Offering Circular dated 3 February 2021

IBERDROLA INTERNATIONAL B.V.

(incorporated with limited liability in the Netherlands and having its corporate domicile in Amsterdam)

€1,000,000,000 6 Year Non-Call Undated Deeply Subordinated Reset Rate Guaranteed Securities

€1,000,000,000 9 Year Non-Call Undated Deeply Subordinated Reset Rate Guaranteed Securities

unconditionally and irrevocably guaranteed on a subordinated basis by

IBERDROLA, S.A.

(incorporated with limited liability in the Kingdom of Spain)

Issue Price 100.00 per cent.

The €1,000,000,000 6 Year Non-Call Undated Deeply Subordinated Reset Rate Guaranteed Securities (the "6 Year Non-Call Securities") and the €1,000,000,000 9 Year Non-Call Undated Deeply Subordinated Reset Rate Guaranteed Securities (the "9 Year Non-Call Securities", and together with the 6 Year Non-Call Securities, the "Securities") are issued by Iberdrola International B.V. (the "Issuer" or "Iberdrola International") and unconditionally and irrevocably guaranteed on a subordinated basis by Iberdrola, S.A. (the "Guarantee", and the "Guarantor" or "Iberdrola", respectively).

The 6 Year Non-Call Securities will bear interest on their principal amount (i) from (and including) the Issue Date to (but excluding) the First Reset Date at a rate of 1.450 per cent. per annum; and (ii) from (and including) the First Reset Date (as defined in the section headed "Terms and Conditions of the 6 Year Non-Call Securities" (the "6 Year Non-Call Conditions")), at, in respect of each Reset Period, the relevant 5 year Swap Rate plus: (A) in respect of the Reset Period commencing on the First Reset Date to (but excluding) the First Step-up Date (as defined in the 6 Year Non-Call Conditions), 1.832 per cent. per annum; (B) in respect of the Reset Periods commencing on the First Step-up Date to (but excluding) the Second Step-up Date (as defined in the 6 Year Non-Call Conditions), 2.082 per cent. per annum; and (C) in respect of any other Reset Period from and including the Second Step-up Date, 2.832 per cent. per annum, all as determined by the Agent Bank (subject to the operation of Condition 4(d)). Interest will be payable annually in arrear on each Interest Payment Date (as defined in the 6 Year Non-Call Conditions), commencing on 9 February 2022. If the Issuer does not elect to redeem the 6 Year Non-Call Securities in accordance with Condition 6(f) following the occurrence of a Change of Control Event (as defined in the 6 Year Non-Call Conditions), the then Prevailing Interest Rate (as defined in the 6 Year Non-Call Conditions), and each subsequent Prevailing Interest Rate otherwise determined in accordance with the 6 Year Non-Call Conditions, on the 6 Year Non-Call Securities shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control Event occurred. See Condition 4(h) (*Step-up after Change of Control Event*).

The 9 Year Non-Call Securities will bear interest on their principal amount (i) from (and including) the Issue Date to (but excluding) the First Reset Date at a rate of 1.825 per cent. per annum; and (ii) from (and including) the First Reset Date (as defined in the section headed "Terms and Conditions of the 9 Year Non-Call Securities" (the "9 Year Non-Call Conditions")), at, in respect of each Reset Period, the relevant 5 year Swap Rate plus: (A) in respect of the Reset Period commencing on the First Reset Date to (but excluding) the First Step-up Date (as defined in the 9 Year Non-Call Conditions), 2.049 per cent. per annum; (B) in respect of the Reset Periods commencing on the First Step-up Date to (but excluding) the Second Step-up Date (as defined in the 9 Year Non-Call Conditions), 2.299 per cent. per annum; and (C) in respect of any other Reset Period from and including the Second Step-up Date, 3.049 per cent. per annum, all as determined by the Agent Bank (subject to the operation of Condition 4(d)). Interest will be payable annually in arrear on each Interest Payment Date (as defined in the 9 Year Non-Call Conditions), commencing on 9 February 2022. If the Issuer does not elect to redeem the 9 Year Non-Call Securities in accordance with Condition 6(f) following the occurrence of a Change of Control Event (as defined in the 9 Year Non-Call Conditions), the then Prevailing Interest Rate (as defined in the 9 Year Non-Call Conditions), and each subsequent Prevailing Interest Rate otherwise determined in accordance with the 9 Year Non-Call Conditions, on the 9 Year Non-Call Securities shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control Event occurred. See Condition 4(h) (*Step-up after Change of Control Event*).

The 6 Year Non-Call Conditions and the 9 Year Non-Call Conditions together shall be referred to as the "Conditions".

The Issuer may, at its sole discretion, elect to defer (in whole or in part) any payment of interest on the Securities, subject to limited exceptions, as more particularly described in Condition 5 (*Optional Interest Deferral*). Any amounts so deferred, together with further interest accrued thereon (at the Prevailing Interest Rate applicable from time to time), shall constitute Arrears of Interest (as defined in the Conditions). The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time in accordance with the Conditions. Notwithstanding the foregoing, the Issuer shall pay any outstanding Arrears of Interest in whole, but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which any outstanding Arrears of Interest was first deferred, all as more particularly described in Condition 5(c) (*Mandatory Settlement of Arrears of Interest*).

The Securities will be undated securities in respect of which there is no specific maturity date and shall be redeemable (at the option of the Issuer) in whole, but not in part, on any date during the period commencing on (and including) (i) 9 November 2026 in respect of the 6 Year Non-Call Securities and (ii) 9 August 2029 in respect of the 9 Year Non-Call Securities and ending on (and including) the First Reset Date and on any Interest Payment Date thereafter, at their principal amount together with any accrued and unpaid interest up to (but excluding) the Redemption Date (as defined in the Conditions) and any outstanding Arrears of Interest. The Issuer furthermore has the right to redeem the Securities (in whole but not in part), at any time (other than during the Relevant Period or upon any subsequent Interest Payment Date) at the Make-whole Redemption Amount (as more particularly described in Condition 6). In addition, upon the occurrence of an Accounting Event, a Capital Event, a Change of Control Event, a Tax Event, a Withholding Tax Event or a Substantial Purchase Event (each such term as defined in the Conditions), the Securities will be redeemable (at the option of the Issuer) in whole, but not in part, at the prices set out, and as more particularly described, in Condition 6 (*Redemption and Purchase*).

The Securities will constitute direct, unsecured and subordinated obligations of the Issuer and will at all times rank *pari passu* and without any preference among themselves and with the (i) €1,000,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities, (ii) €700,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities, (iii) €800,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities, (iv) €1,600,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities and (v) €1,400,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities, in each case, issued by Iberdrola International B.V. and unconditionally and irrevocably guaranteed on a subordinated basis by Iberdrola, S.A., all as more particularly described in Condition 2 (*Status and Subordination of the Securities and Coupons*). The payment obligations of the Guarantor under the Guarantee will constitute direct, unsecured and subordinated obligations of the Guarantor and will at all times rank *pari passu* and without any preference among themselves. In the event of the Guarantor being declared in insolvency under Spanish insolvency law, the rights and claims of Holders (as defined in the Conditions) against the Guarantor in respect of or arising under the Guarantee will rank, as against the other obligations of the Guarantor, in the manner more particularly described in Condition 3 (*Guarantee, Status and Subordination of the Guarantee*).

Payments in respect of the Securities 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 of the Netherlands or the Kingdom of Spain, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, additional amounts will be payable by the Issuer or, as the case may be, the Guarantor, subject to certain exceptions as are more fully described in Condition 8 (*Taxation*). See "*Taxation*".

Application has been made to admit the Securities to the official list of the Luxembourg Stock Exchange (the "Official List") and to trading on the Luxembourg Stock Exchange's Euro MTF Market (the "Euro MTF Market"). The Euro MTF Market is not a regulated market for the purposes of Directive 2014/65/EU (as amended, "MiFID II") of the European Parliament and of the Council on markets in financial instruments. References in this Offering Circular to the Securities being "listed" (and all related references) shall mean that the Securities have been admitted to the Official List and admitted to trading on the Euro MTF Market.

The Securities are in bearer form and in the denomination of €100,000 each. The relevant Securities will initially be represented by a temporary global security (each a "Temporary Global Security"), without interest coupons or talons, which will be deposited with a common depositary on behalf of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, S.A. ("Clearstream, Luxembourg") on or about the Issue Date. Interests in each Temporary Global Security will be exchangeable for interests in a permanent global security (each a "Permanent Global Security" and together with each Temporary Global Security, the "Global Securities") as set out in each Temporary Global Security. Each Permanent Global Security will be exchangeable for definitive Securities (the "Definitive Securities") as set out in the Permanent Global Security. See "*Summary of Provisions relating to the Securities while in Global Form*".

The Securities are expected to be rated BBB- by Standard & Poor's Credit Market Services Europe Limited ("S&P"), Baa3 by Moody's Investors Service Limited ("Moody's") and BBB by Fitch Ratings Limited ("Fitch"). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Each of S&P, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Offering Circular.

Global Coordinators and
Structuring Agents to the Issuer and Guarantor

Banco Bilbao Vizcaya Argentaria, S.A. **Citigroup**

Joint Bookrunners

Banco Bilbao Vizcaya Argentaria, S.A. **BofA Securities**

CaixaBank **Citigroup**

Commerzbank **Credit Suisse**

Goldman Sachs Bank Europe SE **IMI-Intesa Sanpaolo**

ING **NATIXIS**

NatWest Markets **SMBC Nikko**

Santander

IMPORTANT INFORMATION

This Offering Circular constitutes a prospectus for the purposes of the Luxembourg Act dated July 16, 2019 on Prospectuses for securities. This document does not constitute a prospectus for the purposes of Regulation (EU) 2017/1129, as amended. The Issuer and the Guarantor accept responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular may only be used for the purposes for which it has been published.

This Offering Circular is to be read in conjunction with all the documents which are incorporated herein by reference (see "Documents Incorporated by Reference"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any of the Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The offer or sale of Securities may be restricted by law in certain jurisdictions. None of the Issuer, the Guarantor or the Joint Bookrunners (as defined in "Subscription and Sale" below) represents that this Offering Circular may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor or the Joint Bookrunners which is intended to permit a public offering of the Securities or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Securities. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Securities in the United States, the United Kingdom, the European Economic Area, Italy, the Kingdom of Spain, Switzerland and Singapore, see "Subscription and Sale" below.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor or the Joint Bookrunners.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Securities shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Joint Bookrunners expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Securities or to advise any investor in the Securities of any information coming to their attention.

The Joint Bookrunners have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability (whether fiduciary, in tort or otherwise) is accepted by the Joint Bookrunners as to the accuracy or completeness of the

information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Securities. The Joint Bookrunners accept no liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Securities.

To the fullest extent permitted by law, none of the Joint Bookrunners accepts any responsibility for any act or omission of the Issuer or the Guarantor, or for the contents of this Offering Circular or for any other statements made or purported to be made by any Joint Bookrunner or on their behalf in connection with the Issuer, the Guarantor or the issue and offering of any Securities. Each of the Joint Bookrunners accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of any act or omission of the Issuer or the Guarantor, or this Offering Circular or any such statement.

No person is or has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering of any Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any Joint Bookrunner.

Neither this Offering Circular nor any other information supplied in connection with the Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor or the Joint Bookrunners that any recipient of this Offering Circular or any other information supplied in connection with the Securities should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Securities constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor or the Joint Bookrunners to any person to subscribe for or to purchase any Securities.

The Joint Bookrunners make no assurances as to (i) whether the Securities will meet investor criteria and expectations with regard to environmental impact and sustainability performance for any investors, (ii) whether the use of the net proceeds will be used for Eligible Green Projects or (iii) the characteristics of the Eligible Green Projects, including their environmental and sustainability criteria.

References in this section "Important Information" to a "Joint Bookrunner" shall include such entity in its capacity as a Joint Bookrunner or Global Coordinator and Structuring Agent to the Issuer and the Guarantor as well, as applicable.

The Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exceptions, Securities may not be offered, sold or delivered within the United States or to U.S. persons.

