case under paragraphs (i) to (iii) above, the same constitutes a Cash Distribution or otherwise gives rise to an adjustment to the Conversion Price;
- (b) not in any way modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 13(b) shall prevent:
- (i) any consolidation, reclassification, redesignation or subdivision of the Ordinary Shares; or
  - (ii) any issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Guarantor or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any of them; or
  - (iii) any modification of such rights which is not, in the opinion of an Independent Adviser (acting in good faith), materially prejudicial to the interests of the holders of the Bonds; or
  - (iv) any issue of equity share capital where the issue of such equity share capital results in an adjustment to the Conversion Price; or
  - (v) any issue of equity share capital or modification of rights attaching to the Ordinary Shares, where prior thereto the Guarantor shall have instructed an Independent Adviser to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Independent Adviser shall have determined in good faith either that no adjustment is required or that an adjustment resulting in an increase in the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);
- (c) except as part of or in connection with or pursuant to any employee, director or executive share or option or incentive scheme, procure that no Securities (whether issued by the Guarantor or any Subsidiary of the Guarantor or procured by the Guarantor or any Subsidiary of the Guarantor to be issued or issued by any other person pursuant to any arrangement with the Guarantor or any Subsidiary of the Guarantor) issued without rights to convert into, or subscribe for, Ordinary Shares shall subsequently be granted such rights unless the same gives rise to an adjustment to the Conversion Price and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;
- (d) not make any issue, grant or distribution or any other action taken if the effect thereof would be that, on the exercise of Conversion Rights, the Conversion Price would be adjusted so as to fall below the nominal value of an Ordinary Share;
- (e) not reduce its issued share capital, share premium (*prima de emisión de acciones*) account or capital redemption reserve (*reserva por capital amortizado*) or any uncalled liability in respect thereof, or any non-distributable reserves, except:
- (i) pursuant to the terms of issue of the relevant share capital; or
  - (ii) as permitted under applicable law and whether by way of transfer to reserves or otherwise, as long as no Cash Distribution is made to Shareholders; or
  - (iii) where the reduction is permitted by applicable law and results (or, in the case of a reduction in connection with a Change of Control, will result) in an adjustment to the Conversion Price (or, in the case of a reduction in connection with a Change of Control, will be) otherwise taken into account for the purposes of determining whether such an adjustment should be made,

provided that, without prejudice to the other provisions of these Conditions, the Guarantor may exercise such rights as it may from time to time enjoy pursuant to applicable law to purchase and/or cancel its Ordinary Shares and any depositary or other receipts or certificates representing Ordinary Shares without the consent of Bondholders;

- (f) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associate (or affiliate) of the offeror) to acquire the whole or any part of the issued Ordinary Shares, or if any person proposes a scheme with regard to such acquisition, give notice of such offer or scheme to the Bondholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying, Transfer and Conversion Agents and, where such an offer or scheme has been recommended by the board of directors of the Guarantor, or where such an offer has become or been declared unconditional in all respects, use all reasonable endeavours to procure that a like offer is extended to the holders of any Ordinary Shares issued during the period of the offer arising out of the exercise of the Conversion Rights pursuant to these Conditions;
- (g) use its reasonable endeavours to ensure, at its own cost, that its issued and outstanding Ordinary Shares shall remain admitted to listing and to trading on the Relevant Stock Exchange;
- (h) use its reasonable endeavours to cause the Bonds to be admitted to trading on the Open Market segment of the Frankfurt Stock Exchange (*Freiverkehr*) or otherwise make or cause to be made an application for the Bonds to be admitted to trading on another internationally recognised, regularly operating, regulated or non-regulated stock exchange (the “**Admission**”) within 90 calendar days following the Closing Date and use its reasonable endeavours to maintain such Admission for so long as any of the Bonds remain outstanding;
- (i) appoint an Independent Adviser to carry out any action requested of it under the Bonds; and
- (j) not take any action (nor refrain from taking any action) that would cause the Guarantor to be subject generally to the taxing jurisdiction of a territory or a Taxing Authority of or in that territory with power to tax other than or in addition to the Kingdom of Spain if, at such time and under current laws and regulations, the Guarantor would be required generally to make any withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of such territory or any political subdivision thereof or therein having power to tax in respect of the Bonds and where any such withholding or deduction exceeds any such withholding or deduction imposed or levied by or on behalf of the Kingdom of Spain.

## 14 Prescription

Claims against the Issuer and/or the Guarantor for payment of principal or any Cash Amount, Early Redemption Amount or Early Redemption Cash Amount or any other amounts (other than interest) in respect of the Bonds shall be prescribed and become void unless made within 10 years or five years (in the case of interest) from the appropriate Relevant Date in respect of such payment.

## 15 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Paying, Transfer and Conversion Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case upon payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Guarantor may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.



## 16 Meetings of Bondholders, Modifications and Waivers

### (a) *Meetings of Bondholders*

The Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by holders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing holders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or any dates for payment of interest or any other amount in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds, (iii) to modify the basis for calculating interest or any other amount payable in respect of the Bonds, (iv) to change the currency of payment of the Bonds, (v) to modify the provisions relating to, or cancel, the Conversion Rights, and other than a reduction to the Conversion Price), (vi) to increase the Conversion Price (other than in accordance with these Conditions, (vii) to change the governing law of the Bonds, (viii) to modify the provisions concerning the quorum required at any meeting of holders or the majority required to pass an Extraordinary Resolution, or (ix) to modify or cancel the Guarantee, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on holders (whether or not they were present at the meeting at which such resolution was passed).