Unless otherwise specified or the context requires, references to "dollars", "U.S. dollars" and "U.S.$" are to United States dollars, references to "BRL" are to Brazilian Real and references to "euro" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

In connection with the issue of the Securities, Citigroup Global Markets Europe AG (the "Stabilisation Manager") (or any person acting on behalf of the Stabilisation Manager) may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Securities and 60 days after the date of the allotment of the Securities. Any

stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or any person(s) acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

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

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in the UK MiFIR; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation/Prohibition of sales to EEA retail investors – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of 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. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PRIIPs Regulation/Prohibition of sales to UK retail investors – The Securities 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 United Kingdom ("UK"). For these purposes, a retail investor means 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 domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of 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 domestic law by virtue of the EUWA (the "UK Prospectus Regulation"). Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Amounts payable under the Securities are calculated by reference to the 5 year Swap Rate which itself refers to ICESWAP2/EURSFIXA, which is provided by the ICE Benchmark Administration Limited ("IBA") and the Euro Interbank Offered Rate ("EURIBOR"), which is provided by the European Money Markets Institute ("EMMI"). As at the date of this Offering Circular, the EMMI appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "EEA BMR"). The transitional provisions in Article 51 of the EEA Benchmarks Regulation apply, such that ICE Benchmark Administration Limited is not currently required to obtain recognition, endorsement or equivalence.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (THE SFA) – the Securities are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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Overview

This overview must be read as an introduction to this Offering Circular and any decision to invest in the Securities should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference. Words and expressions defined in the Conditions shall have the same meanings in this section.

Issuer:	Iberdrola International B.V.
Issuer's Legal Entity Identifier ("LEI"):	549300ZMLFJKWC63XN87
Guarantor:	Iberdrola, S.A.
Guarantor's LEI:	5QK37QC7NWOJ8D7WVQ45
Description of Securities:	€1,000,000,000 6 Year Non-Call Undated Deeply Subordinated Reset Rate Guaranteed Securities (the "6 Year Non-Call Securities") and the €1,000,000,000 9 Year Non-Call Undated Deeply Subordinated Reset Rate Guaranteed Securities (the "9 Year Non-Call Securities", and together with the 6 Year Non-Call Securities, the "Securities"), to be issued by the Issuer on 9 February 2021 (the "Issue Date").
Global Coordinators and Structuring Agents to the Issuer and the Guarantor:	Banco Bilbao Vizcaya Argentaria, S.A. and Citigroup Global Markets Europe AG
Joint Bookrunners:	Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., BofA Securities Europe SA, CaixaBank, S.A., Citigroup Global Markets Europe AG, Commerzbank Aktiengesellschaft, Credit Suisse Securities, Sociedad de Valores, S.A., Goldman Sachs Bank Europe SE, ING Bank N.V., Intesa Sanpaolo S.p.A., NATIXIS, NatWest Markets N.V. and SMBC Nikko Capital Markets Europe GmbH
Fiscal Agent:	The Bank of New York Mellon, London Branch
Issue Price:	100.00 per cent.
Maturity Date:	Undated
Interest:	The 6 Year Non-Call Securities will bear interest on their principal amount: (i) from (and including) the Issue Date to (but excluding) the First Reset Date at a rate of 1.450 per cent. per annum commencing on 9 February 2022; and (ii) from (and including) the First Reset Date, at, in respect of each Reset Period, the relevant 5 year Swap Rate plus:

(A) in respect of the Reset Period commencing on the First Reset Date to (but excluding) the First Step-up Date, 1.832 per cent. per annum;

(B) in respect of the Reset Periods commencing on the First Step-up Date to (but excluding) the Second Step-up Date, 2.082 per cent. per annum; and

(C) in respect of any other Reset Period from and including the Second Step-up Date, 2.832 per cent. per annum,

all as determined by the Agent Bank (subject to the operation of Condition 4 (d)), payable annually in arrear on each Interest Payment Date.

The 9 Year Non-Call Securities will bear interest on their principal amount:

(i) from (and including) the Issue Date to (but excluding) the First Reset Date at a rate of 1.825 per cent. per annum commencing on 9 February 2022; and

(ii) from (and including) the First Reset Date, at, in respect of each Reset Period, the relevant 5 year Swap Rate plus:

(A) in respect of the Reset Period commencing on the First Reset Date to (but excluding) the First Step-up Date, 2.049 per cent. per annum;

(B) in respect of the Reset Periods commencing on the First Step-up Date to (but excluding) the Second Step-up Date, 2.299 per cent. per annum; and

(C) in respect of any other Reset Period from and including the Second Step-up Date, 3.049 per cent. per annum,

all as determined by the Agent Bank (subject to the operation of Condition 4 (d)), payable annually in arrear on each Interest Payment Date.

All as more particularly described in Condition 4.

If the Issuer does not elect to redeem the Securities in accordance with Condition 6(f) following the occurrence of a Change of Control Event, the then Prevailing Interest Rate, and each subsequent Prevailing Interest Rate otherwise determined in accordance with the Conditions, on the Securities shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control Event occurred. See Condition 4.

Interest Payment Dates:	Interest payments in respect of the Securities will be payable annually in arrear on 9 February in each year, commencing on 9 February 2022.
Status of the Securities:	The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer (senior only to Junior Obligations of the Issuer) and shall at all times rank *pari passu* and without any preference among themselves.
Subordination of the Securities:	In the event of an Issuer Winding-up, the rights and claims of the Holders against the Issuer in respect of or arising under the Securities and the Coupons will rank (i) junior to the claims of all holders of Senior Obligations of the Issuer, (ii) *pari passu* with the claims of holders of all Parity Obligations of the Issuer and (iii) senior to the claims of holders of all Junior Obligations of the Issuer. Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities or the Coupons and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off. Condition 2(b) is an irrevocable stipulation (*derdenbeding*) for the benefit of the creditors of Senior Obligations of the Issuer and each such creditor may rely on and enforce this Condition 2(b) under Section 6:253 of the Dutch Civil Code.
Guarantee and Status of Guarantee:	Payment of all sums expressed to be payable by the Issuer under the Securities and the Coupons will be unconditionally and irrevocably guaranteed by the Guarantor on a subordinated basis. The payment obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor (senior only to Junior Obligations of the Guarantor) and will at all times rank *pari passu* and without preference among themselves.
Subordination of the Guarantee:	Subject to mandatory provisions of Spanish applicable law, in the event of the Guarantor being declared in insolvency (*concurso*) under Spanish insolvency law, the rights and claims of Holders against the Guarantor in respect of or arising under the Guarantee will rank (i) junior to the claims of the holders of all Senior Obligations of the Guarantor, (ii) *pari passu* with the claims of the holders of all Parity Obligations of the Guarantor and (iii) senior to the claims of the holders of all Junior Obligations of the Guarantor.
Optional Interest Deferral:	The Issuer may, at its sole discretion, elect to defer (in whole or in part) any payment of interest on the Securities,

	subject to limited exceptions, as more particularly described in Condition 5 (*Optional Interest Deferra*l). Non-payment of interest so deferred shall not constitute a default by the Issuer or Guarantor under the Securities or the Guarantor or for any other purpose. Any amounts so deferred, together with further interest accrued thereon (at the Prevailing Interest Rate applicable from time to time), shall constitute Arrears of Interest.
Optional Settlement of Arrears of Interest:	Arrears of Interest may be satisfied at the option of the Issuer, in whole or in part, at any given time upon giving not more than 14 and no less than seven Business Days' notice to the Holders, the Fiscal Agent and the Paying Agents prior to the relevant Optional Deferred Interest Settlement Date informing them of its election so to satisfy such Arrears of Interest (or part thereof) and specifying the relevant Optional Deferred Interest Settlement Date. If amounts in respect of Deferred Interest Payments and Additional Interest Amounts are paid in part: (i) all unpaid amounts of Deferred Interest Payment shall be payable before any of the Additional Interest Amounts; (ii) Deferred Interest Payments accrued for any period shall not be payable until full payment has been made of all Deferred Interest Payments that have accrued during any earlier period and the order of payment of the Additional Interest Amounts shall follow that of the Deferred Interest Payment to which it relates; and (iii) the amount of Deferred Interest Payment or Additional Interest Amounts payable in respect of any of the Securities in respect of any period, shall be pro rata to the total amount of all unpaid Deferred Interest Payments or, as the case may be Additional Interest Amounts accrued on the Securities in respect of that period to the date of payment. See Condition 5(b).
Mandatory Settlement of Arrears of Interest:	The Issuer shall pay any outstanding Arrears of Interest in whole, but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which any Deferred Interest Payment was first deferred. "Mandatory Settlement Date" means the earliest of: (i) as soon as reasonably practicable (but not later than the fifth Business Day) following the date on which a Compulsory Arrears of Interest Settlement Event occurs; (ii) on the next scheduled Interest Payment Date on which the Issuer does not elect to defer in whole the interest accrued in respect of the relevant Interest Period;

(iii) the date on which the Securities are redeemed or repaid in accordance with Condition 6 or become due and payable in accordance with Condition 9; or

(iv) the date on which the Securities are substituted or varied in accordance with Condition 12(c).

Subject to certain exceptions, as more particularly described in Condition 5 a "Compulsory Arrears of Interest Settlement Event" shall have occurred if:

(i) a Dividend Declaration is made in respect of any Junior Obligations or any Parity Obligations (other than in respect of any Dividend Declaration made exclusively in Ordinary Shares of the Guarantor); or

(ii) the Guarantor or any of its subsidiaries has repurchased, redeemed or otherwise acquired any Junior Obligations or any Parity Obligations,

all as more particularly described in Condition 5.

Optional Redemption:

The Issuer may redeem the Securities in whole, but not in part, on any date during the period commencing on (and including) (i) 9 November 2026 in respect of the 6 Year Non-Call Securities and (ii) 9 August 2029 in respect of the 9 Year Non-Call Securities and ending on (and including) the First Reset Date and on any Interest Payment Date thereafter at their principal amount together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest.

The Issuer furthermore has the right to redeem the Securities (in whole but not in part), at any time (other than during the Relevant Period or upon any subsequent Interest Payment Date) at the Make-whole Redemption Amount (as more particularly described in Condition 6).

In addition, upon the occurrence of an Accounting Event, a Capital Event, a Tax Event, a Withholding Tax Event, a Change of Control Event or a Substantial Purchase Event, the Securities will be redeemable (at the option of the Issuer) in whole, but not in part, at the prices set out, and as more particularly described, in Condition 6.

Events of Default:

There are no events of default in respect of the Securities. However, if an Issuer Winding-up occurs, or an order is made or an effective resolution passed for the winding-up, dissolution or liquidation of the Guarantor, then without notice from the Holder of any Security to the Fiscal Agent, each Security shall immediately become due and payable at its principal amount together with any accrued and unpaid interest and any outstanding Arrears of Interest.

	In such case the Holder of a Security may, at its sole discretion, institute steps in order to obtain a judgment against the Issuer and/or the Guarantor for any amounts due in respect of the Securities, including but not limited to proving and/or claiming in an Issuer Winding-up or in the winding-up, dissolution, liquidation or insolvency proceeding of the Guarantor for such amount.
Change of Control:	If a Change of Control Event has occurred and is continuing, the Issuer may elect to redeem the Securities in whole, but not in part, at any time, at the price set out, and as more particularly described in Condition 6. *At or around the Issue Date, the Guarantor intends (without thereby assuming any obligation) to undertake with and for the benefit of all holders of certain of its securities ("Qualifying Securities") that, for so long as any of the Securities is outstanding, following the occurrence of a Change of Control Event in respect of which it intends to deliver a notice exercising its right to redeem the Securities under Condition 6(f) it will do so only after making a tender offer, directly or indirectly, to all holders of Qualifying Securities to repurchase their respective Qualifying Securities at their respective aggregate nominal amounts together with any interest accrued until the day of completion of the repurchase.*
Additional Amounts:	Payments in respect of the Securities and the Coupons by the Issuer or (as the case may be) the Guarantor under the Guarantee will be made without withholding or deduction for, or on account of, Taxes of the Netherlands or the Kingdom of Spain, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, additional amounts will be payable by the Issuer or, as the case may be, the Guarantor, subject to certain exceptions as are more fully described in Condition 8(a).
Form:	The Securities will be classic global notes (CGNs) in bearer form and will initially be represented by a Temporary Global Security, without interest coupons or talons, which will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg on or about the Issue Date. Interests in each Temporary Global Security will be exchangeable for interests in a Permanent Global Security as set out in each Temporary Global Security. Each Permanent Global Security will be exchangeable for Definitive Securities as set out in each Permanent Global Security. See "Summary of Provisions relating to the Securities while in Global Form".