The Agency Agreement provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Bonds outstanding or (ii) a consent given by way of electronic consent through the relevant clearing system(s) by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Bonds outstanding, shall, in any such case, for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders 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.

### (b) *Modification of the Agency Agreement or the Deed of Guarantee*

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement or the Deed of Guarantee, if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

## 17 Notices

All notices required to be given by the Issuer to the Bondholders pursuant to the Conditions will be given by publication on the Guarantor's website and by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or any other clearing system through which the Bonds are for the time being cleared for communication by such clearing systems to the Bondholders. Any such notice shall be deemed to have been given to the Bondholders on the day on which such notice was first published on the Guarantor's website.

If the Bonds are admitted to trading or listed on any stock exchange and the rules of such stock exchange so require, all notices of the Issuer concerning the Bonds shall also be published in accordance with the rules of such stock exchange. A failure to publish any notices in accordance with the rules of any stock exchange shall not affect the effectiveness of notices issued in accordance with the previous paragraph.

In addition, notices may also be published on Bloomberg at the request of the Issuer.

The Issuer shall send a copy of all notices given by it to the Bondholders pursuant to these Conditions simultaneously (or as soon as practicable thereafter) to the Calculation Agent.

All Parity Notification Event Notices to be given to the Issuer shall be delivered to the Issuer by electronic mail only to [backoffice.financiero@iberdrola.es](mailto:backoffice.financiero@iberdrola.es), and shall simultaneously be copied to the Calculation Agent by electronic mail only to [calculation.agent@conv-ex.com](mailto:calculation.agent@conv-ex.com), or in each case to such other electronic mail address as may be notified to the Bondholders in accordance with this Condition 17 and to the Agents.

## **18 Further Issues**

The Issuer may from time to time without the consent of the Bondholders create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) or in all respects except for the first date on which conversion rights may be exercised and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to conversion, premium, redemption and otherwise as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 18 and forming a single series with the Bonds.

## **19 Rights of Third Parties**

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

## **20 Currency Indemnity**

Euro is the sole currency of account and payment for all sums payable by the Issuer or the Guarantor under or in connection with the Bonds and the Guarantee, including damages. Any amount received or recovered in a currency other than euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any holder in respect of any sum expressed to be due to it from the Issuer or Guarantor shall only constitute a discharge to the Issuer and/or Guarantor to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Bond or the Guarantee, the Issuer or the Guarantor (as the case may be) shall indemnify it against any loss sustained by it as a result. In any event, the Issuer or the Guarantor (as the case may be) shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 20, it will be sufficient for the holder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or Guarantee or any other judgment or order.

## **21 Governing Law and Jurisdiction**

(a) **Governing law:** The Agency Agreement, the Bonds and the Guarantee and all matters arising from or connected therewith, including any non-contractual obligations arising out of or in connection therewith, are governed by, and shall be construed in accordance with, English law. The status of the Bonds as described in Condition 1(c) and the status of the Guarantee as described in Condition 1(d) are governed by, and shall be construed in accordance with, Spanish law.

- (b) **English Courts:** The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising from or connected with any Bonds or the Guarantee.
- (c) **Appropriate forum:** The Issuer and the Guarantor each agree 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.
- (d) **Rights of Bondholders to take proceedings outside England:** Condition 21(b) is for the benefit of the Bondholders only. As a result, nothing in this Condition 21 prevents any Bondholder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Bondholders may take concurrent Proceedings in any number of jurisdictions.
- (e) **Process Agent:** The Issuer and the Guarantor each agree 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 SPW Investments Limited, 4th Floor, 1 Tudor Street, London, EC4Y 0AH, 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 in accordance with Part 34 of the United Kingdom Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Bondholder addressed and delivered to the Issuer or to the specified office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Bondholder 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 Bondholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and not to Proceedings elsewhere.

## 22 Transfer of Bonds

### (a) Transfers

One or more Bonds may, subject to Condition 22(b), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Paying, Transfer and Conversion Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such Paying, Transfer and Conversion Agent may reasonably require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfers of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any Bondholder upon request.

### (b) Exercise of Options or Partial Redemption

In the case of an exercise of an Issuer’s or Bondholders’ option in respect of, or a partial redemption of, a holding of Bonds represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Bonds of the same holding having different terms, separate Certificates shall be issued in respect of those Bonds of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Paying, Transfer and Conversion Agent. In the case of a transfer of Bonds to a person who is already a

holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

**(c) Delivery of New Certificates**

Each new Certificate to be issued pursuant to Condition 22(a) or 22(b) shall be available for delivery within three business days of receipt of the form of transfer or Put Option Notice (as defined in Condition 9(c)) and surrender of the existing Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Paying, Transfer and Conversion Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Put Option Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Put Option Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Paying, Transfer and Conversion Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 22(c), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Paying, Transfer and Conversion Agent or the Registrar (as the case may be).

**(d) Transfers Free of Charge**

Transfers of Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or any Paying, Transfer and Conversion Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Paying, Transfer and Conversion Agent may require).

**(e) Closed Periods**

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on the Final Maturity Date or any earlier due date for redemption of that Bond; or (ii) after any such Bond has been called for redemption; or (iii) during the period in which a Conversion Notice has been delivered in accordance with Condition 5(b); or (iv) during the period of 15 days ending on (and including) any Record Date in respect of any payment of interest on the Bonds.