Denominations:	The Securities will be issued in denominations of €100,000.
Substitution or Variation:	If at any time a Tax Event, a Withholding Tax Event, an Accounting Event or a Capital Event has occurred on or after the Issue Date, then the Issuer or the Guarantor may, subject to Condition 12(c) (without any requirement for the consent or approval of the Holders) and having given not less than 10 nor more than 40 days' notice to the Fiscal Agent in accordance with Condition 14, the Holders (which notice shall be irrevocable), at any time either (i) exchange the Securities for new securities of the Issuer, the Guarantor or any wholly-owned direct or indirect finance subsidiary of the Guarantor with a guarantee of the Guarantor or (ii) vary the terms of the Securities, so that after such substitution or variation the Securities remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer or the Guarantor) more favourable tax, accounting or ratings treatment than the treatment to which they were entitled prior to the relevant event occurring.
Governing Law:	The Fiscal Agency Agreement, the Securities, the Coupons and the Guarantee and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law, other than the provisions of Condition 2(b) relating to the subordination of the Securities which are governed by and construed in accordance with the laws of the Netherlands, and the provisions of Condition 3(b) and Condition 3(c) and the corresponding provisions of the Guarantee which are governed by and construed in accordance with the laws of the Kingdom of Spain. See Condition 18.
Replacement Intention:	*The Guarantor intends (without thereby assuming any obligation) at any time that it or the Issuer will redeem or repurchase the Securities only to the extent that the aggregate principal amount of the Securities to be redeemed or repurchased does not exceed such part of the net proceeds received by the Guarantor or any subsidiary of the Guarantor on or prior to the date of such redemption or repurchase from the sale or issuance by the Guarantor or such subsidiary to third party purchasers (other than group entities of the Guarantor) of securities which are assigned by S&P, at the time of sale or issuance, an aggregate "equity credit" (or such similar nomenclature used by S&P from time to time) that is equal to or greater than the "equity credit" assigned to the Securities to be redeemed or repurchased at the time of*

their issuance (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), unless:

(i) *the rating assigned by S&P to the Guarantor is the same as or higher than the long-term corporate credit rating assigned to the Guarantor on the date when the most recent additional hybrid security was issued (excluding refinancings without net new issuance) and the Guarantor is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or*

(ii) *in the case of a repurchase or a redemption, taken together with other relevant repurchases or redemptions of hybrid securities of the Group, such repurchase or redemption is of less than (a) 10 per cent. of the aggregate principal amount of the outstanding hybrid securities of the Group in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the outstanding hybrid securities of the Group in any period of 10 consecutive years, or*

(iii) *in the case of a repurchase or redemption, such repurchase or redemption relates to an aggregate principal amount of Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Guarantor's hybrid capital to which S&P then assigns equity content under its prevailing methodologies, or*

(iv) *the Securities are redeemed pursuant to a Tax Event, a Capital Event, an Accounting Event, a Change of Control Event, a Substantial Purchase Event or a Withholding Tax Event, or*

(v) *if the Securities are not assigned an "equity credit" (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or*

(vi) *such redemption or repurchase occurs on or after the Reset Date falling on (i) 9 February 2047 in respect of the 6 Year Non-Call Securities and (ii) 9 February 2050 in respect of the 9 Year Non-Call Securities.*

Rating: The Securities are expected to be assigned on issue a rating of BBB- by S&P, a rating of Baa3 by Moody's and a rating of BBB by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time

	by the assigning rating agency. Each of S&P, Moody's and Fitch is established in the European Union and is registered under the CRA Regulation.
Listing and Admission to Trading:	Application has been made for the Securities to be listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market.
Selling Restrictions:	There are restrictions on offers of the Securities to EEA and UK retail investors and into, or to persons resident in, the United States (TEFRA D), the UK, Italy, the Kingdom of Spain, Switzerland and Singapore. See "Subscription and Sale". Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act.
Use of Proceeds:	The net proceeds of the issue of the Securities are estimated at €1,993,200,000. The net proceeds of the issue of the Securities will be used to finance and/or refinance, in whole or in part, Eligible Green Projects. See "Use of Proceeds".
Risk Factors:	Prospective investors should carefully consider the information set out in "Risk Factors" in conjunction with the other information contained or incorporated by reference in this Offering Circular.
ISIN:	6 Year Non-Call Securities: XS2295335413. 9 Year Non-Call Securities: XS2295333988.
Common Code:	6 Year Non-Call Securities: 229533541. 9 Year Non-Call Securities: 229533398.

Documents Incorporated By Reference

The following documents are incorporated by reference in, and form part of, this Offering Circular:

(a) the independent auditor's report and audited annual financial statements of the Issuer for the financial year ended 31 December 2019;

(b) the independent auditor's report and audited annual financial statements of the Issuer for the financial year ended 31 December 2018;

(c) the English language translation of the independent auditor's report and the English language translation of the audited consolidated annual financial statements of the Guarantor for the year ended 31 December 2019;

(d) the English language translation of the independent auditor's report and the English language translation of the audited consolidated annual financial statements of the Guarantor for the year ended 31 December 2018;

(e) the Sustainability Report 2019;

(f) the Integrated Report 2020;

(g) the Annual Corporate Governance Report 2019;

(h) the English language translation of each of the independent auditors' limited review report and the unaudited condensed consolidated interim financial statements of the Guarantor for the six-month period ended 30 June 2020; and

(i) the English translation of the interim unaudited consolidated financial information of the Guarantor for the nine-month period ended 30 September 2020.

The information set out in the table below is contained in the documents incorporated by reference in paragraphs (a) to (i) above.

Information incorporated by reference	*Page number*
Iberdrola International B.V.	
Annual report for 2019 (including independent auditor's report)	
Independent auditor's report	36-40
Directors' report	3-9
Balance sheet	11
Profit and loss account	12
Statement of cash flows	13
General notes to the financial statements	14-21
Notes to the balance sheet and the profit and loss account	22-34
Other information	35
Annual report for 2018 (including independent auditor's report)	
Independent auditor's report	36-41
Directors' report	3-8
Balance sheet	10
Profit and loss account	11

Iberdrola, S.A.

Annual Financial Report for 2019 (including audited consolidated annual financial statements)

Annual Financial Report for 2018 (including audited consolidated annual financial statements)

Sustainability Report 2019

Consolidated income statement	5
Consolidated statement of financial position	3-4
Quarterly report for nine months ended 30 September 2020	
Consolidated income statement	63
Consolidated statement of financial position	61-62

Any documents themselves incorporated by reference in the documents incorporated by reference into this Offering Circular shall not form part of this Offering Circular. Those parts of the documents incorporated by reference into this Offering Circular which are not specifically incorporated by reference into this Offering Circular are either not relevant for prospective investors in the Securities or the relevant information is included elsewhere in this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular are available, free of charge, from the registered office of the Issuer, the registered office of the Guarantor, from the specified offices of the Paying Agents for the time being in London and Luxembourg (at the discretion of the Paying Agents) and available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Risk Factors

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under the Securities. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Securities are also described below.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Securities, at the date of this Offering Circular, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with the Securities may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with the Securities

The Issuer has minimal share capital

The Issuer is one of the entities that issues debt securities within the group of companies which Iberdrola is the controlling entity in the sense established by the law (the "Iberdrola Group" or the "Group"). Furthermore, the Issuer has been established with a minimal share capital. The Issuer's principal liabilities will comprise the Securities and other debt securities issued by it and its principal assets will comprise its rights (if any) under agreements under which the net proceeds from the issue of the Securities and other debt securities are on-lent or deposited with the Guarantor or other members of the Group. Accordingly, in order to meet its obligations under the Securities, the Issuer is dependent on the Guarantor (or other members of the Group) meeting its obligations under such agreements or deposits or the Issuer being able to enforce its rights against the Guarantor (or other member of the Group) under such agreements or deposits. The fact that the Issuer is wholly owned by the Guarantor may limit the ability of the Issuer to enforce these obligations.

Risks relating to the Group's business activities, industries and operations

The activities of the different businesses that the Group develops are subject, to a greater or lesser extent and depending on their characteristics, to various risks inherent to the country where they operate. These risks include the following:

- Imposition of monetary limitations and other restrictions on the movement of capital.
- Changes in the trade environment and administrative policies.
- Economic crisis, political instability and social riots affecting operations.
- Nationalisation or expropriation of assets.
- Exchange rate fluctuations.
- Cancellation of operating licenses.
- Anticipated termination of Government contracts.

- Changes in tax rates in fees and taxes and/or new taxes.
- Other regulatory changes.

The results of the Group's subsidiaries, their market value and their contribution to the Group may be affected by such risks.

The Group has presence in the regulated businesses of electricity transmission and distribution in Spain, the UK, the United States (through Avangrid) and Brazil (through Neoenergia). In the United States, the Group also has presence in the natural gas distribution sector.

The Group operates in the renewables industry in Spain, the United States (through Avangrid), the UK, Mexico, Brazil (through Neoenergia) and other countries.

Finally, the Generation and Supply business of the Group operates in the thermal generation sector in Spain, Mexico and Brazil (through Neoenergia) and the electricity and gas retail segment in Spain and the UK and, to a lesser degree, in Brazil (through Neoenergia), Italy, France, Germany, Ireland and the United States (not included in Avangrid in the latter case from a corporate point of view).

The main operations of the Iberdrola Group are concentrated in Spain, the UK, the United States, Brazil and Mexico. The presence in countries other than those mentioned herein is not significant at a Group level from an economic point of view.

In relation to the Group's Network business, the regulations of each country in which it operates establish regularly revised frameworks, guaranteeing that these businesses will receive reasonable and predictable returns. These frameworks include incentives and penalties for efficiency, service quality and, where applicable, for credit cost, which have a minor, immaterial impact overall. Any structural and significant changes to the aforementioned regulation may represent a risk for the Network businesses.

In general, the profitability of the Iberdrola Group's Network businesses is not exposed to demand risk, except for the Brazilian subsidiaries. The Iberdrola Group's Network businesses in Spain and in the UK are not exposed to any market risk associated with energy prices.

The Network businesses in Brazil and some of the businesses in the US sell energy to regulated customers at a price determined by certain previously approved tariffs. The regulatory frameworks in both countries guarantee, in the ordinarily course of events, that sums will be collected in subsequent tariff readjustment reviews for possible purchase price deviations from those previously recognised in the tariff.

Given the above, in the case of extraordinary events (extreme drought in Brazil, catastrophic storms in the US, etc.), occasional temporary imbalances between payments and collections may arise with an impact on the cash flows of some of these businesses and potentially on profits recognised under International Financial Reporting Standards as adopted by the European Union (IFRS-EU).

As for the Group's Renewable business, which includes hydroelectric, wind (onshore and offshore) and photovoltaic generation, as well as storage (pumping and batteries) technologies, the regulations of each country in which the Group operates establish regulatory frameworks aimed at promoting the development of renewable energies based on regulated tariffs and on formulas which may include premiums, green certificates and tax deductions, which allow investors to obtain a sufficient and reasonable return. Any structural and significant changes to the aforementioned regulation may represent a risk for such businesses.

In addition to the aforementioned regulatory risk, the Group's Renewable Energy businesses may be exposed to a greater or lesser extent, among others, to resource risk (hydraulic, wind and solar), market risk and construction risk:

- In the medium to long term, years with lower than average water and/or wind resources are offset by years with above-average overall resources
- Water resource risk basically affects the Renewables business in Spain, and to a lesser extent Brazil.
- Despite having a large water storage capacity in Spain, Iberdrola Group's annual results depend significantly on the rainfall contributions. The changes in output from a dry year to a rainy year with respect to the average value can be up to -4,000 GWh in a dry year and +5,000 GWh respectively in Spain, and the variability would be between an estimated €-150 million and €+190 million.
- The risk of wind resources in any given year affects the Renewable Energy Businesses of all countries in which the Group operates. At a global level, the Group considers that the wind resource risk is mitigated by the large number of wind farms available and their geographical diversification.
- For those installations without regulated tariffs, or fixed price PPAs, market risk arises. Management of market risk of the Renewables Businesses in Spain, the UK, Brazil and Mexico is transferred to the Generation and Retail Businesses of those countries so that it can be integrated into a single risk position. Management of market risk of the Renewables Business in the US and Australia is integrated within the businesses themselves.
- Construction risk arises from the Group's renewable projects under construction and development in the different countries where it operates. Specifically, offshore wind projects require significant investments (even before the final investment decision) subject to complex proceedings, long construction deadlines, operating difficulties and technology risks.

In relation to its Generation and Retail businesses, the Group has a wide array of thermal generation plants in Spain and Mexico, a single thermal plant in Brazil and the US. The integration of risk positions between the Generation business (thermal and renewable) and the Retail business largely reduces the Group's market risk, in particular in Spain and Mexico. A significant number of the plants in Mexico and the Brazilian plant have long-term PPAs with the CFE (Mexican state electricity company) and the electricity distribution companies in Brazil respectively.

Main risks in the Generation and Retail business notwithstanding the explanation above are the following:

- Market prices for electricity, both wholesale and retail, are closely correlated with prices of fuel (oil and gas) and, if applicable, of emission rights or similar formulas.
- Spot prices in the wholesale electricity market exhibit marked volatility as a result of: 1) the volatility of spot prices of fuels and emission allowances, 2) fluctuating demand, 3) availability of wind or water and 4) possible operational problems in networks or power plants.
- Forward electricity prices are further influenced by projections of new generation plants coming on stream and of increases or decreases in future reserve capacity.
- In general terms: 1) margins of the Generation business (thermal and renewable sold to market) are subject to the risk of the differential between the wholesale spot price and the cost of production, and 2) margins of the Retail business are subject to i) the risk of the price differential between the wholesale spot market and forward retail prices, ii) the degree of competition among retailers and iii) the risk of possible regulatory intervention in the form of regulated tariffs, taxes or other obligations (i.e. Energy anti-poverty measures, maximum prices regulated in the UK, etc.).
- Risk of growth of the demand linked to the economic growth and demand variation as a result of changes in temperatures (in the long term warm years tend to compensate cold years).

From the perspective of its impact on business results, the main risk in respect of the Group's nuclear plant in Spain arises from unscheduled outages (partially covered by a loss of profits insurance policy over and above an excess).

The Group's nuclear power plants are also exposed to risks relating to their operations and risks arising from the storage and handling of radioactive materials.

In relation to the Group's Gas supply operations, in 2019 Iberdrola Group sold its LNG sale/purchase activity, including long-term supply contracts in Spain and LNG contracts with third parties. From 2020, Iberdrola has supplied gas at indexed prices to European markets.

In the Spanish case, gas supply is guaranteed through a medium-term gas agreement with Pavilion, through gas purchases at the PVB (Spanish virtual gas market) and through LNG spot cargoes.

In the UK, gas supply for Scottish Power is guaranteed through gas purchases at the NBP (UK virtual gas market).

Gas supply in Mexico is secured either through (i) long-term agreements with PEMEX and CFE at a price linked to international natural gas prices in the United States or (ii) procurement contracts in the United States (and, therefore, at a price that depends on the market price of gas in that country).

The Group also faces general operational risks. Direct or indirect losses may arise as a result of inadequate internal procedures, technical failures, human error or external factors in the Group's activities.

Key operational risks include the following:

- Malfunctions, explosions, fire, toxic spillages or polluted emissions in gas and electricity distribution networks and in both traditional and renewable generating plants.
- Force majeure cases.
- Sabotage and/or terrorism.
- Physical security.
- Operations in treasury and energy markets.
- System failures.
- Hazards at work and third-party accidents in own facilities.

Any of these risks could cause damage or destruction to the Group's facilities and financial losses, as well as injuries to third parties or damage to the environment, along with the ensuing lawsuits, especially in the event of power outages caused by accidents at our distribution networks and possible penalties imposed by the authorities.

Although many of these risks are unpredictable, the Group seeks to mitigates them by carrying out the necessary investments, implementing operation and maintenance procedures and programmes (supported by quality control systems), planning appropriate employee training, and taking out the required insurance covering both material damages and civil liability.

Climate change (which possible outcomes include less stable or predictable weather patterns) comprises several long-term risks which, to a greater or lesser extent, are not, however, new to the sector. Risks may be grouped in the following categories:

- Physical risks due to potential material impacts on facilities and the Group´s operating costs and business operations. These risks could be split into acute risks (increase severity of extreme weather

events) and chronic risk (changes in precipitation patterns and other natural resources). In this regard, the Group is dependent upon hydrological, solar and wind conditions prevailing from time to time in the geographic regions in which its facilities are located.

- Transition risks, linked to risks arising from global decarbonisation, such as regulatory, market price, technological, reputational and demand changes.
- Other risks, i.e., credit impairment of counterparties (suppliers, banks, etc.), social phenomena (humanitarian crises, impact on crops and fishing, refugee crises, epidemics, etc.) and larger competition for financial resources.

The impact of climate change, despite being perceivable already in the short-term (in the form of higher intensity and frequency of climate events in certain geographical areas), is progressive and acts over relatively long periods of time. This risk could be considered a systemic global risk.

Whilst the Group has implemented risk management tools in respect of climate change, has proven experience in the management of weather events and is focusing on growing in low emissions activities (such as renewable energies, integrating smart grids, electrification of transport and flexible smart networks), there can be no assurance that the Group will be able to adapt its business model and strategy successfully to the evolving physical and environmental effects of climate change. Any failure to do so could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

For further information on this risk, the mitigation factors and the TCFD reporting, please refer to the Sustainability Report 2019 and the section 4.5.5 of the consolidated directors' report of the audited consolidated annual accounts of the Guarantor for the financial year ended 31 December 2019.

The Group companies may be affected by threats and vulnerabilities in connection with information, control systems or information and communications systems used by the Group, or by any consequences of unauthorised access to or the use, disclosure, degradation, interruption, modification or destruction of information or information systems, including the consequences of acts of terrorism in respect of these.

Any of the below threats and vulnerabilities may impact on the Group's:

- Operations Technology (OT), such as IT and communications systems used to manage industrial operations (production, management and distribution of energy) or physical safety systems (fire protection, CCTV, alarm reception centres).
- Administration or customer interfaces (TI), in particular violation of their personal information, under the umbrella of General Data Protection Rules (GDPR) in Europe and other countries.
- Reputation.

These risks are managed in accordance with the basic principles defined in internal rules promoting the safe use of IT and communications systems and other cyber assets, reinforcing detection, prevention, defence and response abilities before possible attacks.

The risk control and management system of the Group observes the continuous follow-up and detection of emerging risks and risks of not a strict financial nature which the investors' community has been monitoring in the last years, such as the non-compliance with regulations and expectations of stakeholders in respect of environmental aspects, the impact on society and the Group's corporate governance (ESG). The impact said risks may have, which are reported both internally and externally, are of a varied nature and may be both economic and reputational.

In terms of fraud and corruption risks, Iberdrola Group has a Compliance system consisting of a set of substantive rules, formal procedures and material actions aimed at guaranteeing compliance with ethical principles and applicable legal provisions and preventing, avoiding and mitigating risks resulting from irregular, unethical or illegal behaviours from Iberdrola Group's professionals within the organisation. Departments and divisions which have been directly assigned with the execution and development of this set of rules, formal procedures and material actions are also part of the Compliance system. As part of the Compliance System, the Code of Ethics and the Compliance Unit must be highlighted. The system has been developed following the top domestic and international practices in terms of compliance, fraud prevention and fight against corruption.

For greater detail on these risks, please refer to the Sustainability Report 2019, as well as the Integrated Report 2020 and the Annual Corporate Governance Report 2019.

The Group's business in the UK may be affected by the UK's exit from the European Union following the UK's formal withdrawal on 31 January 2020 (Brexit). Whilst the EU and the UK have reached a trade agreement on their future relationship, it remains to be seen exactly how the trade agreement will be implemented. There remains the potential for an increase in regulatory and legal conflicts related to fiscal, commercial, security and employment issues.

Brexit will entail an economic adjustment regardless of the new economic and commercial relationship between the UK and the rest of Europe in the future. Investment, economic activity and employment would be the main variables affected, as well as volatility in financial markets, which could limit or condition access to capital markets. While the long-term effects of Brexit are difficult to predict, Brexit may continue to adversely affect volatility in the future in the value of the pound sterling or the euro.

For further information about all the risks reflected in this Section 2, please refer to the Integrated Report 2020, the Sustainability Report 2019, the Annual Corporate Governance Report 2019 and the section 4 of the consolidated directors' report of the audited consolidated annual accounts of the Guarantor for the financial year ended 31 December 2019.

Financial risks

The Group is structurally subject to financial risks over which it keeps a permanent control, monitoring the performance of the different financial markets where it operates and complying with the risk limits set by their Risks Policies.

Liquidity risk

Liquidity injection measures implemented by Central Banks since the very beginning of the COVID-19 pandemic have been absolutely key and effective to stabilize the markets and correct restrictions of liquidity, specially impacting in companies with worse ratings. The Group had a solid liquidity situation prior to COVID-19, which ensured not putting at risk the compliance with the Group's commitments, even under the scenario of full closure of markets.

However, in order to guarantee liquidity in case of additional deterioration of the businesses' cash generating capacities, liquidity sources were increased, proving that, even under a scenario of low liquidity, the Group has the support of both fixed rent investors and banking entities at competitive prices.

At 30 June 2020 the Group had a solid liquidity position in cash and enough available credit lines to comfortably comply with liquidity requirements even in the case of a greater contraction of markets.

Interest rate risk

Within the measures adopted by central banks, lowering official interest rates has been one of the main leverage tools to reactivate the economy. They have dropped significantly. Under this scenario, the Group has benefited from this reduction in rates for both floating rate debt and new financing and liquidity transactions.

Moreover, the current uncertainty presents a scenario where low rates are to be expected, reducing short and medium-term interest rate risk.

Exchange rate risk

COVID-19 has caused strong instability in currency markets, more pronounced in emerging countries. In particular, as to emerging markets where the Group operates, the depreciation of currencies (Mexican Peso and Brazilian reals) has been very marked.

Despite this scenario, the impact of this depreciation in the Company's results has been at all times controlled and has been kept under the risk limits set. This has enabled to mitigate the impact significantly.

Furthermore, the Group's diversification in the different geographies and the strength of the business currencies such as the Euro, the US dollar and the Pound Sterling acts as an important mitigating factor for the stability of the Group's results.

Finally, as of 30 June 2020, the following should be noted:

- There was no evidence the COVID-19 pandemic may have had a long-term impact on performance which may have had a significant impact on the valuation of the non-financial assets of the Group.
- With regards to financial assets, on top of the provisions accrued related to credit risk of customers, it must be noted that the Group's other financial instrument counterparties have solid credit ratings. Therefore, it has not had a material effect on the valuation of expected credit loss recognised in the referred period. However, the Group's intention is to follow up the credit risk of its financial assets insofar as new information is available that enables calculations on expected loss to be more precise.
- The Group has decided the market fluctuations associated with COVID-19 may affect defined pension plans and the valuation of plan assets. Therefore, at 30 June 2020 new actuarial assessments on the pension obligations have been carried out and on said date the related assets have been updated.

For further reference about all the risks previously identified, please refer to notes 3, 14, 15 and 18 and sections 1.1 and 1.3 of the interim directors' report of the Condensed Consolidated Interim Financial Statements of the Group for the six-month period ending on 30 June 2020.

Although it is not possible to know the precise impact that COVID-19 will have on the Group, it must be noted that as a result of COVID-19 the Group companies have faced, and probably will continue to face in the upcoming months, an increase in their traditional credit, market, financial, operating and regulatory risks. The specific impact will depend on future events, highlighting among them the level of expansion and the severity of the virus and the effectiveness of announced and already ongoing measures to contain its impact. Please refer to "*Risk relating to macro-economic conditions"* for more information on the impact of COVID-19.

Legal and regulatory risk

The regulated and liberalised businesses of the Iberdrola Group are subject to laws and regulations concerning tariffs (especially the regulated business and the renewables business) and other aspects of their activities in each of the countries in which the Group operates. In addition, the Group is subject to laws and regulations concerning environmental requirements and other aspects of its activities (such as reporting, health and safety and corporate governance). Whilst a description of certain relevant regulations to the business of the Group is contained in Appendix II of the audited consolidated annual accounts of the Guarantor, prospective investors

and their advisers should make their own analysis of the legislation and regulations applicable to the Group and of the impact they may have on the Group for the purposes of evaluating any investment in the Securities.

The tariffs (mainly applicable to the "Network" business) in the countries and regions where the Group operates are generally subject to periodic review by the regulatory authorities.

The Group is unable to predict future changes to any of the laws or regulations applicable to its businesses or to their interpretation. The introduction of any such changes or new regulatory requirements may adversely impact the remuneration received by the Group for its regulated activities, as well its operating, capital and raw material costs, all of which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

For further details on the legislative and regulatory context in which the Iberdrola Group operates, see also the section entitled "Description of Iberdrola—Regulation" herein.

In addition, the Group is subject to extensive environmental protection laws and regulations that require the preparation of environmental impact studies, the maintenance of relevant authorisations, licences and permits and the fulfilment of certain other requirements.

Any such environmental authorisations and licences may not be granted or may be revoked as a result of, among others, a breach of the conditions imposed by such authorisations or may be amended and any of this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations

In respect to litigation and arbitration, the Group companies are party to certain in-court and out-of-court disputes within the ordinary course of their activities, the final result of which, in general, is uncertain. An adverse result could have a material adverse effect on the Iberdrola Group's business, prospects, financial condition and results of operations. However, the Group has provisioned for responsibilities arising from litigation in progress and from indemnity payments, obligations, collateral and other similar guarantees, and those aimed at covering environmental risks, according to its criteria and independent legal reports. See Note 26 and Note 44 of the audited consolidated annual accounts of the Guarantor for the financial year ended 31 December 2019.

The Group may engage in acquisitions and investments and disposals from time to time

The Group may engage in acquisitions, investments and disposals of interests from time to time. There can be no assurance that the Group will identify suitable acquisition opportunities, obtain the financing necessary to complete and support such acquisitions or investments, acquire businesses on satisfactory terms, or that any acquired business will prove to be profitable. In addition, acquisitions and investments involve a number of risks, including possible adverse effects on the Group's operating income, risks associated with unanticipated events or liabilities relating to the acquired assets or businesses which may not have been disclosed during due diligence investigations, difficulties in the assimilation of the acquired operations, technologies, systems, services and products, and risks arising from contractual conditions that are triggered by a change of control of an acquired company.

Any failure to successfully integrate such acquisitions could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

In particular:

On 21 October 2020, Avangrid, the US network subsidiary of Iberdrola, announced its merger with PNM Resources, Inc. ("**PNM**"), an owner of electrical power distribution concessions in the States of New Mexico and Texas and other regulated electricity businesses. Avangrid will acquire PNM at a price of USD 50.3 per share and total consideration of approximately USD 4.3 billion. The acquisition is subject to obtaining the necessary regulatory filings and approvals.

On 4 December 2020, Neoenergia S.A., the Brazilian subsidiary of Iberdrola, acquired 100 per cent. of the share capital of CEB Distribuição S.A., an owner of electrical power distribution concessions in the region of Brasilia. The aggregate price for CEB Distribuição's entire share capital will amount to BRL 2,515 million (equivalent to around EUR 400 million). The acquisition is subject to obtaining the necessary regulatory authorizations from the Brazilian authorities.

Risks relating to macro-economic conditions

Economic growth and macroeconomic conditions (for example, consumer confidence, unemployment trends and financial markets) of the countries where the Group operates can affect our operations, and even as a result of deterioration of the economy of third countries, given the high level of interconnectivity in the world today. The Group is not able to predict how the economic cycle is likely to develop in the short term or the coming years. Any further deterioration of the current economic situation in the markets in which the Group operates could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

Globally, worldwide or national health-related events, including the outbreak of contagious diseases, epidemics or pandemics, could significantly affect our operations.

COVID-19

On 11 March 2020 the World Health Organisation qualified as a pandemic the breakout of the coronavirus COVID-19. As a result, the main countries where the Group operates have progressively been adopting temporary measures to limit the spread of the COVID-19 that include or have included, among other, restrictions to the free movement of people, quarantine obligations, isolation or confinement, closure of boarders and of public and private premises (except for emergency and healthcare premises) which have had or will have a greater or lesser impact on the economic activity in the countries where the Group is present and its activities in particular. These measures have been relaxed in some cases as the pandemic evolves in each country.

In addition to the social impact that COVID-19 has had, this situation has resulted in a sharp contraction of GDP growth in 2020 in the countries where the Group is focused (followed hopefully by positive growth rates in 2021), a substantial increase in economic uncertainty and greater volatility in financial markets.

Moreover, in order to mitigate the economic impact of these measures and facilitate a faster financial recovery, the different governments and central banks have passed or announced several aid plans for economic recovery, including liquidity plans, soft loans, relaxing tax payments, measures to support the most vulnerable groups and the most affected sectors, as well as several regulatory measures. It must be noted that the regulated networks business in the countries where the Group is present have regulatory frameworks that recognise ordinary rate adjustments due to involuntary deviations in income and expenses and foresee extraordinary adjustments due to deviations resulting from force majeure causes, such as those resulting from the COVID-19. Based on the specific characteristics of each regulatory framework and of the legislation applicable in each country all, whether total or partial, impacts arising from the COVID-19 should be covered.

Demand and market risks

For the nine-month period ending on 30 September 2020 it must be noted that a drop in energy demand, combined with the impact of the drop in commodities prices (market risk), has brought down spot prices in wholesale markets and futures markets prices.

The risks derived from the temporary drop of electricity and gas demand of our large customers and SMEs (small and medium companies) were partially offset by a larger demand in our household customers. Lower income due to lower use of the grid in our regulated networks businesses in the United Kingdom, the United States and Brazil, as a result of the drop in electricity and gas demands, are considered to be involuntary and

temporary and should be recovered in upcoming rate readjustments or revisions, as provided by the legislation in force in each country.

The speed of recovery of electricity and gas demand will depend on the recovery speed of the economies in the different countries where the Group operates.

In terms of prices, the drop of international commodity prices and the prices of electricity and gas wholesale market prices in the countries where the Group is present resulted in a reduction in income in our traditional and renewable generation businesses, which has been offset, totally or partially, by the purchases carried out by of retail businesses at lower prices. The existence of fixed-price sale agreements (PPA) has also eliminated the impact of this drop in prices (for energy sold under this regime).

It must be highlighted that the strong drops in prices and the high volatility of prices have been due to brusque and temporary lack of adjustments between offer and demand, as a result of the confinement measures passed worldwide due to COVID-19. Once those confinement measures are over, prices should again be on the path to recovery.

Net Operating expenses and other impacts

The impact of higher costs in health and safety and transportation of employees and donations of healthcare material has been offset by lower costs from lower retail activity and other cuts in non-basic operating expenses.

Other not so significant impacts have been the temporary delay in the application of reviewed rates/tariffs in some distribution companies of the Group in the United States and Brazil, lower income due to connections to the distribution business in Spain and lower income for slight delays in the commissioning of some projects.

Although the Group has been affected by the interruption of works at certain periods and the processing of permits has slowed down, impacts are not considered to be material and no significant problems have been identified in the supply chain. The Group does not expect a significant impact on the commissioning dates of projects under construction, assuming no prolonged new lockdowns are implemented.

Bad debt provisions

The estimated increase in the Group's bad debt provisions in the first nine-month period of 2020 due to the COVID-19 (additional to those considered normal before the pandemic) amounted to €92 million as a result of the measures adopted by several governments who have considered the deferment of payments of electricity and gas supply and the deferral plans granted by the Group to its customers.

Although it is not possible to know precisely the impact COVID-19 has had in the first nine-month period of 2020, the Group estimates that it has supposed lower gross operating profit (EBITDA) of €216 million which, together with the estimated increase in provisions for bad debts of €92 million, has reduced the Operating Profit (EBIT) by €308 million.

Operational risks

The Group has implemented from the first minute several follow-up and analysis committees both for the Group and nationwide, in order to promptly and continuously follow up the effects of the crisis and the answers required, from a social and economic perspective. There has been a fluid dialogue with regulators, institutions and governments.

The restrictions set by the different governments have had a limited impact on the ordinary development of essential and non-essential Group operations. Among the measures adopted by the Group the following stand out:

- Safety procedures and systems of measures have been reinforced for employees to keep performing their duties, including office and field duties, thus guaranteeing an essential activity (under adequate quality conditions) as is the energy supply.
- Electricity supply has been reinforced, in particular in essential infrastructures such as hospitals, facilitating payment conditions to customers and implementing protection measures directed at the most vulnerable groups.
- Overall, work from home has been implemented, in particular for office jobs.
- Non-basic operations have been rescheduled seeking the lowest impact possible on the health of employees and customers.

Risks related to the structure of the Securities

The Issuer's obligations under the Securities and the Coupons are subordinated

The Issuer's obligations under the Securities will be unsecured and subordinated obligations of the Issuer and will rank junior to the claims of unsubordinated and other subordinated creditors of the Issuer, except for subordinated creditors whose claims are expressed to rank *pari passu* with, or junior to, the Securities. See Condition 2. By virtue of such subordination, payments to a Holder of Securities will, in the event of an Issuer Winding-up (as described in the Conditions), only be made after, and any set-off by a Holder of Securities shall be excluded until, all obligations of the Issuer resulting from higher ranking claims have been satisfied. A Holder of Securities may therefore recover less than the holders of unsubordinated or other subordinated liabilities of the Issuer. Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities and each Holder shall, by virtue of being the Holder of any Security, be deemed to have waived all such rights of set-off. Although subordinated debt securities may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Securities will lose all or some of his investment should the Issuer become insolvent.

The Guarantee is a subordinated obligation

The Guarantor's obligations under the Guarantee will be unsecured and subordinated obligations of the Guarantor. In the event of the Guarantor being declared in insolvency ("*concurso*") under the Spanish Insolvency Law (as defined below), the Guarantor's obligations under the Guarantee will be subordinated in right of payment to the prior payment in full of all other liabilities of the Guarantor, except for obligations which rank equally with or junior to the Guarantee. See Condition 3.

Holders of the Securities are advised that unsubordinated liabilities of the Guarantor may also arise out of events that are not reflected on the balance sheet of the Guarantor including, without limitation, the issuance of guarantees on an unsubordinated basis. Claims made under such guarantees will become generally unsubordinated liabilities of the Guarantor that in the insolvency of the Guarantor will need to be paid in full before the obligations under the Guarantee may be satisfied.

There are no events of default or cross default under the Securities

The Conditions do not provide for events of default or cross default allowing acceleration of the Securities if certain events occur. Accordingly, if the Issuer or the Guarantor fails to meet any obligations under the Securities or the Guarantee, as the case may be, including the payment of any interest, investors will not have the right to require the early redemption of principal. Upon a payment default, the sole remedy available to the Holders for recovery of amounts owing in respect of any payment of principal or interest on the Securities will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, in no event shall the Issuer

or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

The Securities are undated securities

The Securities are undated securities, with no specified maturity date. The Issuer is under no obligation to redeem or repurchase the Securities at any time and the Holders have no right to require redemption of the Securities. Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Securities for an indefinite period of time and may not recover their investment in the foreseeable future.

The Issuer may redeem the Securities under certain circumstances

Holders should be aware that the Securities may be redeemed at the option of the Issuer in whole, but not in part, at the Make-whole Redemption Amount (as defined in the "Conditions") on any date other than during the period from and including 9 November 2026 in respect of the 6 Year Non-Call Securities and 9 August 2029 in respect of the 9 Year Non-Call Securities and ending on (and including) the First Reset Date of the Securities (as defined in the "Conditions") or on any relevant Interest Payment Date (as defined in the "Conditions") thereafter. The Securities may also be redeemed at their principal amount (plus any accrued and outstanding interest and any outstanding Arrears of Interest) on any date during the period commencing on (and including) 9 November 2026 in respect of the 6 Year Non-Call Securities and 9 August 2029 in respect of the 9 Year Non-Call Securities and ending on (and including) the First Reset Date of the Securities (as defined in the "Conditions") and on any relevant Interest Payment Date (as defined in the "Conditions") thereafter.

The redemption at the option of the Issuer may affect the market value of the Securities. During any period when the Issuer may elect to redeem or is perceived to be able to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed.

The Issuer may be expected to redeem the Securities when its cost of borrowing is lower than the interest rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Securities are also subject to redemption in whole, but not in part, at the Issuer's option upon the occurrence of an Accounting Event, a Capital Event, a Change of Control Event, a Tax Event, a Withholding Tax Event or a Substantial Purchase Event (each as defined in Condition 19 of the "Conditions"). The relevant redemption amount may be less than the then current market value of the Securities.

The Issuer might not be able to redeem the Securities after a Change of Control Event

At or around the Issue Date, the Guarantor intends to undertake to holders of certain of its securities ("Qualifying Securities") that following the occurrence of a Change of Control Event in respect of which the Issuer intends to deliver a notice exercising its right to redeem the Securities under Condition 6(f), it will do so only after making a tender offer, directly or indirectly, to all holders of Qualifying Securities to repurchase the Qualifying Securities at their respective aggregate nominal amounts together with any interest accrued until the day of completion of the repurchase. As a consequence, Holders should be aware that there may not be sufficient funds to redeem the Securities after the repurchase of Qualifying Securities.

No obligation to pay additional amounts if payments in respect of the Securities are subject to the 2021 Netherlands conditional interest withholding tax

The Netherlands introduced a withholding tax on interest payments which entered into effect as of 1 January 2021. This interest withholding tax applies to interest payments made by the Issuer to affiliated entities (i)

resident in low-tax jurisdictions designated as such by the Dutch Ministry of Finance (generally, a jurisdiction (a) with a corporation tax on business profits with a general statutory rate of less than 9%, or (b) a jurisdiction included in the EU list of non-cooperative jurisdictions), or (ii) in certain abusive situations.

Generally, an entity is considered to be affiliated (*gelieerd*) to the Issuer for these purposes if such entity, either individually or as part of a collaborating group (*samenwerkende groep*), has a decisive influence on the Issuer's decisions, in such a way that it, or the collaborating group of which it forms part, is able to determine the activities of the Issuer. An entity, or the collaborating group of which it forms part, that holds more than 50% of the voting rights in the Issuer, or in which the Issuer holds more than 50% of the voting rights, is in any event considered to be affiliated. An entity is also considered to be affiliated if a third party holds more than 50% of the voting rights both in such entity and the Issuer.

In case payments made by the Issuer in respect of the Securities are subject to this interest withholding tax under the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*) as published in the Official Gazette (*Staatsblad*) Stb. 2019, 513 of 27 December 2019, the Issuer will make the required withholding of such taxes for the account of the relevant holder(s) of Securities without being obliged to pay any additional amounts to the relevant holder(s) of Securities in respect of the interest withholding tax. Prospective investors in the Securities should consult their own tax advisers as to whether this interest withholding tax is relevant to them.

The Issuer may redeem the Securities after a Tax Event relating to an intra-group loan

The net proceeds of the issue of the Securities will be on-lent by the Issuer to Iberdrola, S.A. pursuant to a Subordinated Loan (as defined in the Conditions). The Issuer may redeem the Securities in certain circumstances, including if, as a result of a Tax Law Change (as defined in the Conditions), in respect of (i) the Issuer's obligation to make any payment under the Securities (including any Interest Payment) on the next following Interest Payment Date; or (ii) the obligation of Iberdrola, S.A. to make any payment in favour of the Issuer under the Subordinated Loan on the next following due date for such payment, the Issuer or Iberdrola, S.A. (as the case may be) would no longer be entitled to claim a deduction in respect of computing its tax liabilities in the Netherlands or in Spain (as the case may be), or such entitlement is materially reduced.

The direct connection between a Tax Event and the Subordinated Loan may limit the Issuer's ability to prevent the occurrence of a Tax Event, and may increase the possibility of the Issuer exercising its option to redeem the Securities upon the occurrence thereof.

The current IFRS-EU accounting classification of financial instruments such as the Securities as equity instruments may change, which may result in the occurrence of an Accounting Event

In June 2018, the IASB (International Accounting Standards Board) published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity" (the "DP/2018/1 Paper"). If the proposals set out in the DP/2018/1 Paper are implemented in their current form, the current IFRS-EU accounting classification of financial instruments such as the Securities as equity instruments may change and this may result in the occurrence of an Accounting Event. In such an event, the Issuer may have the option to redeem, in whole but not in part, the Securities pursuant to Condition 6(d). The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is uncertain. Accordingly, no assurance can be given as to the future classification of the Securities from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem the Securities pursuant to the Conditions. The period during which the Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event shall start on and include the Accounting Event Adoption Date, which is the earlier of such date that a change is officially announced in respect of IFRS-EU or officially adopted or put into practice.

The Issuer has the right to defer interest payments on the Securities

The Issuer may, at its discretion, elect to defer (in whole or in part) any payment of interest on the Securities. Any such deferral of interest payment shall not constitute a default for any purpose. See Condition 5 of the "Conditions". Any interest in respect of the Securities the payment of which is deferred will, so long as the same remains outstanding, constitute Arrears of Interest (as defined in the Conditions). Arrears of Interest will be payable as outlined in Conditions 5(b) and 5(c).

While the deferral of payment of interest continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Securities, as well as in other circumstances outlined in Condition 5(c), and in such event, the Holders are not entitled to claim immediate payment of interest so deferred.

As a result of the interest deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest payments are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's and/or the Guarantor's financial condition. Investors should be aware that any deferral of interest payments or any perceived increase in the likelihood thereof may have an adverse effect on the market price of the Securities.

Substitution or variation of the Securities

There is a risk that, after the issue of the Securities, a Tax Event, a Withholding Tax Event, an Accounting Event or a Capital Event may occur which would entitle the Issuer and/or the Guarantor, without any requirement for the consent or approval of the Holders, to substitute or vary the Securities (including the substitution of the Securities for securities issued by a wholly-owned finance subsidiary of the Guarantor resident in a tax jurisdiction other than the Netherlands or Spain), subject to certain conditions intended to protect the interests of the Holders, so that after such substitution or variation the Securities remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer or the Guarantor) more favourable tax, accounting or ratings treatment than the treatment to which they were entitled prior to the relevant event occurring. While such substitution or variation of the Securities is subject to certain conditions intended to protect the interests of the Holders (as a class) there can be no assurance that such substitution or variation will not have an adverse impact on the price of, and/or the market for, the Securities or the circumstances of individual Holders.

Further, prior to the making of any such substitution or variation, the Issuer, the Guarantor and the Fiscal Agent shall not be obliged to have regard to the tax position of individual Holders or to the tax consequences of any such substitution or variation for individual Holders. No Holder shall be entitled to claim, whether from the Fiscal Agent, the Issuer, the Guarantor, or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or variation upon individual Holders. Any such substitution or variation may have an adverse impact on the price of, and/or the market for, the Securities.

No limitation on issuing senior or pari passu securities or other liabilities

There is no restriction on the amount of securities or other liabilities which the Issuer or the Guarantor may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Securities or the Guarantee (as the case may be). The issue of any such securities, the granting of any such guarantees or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on the insolvency, winding-up, liquidation or dissolution of the Issuer or the Guarantor (as the case may be) and/or may increase the likelihood of a deferral of Interest Payments under the Securities.

If the Issuer's and/or the Guarantor's financial condition were to deteriorate, the Holders could suffer direct and materially adverse consequences, including loss of interest and, if the Issuer and/or the Guarantor were liquidated (whether voluntarily or not), the Holders could suffer loss of their entire investment.

Fixed rate securities have a market risk

A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the "Market Interest Rate"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. A change of the Market Interest Rate causes the price of such security to change. If the Market Interest Rate increases, the price of such security typically falls. If the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases. Investors should be aware that movements of the Market Interest Rate can adversely affect the price of the Securities and can lead to losses for the Holders if they sell the Securities.

Interest rate reset may result in a decline of yield

A Holder with a fixed interest rate that will be reset during the term of the Securities (as will be the case for the Securities on each Reset Date if not previously redeemed) is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of such securities in advance.

Any decline in the credit ratings of the Issuer and/or the Guarantor may affect the market value of the Securities

The Securities have been assigned a rating by S&P, Moody's and Fitch. The rating granted by each of S&P, Moody's and Fitch or any other rating assigned to the Securities may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. A credit rating is not a statement as to the likelihood of deferral of interest on the Securities. Holders have a greater risk of deferral of interest payments than persons holding other securities with similar credit ratings but no, or more limited, interest deferral provisions.

In addition, each of S&P, Moody's and Fitch, or any other rating agency may change its methodologies for rating securities with features similar to the Securities in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Securities sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Securities were to be subsequently lowered, this may have a negative impact on the trading price of the Securities.

Changes in rating methodologies may lead to the early redemption of the Securities

S&P, Moody's and Fitch (in each case as defined in the Conditions) may change their rating methodology or may apply a different set of criteria after the Issue Date (due to changes in the rating previously assigned to the Issuer and/or the Guarantor or to any other reasons), and as a result the Securities may no longer be eligible (or if the Securities have been partially or fully refinanced since the Issue Date and are no longer eligible for "equity credit" from such rating agency in part or in full as a result, all or any of the Securities that would no longer have been eligible as a result of an amendment, clarification, change in hybrid capital methodology or change in the interpretation had they not been refinanced) for the same or a higher amount of "equity credit" attributable to the Securities at the date of their issue, in which case the Issuer may redeem all of the Securities (but not some only), as provided in Condition 6(e).

EU Insolvency

From 26 June 2017, the new Regulation 2015/848, of the European Parliament and of the Council, of 20 May 2015, on insolvency proceedings (recast) (as amended, "Regulation 2015/848") is applicable to all Member States of the EU (in this section references to Member States relate to member states of the European Union excluding Denmark). This means that this regulation is applicable to all those insolvency proceedings that are initiated in a Member State, when the centre of main interest ("COMI") of the debtor is located in such countries.

Pursuant to Article 3(1) of the Regulation 2015/848 the COMI of a company is presumed to be in the Member State in which it has its registered office in the absence of proof to the contrary. This presumption only applies if the registered office has not been moved to another Member State within the three month period prior to the request for the opening of insolvency proceedings. Furthermore, preamble 30 of Regulation 2015/848 states that "it should be possible to rebut this presumption where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual centre of management and supervision and of the management of its interests is located in that other Member State." In that assessment factors such as where board meetings are held, the location where the company conducts the majority of its business or has its head office and the location where the majority of the company's creditors are established may all be relevant. A debtor's COMI is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to commence insolvency proceedings at the time of the filing of the insolvency petition.

If the COMI of a debtor is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the debtor under Regulation 2015/848 would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to Regulation 2015/848. Insolvency proceedings commenced in one Member State under Regulation 2015/848 are to be recognized in the other Member States, although territorial (secondary) insolvency proceedings may be commenced in another Member State.

If the COMI of a debtor is in one Member State under Article 3(2) of Regulation 2015/848, the courts of another Member State have jurisdiction to commence territorial (secondary) insolvency proceedings against that debtor only if such debtor has an "establishment" in the territory of such other Member State. An "establishment" (within the meaning and as defined in Article 2(10) of Regulation 2015/848) is defined as any place of operations where a debtor carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. Accordingly, the opening of territorial (secondary) insolvency proceedings in another Member State will also be possible if the debtor had an establishment in such Member State in the three-month period prior to the request for commencement of main insolvency proceedings. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Where main proceedings have been opened in the Member State in which the debtor has its COMI, any proceedings opened subsequently in another Member State in which the company has an establishment shall be secondary proceedings. Where main proceedings in the Member State in which the debtor has its COMI have not yet been opened, territorial insolvency proceedings can be opened in another Member State where the debtor has an establishment only where either: (a) insolvency proceedings cannot be opened in the Member State in which the debtor's COMI is situated under that Member State's law; or (b) the opening of territorial insolvency proceedings is requested by:

(i) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the opening of territorial proceedings is requested; or

(ii) a public authority which, under the law of the Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings.

Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor.

Any judgment opening insolvency proceedings handed down by a court of a Member State which has jurisdiction pursuant to Article 3 shall be recognised in all other Member States from the moment that it becomes

effective in the Member State of the opening of proceedings. This shall also apply where, on account of a debtor's capacity, insolvency proceedings cannot be brought against that debtor in other Member States.

Recognition of a main proceedings shall not preclude the opening of a secondary proceeding. The insolvency receiver appointed by a court in a Member State that has jurisdiction to open main proceedings (because the debtor's COMI is there) may exercise the powers conferred on it by the laws of that Member State in another Member State (such as to remove assets of the debtor from that other Member State), subject to certain limitations, so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets. Regulation 2015/848 has created a treatment for groups of companies experiencing difficulties by the commencement of group coordination proceedings and the appointment of an insolvency practitioner in order to facilitate the effective administration of the insolvency proceedings of the group members.

Effects of EU Directive 2019/1023 on Restructuring and Insolvency

On 16 July, 2019, the Directive (EU) 2019/1023 of the European Parliament and the Council of 20 June, 2019, on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (the "EU Restructuring Directive") entered into force. The Member States are required to pass national laws to implement the directive by 17 July 2021, at the latest.

The EU Restructuring Directive aims to harmonize the laws and procedures of Member States concerning preventive restructurings and insolvencies, to put in place key principles for all Member States on effective preventive restructuring and second chance frameworks, and measures to make all types of insolvency procedures more efficient by reducing their length and associated costs and improving their quality. The key feature of the EU Restructuring Directive is the introduction of a preventive restructuring framework. The EU Restructuring Directive sets out minimum EU standards to be applied by the Member States (i.e., minimum harmonization). Whereas certain features of the EU Restructuring Directive need to be transposed into national legislation, the EU Restructuring Directive leaves a large degree of discretion regarding the implementation of certain other features. In particular, when implementing the EU Restructuring Directive, Member States must ensure that, under their national laws, companies will have access to a pre-insolvency restructuring framework which permits a haircut of debt and other restructuring measures on the basis of a majority vote with a majority of not more than 75% of the amount of claims in each class and where applicable a majority by numbers (meaning, for instance, that an opposing creditor can be outvoted by the majority). The EU Restructuring Directive also provides for cross-class cramdown, i.e., even if the creditors of one class voting on the restructuring plan did not consent to the restructuring plan with the required majority, the restructuring plan might still be adopted and take effect for the dissenting creditors. Further, the EU Restructuring Directive provides for a stay on enforcement, which needs to be transposed into national legislation.

The implementation of the EU Restructuring Directive into national legislation might also include priority ranking for new financing. Although the EU Restructuring Directive also foresees a number of safeguards protecting creditors from abuse and although it is not clear how exactly the EU Restructuring Directive will be implemented in individual Member States, the current domestic insolvency law of some Member States may change substantially if they lack any of the mechanisms that the EU Restructuring Directive will make mandatory. This might have considerable repercussions for the position of creditors of a Member State legal entity. The description of the current Member State domestic insolvency regimes must, therefore, be read with the understanding that they might change substantially.

Risks arising in connection with the Dutch Insolvency Law

Where a debtor (incorporated in the Netherlands or elsewhere) has its "centre of main interest" or an "establishment" in the Netherlands, it may be subjected to insolvency proceedings in this jurisdiction. This is particularly relevant for the Issuer, which has its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands, and is therefore presumed (subject to proof to the contrary) to have its "centre of main interests" in the Netherlands.

There are two primary insolvency regimes under Dutch law applicable to legal entities. The first, suspension of payments (*surseance van betaling*), is intended to facilitate the reorganisation of a debtor's indebtedness and enable the debtor to continue as a going concern. The second, bankruptcy (*faillissement*), is primarily designed to liquidate and distribute the proceeds of the assets of a debtor to its creditors. Both insolvency regimes are set forth in the Dutch Bankruptcy Act. The consequences of both proceedings are roughly equal from the perspective of a creditor, with creditors being treated on a *pari passu* basis subject to exceptions. A general description of the principles of both insolvency regimes is set forth below.

Under Dutch law secured creditors (and in case of suspension of payment also preferential creditors (including tax and social security authorities)) may enforce their rights against assets of the debtor to satisfy their claims as if there were no insolvency proceedings. A recovery under Dutch law could, therefore, involve a sale of assets that does not reflect the going concern value of the debtor. Consequently, a creditor's potential recovery could be reduced in Dutch insolvency proceedings.

Any pending executions of judgments against the debtor will be suspended by operation of law when suspension of payments is granted and terminate by operation of law when bankruptcy is declared. In addition, any attachment by a creditor on the debtor's assets will cease to have effect upon the suspension of payments having become definitive, a composition having been ratified by the court or the declaration of bankruptcy (as the case may be) subject to the ability of the court to set an earlier date for such termination.

In a suspension of payments or a bankruptcy, a composition (*akkoord*) may be offered to creditors. A composition will be binding on all unsecured and non-preferential creditors if it is (i) approved by a simple majority of the creditors being present or represented at the creditors' meeting, representing at least 50 per cent. of the amount of the claims that are admitted for voting purposes, and (ii) subsequently ratified (*gehomologeerd*) by the competent Dutch court. Consequently, Dutch insolvency laws could preclude or inhibit the ability of the holders of the Securities to effect a restructuring and could reduce the recovery of a holder of Securities.

Claims against a debtor subject to Dutch insolvency proceedings will have to be verified in the insolvency proceedings in order to be entitled to vote and, in a bankruptcy liquidation, to be entitled to distributions. "Verification" under Dutch law means, in the case of suspension of payments, that the treatment of a disputed claim for voting purposes is determined and, in the case of a bankruptcy, that the value of the claim is determined and whether and to what extent it will be admitted in the insolvency proceedings. The valuation of claims that would not otherwise have been payable at the time of the proceedings may be based on a net present value analysis. Unless secured by a pledge or a mortgage, interest accruing after the date on which insolvency proceedings are opened cannot be verified. Where interest accrues after the date of opening of the proceedings, it can be admitted *pro memoria*.

The existence, value and ranking of any claims submitted by the holders of the Securities may be challenged in the Dutch insolvency proceedings. Generally, in a creditors' meeting (*verificatievergadering*), the receiver in bankruptcy, the administrator in suspension of payments proceedings, the insolvent debtor and all verified creditors may dispute the verification of claims of other creditors. Creditors whose claims or value thereof are disputed in the creditors' meeting may be referred to separate court proceedings (*renvooiprocedure*) in bankruptcy, while in suspension of payments the court will decide how a disputed claim will be treated for voting purposes. These situations could cause holders of Securities to recover less than the principal amount of

their Securities. *Renvooi* procedures could also cause payments to the holders of Securities to be delayed compared to holders of undisputed claims.

The Dutch Bankruptcy Act does not in itself recognise the concept of classes of creditors. Remaining amounts, if any, after satisfaction of the secured and the preferential creditors are distributed among the unsecured non-preferential creditors, who will be satisfied on a *pro rata* basis. Contractual subordination may to a certain extent be given effect in Dutch insolvency proceedings, with the actual effect largely depending on the way such subordination is construed.

Secured creditors may enforce their rights against assets of the debtor to satisfy their claims under a Dutch bankruptcy as if there is no bankruptcy. As in moratorium of payments proceedings, the court may order a "cooling down period" for a maximum of four months during which enforcement actions by secured creditors are barred unless such creditors have obtained leave for enforcement from the supervisory judge. Further, a receiver in bankruptcy can force a secured creditor to enforce its security interest within a reasonable period of time, failing which the receiver will be entitled to sell the secured assets, if any, and the secured creditor will have to share in the bankruptcy costs. Excess proceeds of enforcement must be returned to the bankrupt estate; they may not be set-off against an unsecured claim of the secured creditor in the bankruptcy. Such setoff is allowed prior to the bankruptcy, although a set-off prior to bankruptcy may be subject to clawback in the case of fraudulent conveyance or bad faith in obtaining the claim used for set-off.

Under Dutch law, a legal act performed by a debtor (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having a similar effect) can be challenged in an insolvency proceeding or otherwise and may be nullified by any of the debtor's creditors or its receiver in bankruptcy, if (a) it performed such act without an obligation to do so (*onverplicht*), (b) the creditor concerned or, in the case of its bankruptcy, any creditor was prejudiced as a consequence of the act, and (c) at the time the act was performed both it and (unless the act was for no consideration (*om niet*)) the party with or towards which it acted, knew or should have known that one or more of the debtor's creditors (existing or future) would be prejudiced. In addition, in the case of a person's bankruptcy, the receiver in bankruptcy may nullify its performance of any due and payable obligation (including (without limitation) an obligation under a guarantee or to provide security for any of its or a third party's obligations) if (i) the recipient of the payment or performance knew, at the time of the payment or performance, that a request for bankruptcy had been filed, or (ii) the performance of the obligation was the result of a consultation between the debtor and the payee with a view to give preference to the latter over the debtor's other creditors.

The Dutch Scheme

On 1 January 2021, a bill entered into force in the Netherlands for the implementation of a composition outside bankruptcy or moratorium of payments proceedings, which is referred to as the Act on Confirmation of Extrajudicial Restructuring Plans (*Wet homologatie onderhands akkoord* ("CERP")). Under the CERP, a proceeding is available to restructure debts of companies in financial distress outside insolvency proceedings (the "Dutch Scheme"). The CERP provides that a debtor or a court-appointed restructuring expert may offer creditors (including secured creditors) and shareholders a composition plan. Upon confirmation by the court, such plan is binding on the creditors and shareholders to which it has been offered and changes their rights. A composition plan under the CERP can also extend to claims against group companies of the debtor on the account of guarantees for the debtor's obligations, if inter alia (i) the relevant group companies are reasonably expected to be unable to continue to pay their debts as they fall due and (ii) the Dutch courts would have jurisdiction if the relevant group company would offer its creditors and shareholders a composition plan under the CERP. Jurisdiction of the Dutch courts under the CERP may extend to entities incorporated or residing outside The Netherlands on the basis that there is a connection with the jurisdiction of The Netherlands.

Under the CERP, voting on a composition plan is done in classes. Approval by a class requires a decision adopted with a majority of two-third of the claims of that class that have voted on the plan or, in the case of a class of shareholders, two-thirds of the shares of that class that have voted on the plan. The CERP provides for the possibility for a composition plan to be binding on a non-consenting class (cross-class cram down). Under the CERP, the court will confirm a composition plan if at least one class of creditors (other than a class of shareholders) that can be expected to receive a distribution in case of a bankruptcy of the debtor approves the plan, unless there is a ground for refusal. The court can, inter alia, refuse confirmation of a composition plan on the basis of (i) a request by an affected creditor of a consenting class if the value of the distribution that such creditor receives under the plan is lower than the distribution it can be expected to receive in case of a bankruptcy of the debtor or (ii) a request of an affected creditor of a non-consenting class, if the plan provides for a distribution of value that deviates from the statutory or contractual ranking and priority to the detriment of that class.

Under the CERP, the court may grant a stay on enforcement of a maximum of 4 months, with a possible extension of 4 months. During such period, inter alia, all enforcement action against the assets of (or in the possession of) the debtor is suspended, including action to enforce security over the assets of the debtor. Accordingly, during such stay a pledgee of claims may not collect nor notify the debtors of such pledged claims of its rights of pledge.

Claims of creditors against the Dutch Guarantors can be compromised as a result of a composition plan adopted and confirmed in accordance with the CERP. A composition plan under the CERP can extend to claims against entities that are not incorporated under Dutch law and/or are residing outside The Netherlands. Accordingly, the CERP can affect the rights of the holders of Securities.

Proposed Emergency Legislation to Protect Enterprises in Financial Distress due to the COVID 19 Pandemic

On 16 December 2020, emergency legislation regarding a temporary suspension of enforcement and other measures in support of enterprises during the COVID-19 crisis (*Tijdelijke wet COVID-19 SZW en JenV*) entered into force in the Netherlands. The emergency legislation provides for a court-ordered moratorium and several related protections which apply until 1 February 2021 and can, if and when necessary, be extended beyond that date for two-month periods at a time.

The measures of the proposed legislation apply to enterprises (other than regulated entities) whose continuity is threatened due to the COVID-19 pandemic. In response to a request from creditors (other than the Tax authorities) to declare the enterprise bankrupt or initiate the execution or seizure of assets, the enterprise/debtor can request the court to grant a moratorium vis-à-vis those creditors of two months (which may be extended twice at the request of the enterprise/debtor by two-month periods at a time), and if such moratorium is granted by the court then during such period:

(i) the bankruptcy petition is stayed;

(ii) payment obligations to those creditors are suspended, and any prior default does not, in and of itself, provide a legal basis to change the terms or suspend performance of, or terminate, an agreement with those creditors; and

(iii) if the court so decides, conservatory and executory attachments by those creditors are suspended, and no other enforcement measures can (continue to) be taken by those creditors against the assets of their debtor without the prior approval of the court.

The measures referred to in (iii) can also be requested in summary proceedings and attachments can be terminated as part of such proceedings. It is important to note that any measure of the court only affects those

creditors who requested the bankruptcy or initiated the execution or seizure of assets of the debtor. However, any request by other creditors will most likely result in the court taking the same decisions.

When considering the request to apply the measures discussed above, the court will need to establish that the enterprise/debtor has made it plausible that, solely or mainly due to the outbreak of the COVID-19-virus, the enterprise has not been able to continue its business as usual and as a result has temporarily become unable to pay its debts when they fall due. Creditors not covered by the moratorium retain these rights vis-à-vis their debtor. The enterprise/debtor is in any event presumed to be in this position if it can provide financial information that shows that prior to the outbreak of the COVID-19-virus or the restrictive measures announced since 15 March 2020 (i) it had sufficient liquidity to satisfy its due and payable debts, and (ii) its revenue decreased by at least 20% compared to the average revenue in the preceding three months. The court will further need to conclude that following the moratorium the enterprise/debtor will be able to satisfy its debts and that the creditor(s) that are affected are not significantly and unreasonably prejudiced as a result of the moratorium. When granting a moratorium, the court can take any measures it considers necessary to ensure the interests of the creditor(s) are not prejudiced.

Risks arising in connection with the Spanish Insolvency Law

Subordination of the claims of the Holders under the Guarantee as a result of a contractual subordination

The consolidated text of the Spanish Insolvency Law, approved by Royal Decree 1/2020 of 5 May 2020 (the "Spanish Insolvency Law") regulates court insolvency proceedings, as opposed to out-of-court liquidation, which is only available when the debtor has sufficient assets to meet its liabilities, as from September 1, 2020.

In addition, as a result of the COVID-19 health crisis, the Spanish Government has approved various extraordinary resolutions including, among others, Royal Decree Law 34/2020 (*Real Decreto-ley 34/2020, de 17 de noviembre, de medidas urgentes de apoyo a la solvencia empresarial y al sector energético, y en materia tributaria*) or Act 3/2020 (*Ley 3/2020, de 18 de septiembre, de medidas procesales y organizativas para hacer frente al COVID-19 en el ámbito de la Administración de Justicia*) ("Act 3/2020"). These resolutions have introduced several temporary and extraordinary measures that impact pre-insolvency and insolvency proceedings.

The insolvency proceedings, which are called "*concurso de acreedores*" are applicable to all persons or entities. These proceedings may lead either to the restructuring of the business (for example the sale of a business unit or the restructuring of the debt) or to the liquidation of the assets of the debtor.

A debtor (and in the case of a company, its directors) is required to apply for insolvency proceedings when it is not able to meet its current obligations within the term of two months as from the moment that it knows that it is insolvent or as from the moment it should have known it is insolvent. The debtor is also entitled to apply for such insolvency proceedings when it expects that it will shortly be unable to do so. Insolvency proceedings are available as a type of legal protection that the debtor may request in order to avoid the attachment of its assets by its creditors. Notwithstanding the foregoing, pursuant to article 6.1 of Act 3/2020, until 14 March 2021 (inclusive) debtors that are insolvent will not have the duty to file for insolvency proceedings, whether or not they have notified the judge that negotiations have been opened with creditors to reach a refinancing agreement, to reach an out-of-court payment agreement (*acuerdo extrajudicial de pagos*) or acceptances of a company voluntary arrangement (*propuesta anticipada de convenio*). Moreover, pursuant to article 6.2 of Act 3/2020, until 14 March 2021 (inclusive) the courts will not accept mandatory insolvency filings (including those filed since the state of emergency was declared on 14 March 2020). However, if a debtor voluntarily files for insolvency on or before 14 March 2021, this petition will be processed as a priority even if it comes after creditors petition for mandatory insolvency proceedings.

Creditors will not be able to accelerate the maturity of their credits based only in the declaration of the insolvency (*declaración de concurso*) of the debtor. Any provision to the contrary will be null and void.

The insolvency order contains an express request for the creditors to file their claims, within a one-month period as from the day after the publication of the insolvency proceeding in the Spanish Official Gazzette (*Boletín Oficial del Estado*), providing documentation to justify such credits. Based on the documentation provided by the creditors and that is held by the debtor, insolvency administration (*administrador concursal*) draw up an inventory and a list of acknowledged creditors and classify them according to the categories established under law: (i) post-insolvency debts (*créditos contra la masa*), (ii) secured claims, (iii) general preferential claims, (iv) ordinary claims / unsecured claims and (v) subordinated claims:

- Post-insolvency debts are not considered part of the debtor's general debt and are payable when due according to their own terms (and, therefore, are paid before other debts under insolvency proceedings). Post-insolvency debts include, among others, (i) certain amounts of the employee payroll, (ii) costs and expenses of the insolvency proceedings, (iii) certain amounts arising from services provided by the insolvent debtor under reciprocal contracts and outstanding obligations that remain in force after insolvency proceedings are declared and deriving from obligations to return and indemnify in cases of voluntary termination or breach by the insolvent debtor, (iv) those that derive from the exercise of a clawback action within the insolvency proceedings of acts performed by the insolvent debtor and correspond to a refund of consideration received by it (except in cases of bad faith), (v) certain amounts arising from obligations created by law or from the non-contractual liability of the insolvent debtor after the declaration of insolvency and until its conclusion, (vi) 50 per cent. of the funds lent under refinancing arrangements entered into in compliance with certain requirements set forth in the Spanish Insolvency Law and (vii) certain debts incurred by the debtor following the declaration of insolvency.

- Secured claims, representing attachments on certain assets (basically *in rem* security), up to the value, calculated in accordance with the law, of the security guaranteeing them. These privileges may entail separate proceedings, though subject to certain restrictions derived from a waiting period that may last up to one year. However, within such waiting period or while any enforcement proceedings remain suspended under the Spanish Insolvency Law, the insolvency administrators shall have the option to pay the relevant post-insolvency debts under specific payment rules. Privileged creditors are not bound by a creditors arrangement, except if they give their express support by voting in favour of the arrangement or, even if they dissent or abstain from voting, if the applicable majority (which depends on the content of the arrangement) of the relevant class of the privileged creditors vote in favour of the arrangement. In the event of liquidation, they shall be the first to collect payment against the attached assets.

- General preferential claims, including among others certain labour debts and certain debts with public administrations. Other debts with public administrations corresponding to tax debts and social security obligations are recognised as privileged for half their amount, and debts held by the creditor applying for the corresponding insolvency proceedings, other than subordinated debts, to the extent such application has been approved, up to a 50 per cent. of the amount of such debt. Funds under a refinancing arrangement entered into in compliance with certain requirements set forth in the Spanish Insolvency Law in the amount not admitted as post-insolvency debts will also be general preferential claims. The holders of general preferential claims are not to be affected by the restructuring except if they do give their express support by voting in favour of the arrangement or, even if they dissent or abstain from voting, if the applicable majority (which depends on the content of the arrangement) of the relevant class of the privileged creditors vote in favour of the arrangement. In the event of liquidation, they are the first to collect payment, in the order established under law.

- Ordinary claims / unsecured claims (non-subordinated and non-privileged creditors). They will be paid on a pro-rata basis.

- Subordinated claims (thus classified by virtue of law). Subordinated debts include, among others, profit participating loans and those debts held by parties in special relationships with the debtor: in the case of an individual, his/her relatives; in the case of a legal entity, the directors, the liquidators, the proxies with general powers and any shareholders holding, directly or indirectly, more than 5 per cent. (for companies which have issued securities listed on an official secondary market) or 10 per cent. (for companies which have not issued securities listed on an official secondary market) of the share capital and companies pertaining to the same group as the debtor and their common shareholders, provided that such shareholders meet the minimum shareholding requirements set forth before. Likewise, credits which have been contractually subordinated (as the Securities or the Guarantee) are classified as subordinated credits.

  Exceptionally, Article 7 of Act 3/2020 establishes that (i) credits deriving from "cash receipts from loans, credits or other analogous transactions" granted to the debtor "as from the declaration of the state of emergency" by a person in special relationship with the debtor; and (ii) third party credits to which parties in special relationships with the debtor have subrogated as a result of the payment by such party of any ordinary or privileged credit; will rank as ordinary claims if the insolvency proceeding is opened during the two years following the declaration of the state of emergency in Spain (i.e., before 14 March 2022).

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings. When compatible, in order to protect the interests of the debtor and creditors, the law extends the jurisdiction of the court dealing with insolvency proceedings, which is, then, legally authorised to handle any enforcement proceedings or interim measures affecting the debtor's assets (whether based upon civil, labour or administrative law).

Creditors holding security *in rem*, that had been traditionally allowed to enforce their debts against the secured asset notwithstanding the initiation of insolvency proceedings, are also generally subject to certain restrictions in order to initiate separate enforcement proceedings (or to continue with such proceedings, if they were being carried out), and if the secured asset is deemed to be necessary for the debtor's activities, enforcement cannot be carried out outside the insolvency proceedings. In summary, enforcement by the creditor is subject to a delay of a maximum of one year if such asset is deemed to be necessary for the debtors activities in which case enforcement cannot be carried out outside the insolvency proceedings.

There are no prior transactions that automatically become void as a result of initiation of the insolvency proceedings. The insolvency administration may only challenge those transactions that could be deemed as being "detrimental" to the debtor's interests, provided that they have taken place within two years prior to the declaration of insolvency (transactions taking place earlier than two years before insolvency has been declared are subject to the general regime of rescission in accordance with Article 238 of the Spanish Insolvency Law). Those transactions that are executed in the ordinary course of business, according to the business of the debtor, are not subject to challenge.

"Detrimental" does not refer to the intention of the parties, but to the consequences of the transaction on the debtor's interests. In any case, the law refers to transactions that are somehow exceptional: it is considered detrimental (as a non-rebuttable presumption) in the case of donations and early payment of unsecured obligations maturing after the insolvency declaration and detrimental is deemed to be (as a rebuttable presumption) in the case of transactions entered into with special related persons and the creation of rights *in rem* in order to secure existing obligations or those incurred to replace existing obligations and the cancellation

of obligations secured by an *in rem* security interest falling due after the declaration of Insolvency; in the remaining cases, damage would have to be justified.

The agreements in relation to the Securities could be challenged only if those transactions were deemed to have cause damage, as explained above.

Holders should be aware (i) of the effects of a declaration of insolvency of the Guarantor set out above, (ii) that their claims against the Guarantor would therefore be subordinated and (iii) subordinated creditors may not vote on an arrangement and have very limited chances of collection, according to the ranking established by law.

Risks related to the Securities generally

Set out below is a brief description of certain risks relating to the Securities generally:

The Securities may not be a suitable investment for all investors

The Securities are complex financial instruments. Each potential investor in the Securities must determine the suitability of that investment in light of such investor's own circumstances and its own objectives and experience and any other factors which may be relevant to it in connection with such investment, either alone or with the help of a financial advisor. In particular, each potential investor should:

(i) be experienced with respect to transactions on capital markets and notes and understand the risks of transactions involving the Securities;

(ii) reach an investment decision only after careful consideration of the information set forth in this Offering Circular and general information relating to the Securities;

(iii) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular;

(iv) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;

(v) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities;

(vi) understand thoroughly the terms of the Securities;

(vii) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the relevant risks;

(viii) make their own assessment of the legal, tax, accounting and regulatory aspects of purchasing the Securities; and

(ix) consult its legal advisers on legal, tax and related aspects of investment in the Securities.

Some potential investors are subject to restricting investment regulations. These potential investors should consult their legal counsel in order to determine whether investment in the Securities is authorised by law, whether such investment is compatible with their other borrowings or whether the Securities can be used as collateral for any such borrowings and whether other selling restrictions are applicable to them.

Securities issued as "Green Bonds" may not be a suitable investment for all investors seeking exposure to green assets

Regardless of whether the Securities are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities

market, no assurance is given by the Issuer, the Guarantor or the Joint Bookrunners that the use of such proceeds for any Eligible Green Projects (as defined under "*Use of Proceeds*" below) will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects. In addition, although the Issuer or the Guarantor agrees at the time of issue of the Securities to apply the proceeds of the issue as specified in, or substantially in accordance with, the eligibility criteria, it would not be an event of default under the Securities if the Issuer or the Guarantor were to fail either to comply with such obligations or to meet any timing schedule for whatever reason.

In connection with the issue of the Securities, a sustainability consulting firm has been requested to issue a second-party opinion confirming that the Eligible Green Projects have been defined in accordance with the broad categorisation of eligibility for green projects set out by the International Capital Market Association (ICMA) Green Bond Principles (GBP) and/or a second-party opinion regarding the suitability of the Securities as an investment in connection with certain environmental and sustainability projects (such second-party opinion, a "Second-party Opinion"). A Second-party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Securities or the projects financed or refinanced toward an amount corresponding to the net proceeds of the issue of the Securities. A Second-party Opinion would not constitute a recommendation to buy, sell or hold securities and would only be current as of the date it is released. In addition, although the Guarantor may agree at the time of issue of the Securities to certain reporting and use of proceeds (including in the case of certain divestments described under "*Use of Proceeds*") it would not be an event of default under the Securities if the Guarantor were to fail to comply with such obligations. A withdrawal of the Second-party Opinion may affect the value of the Securities and/or may have consequences for certain investors with portfolio mandates to invest in green assets. Such Second-party Opinion is not incorporated in, and does not form part of, this Offering Circular. No assurance is given that such Second-party Opinion correctly assesses the potential environmental impact of the issue of the Securities or the Issuer or Guarantor generally. Such Second-party Opinion generally is only current as of the date it is released and may be updated, suspended or withdrawn by the relevant provider(s) at any time. Currently the providers of green evaluations are not subject to any specific regulatory regime or other regime or oversight. Prospective investors must determine for themselves the relevance of any Second-party Opinion for the purpose of any investment in the Securities. In particular, no assurance or representation is made or given that any such Second-party Opinion reflects any present or future requirements, investment criteria or guidelines which may apply to any investor or its investments.

Any failure to apply the proceeds of the issue of the Securities in connection with Eligible Green Projects, or any failure to meet, or continue to meet the eligibility criteria, or the withdrawal of any Second-Party Opinion or the Securities no longer being listed or admitted to trading on any stock exchange or securities market may have a material adverse effect on the value of the Securities or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Prospective investors must determine for themselves whether the Securities meet their requisite investment criteria and conduct any other investigations they deem necessary to reach their own conclusions as to the merits of investing in the Securities.

Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change. Accordingly, no assurance is or can be given to investors in the Securities that any projects or uses the subject of, or related to, any Eligible Green Projects will meet any or all

investor expectations regarding such "green" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Projects.

Majority decisions bind all Holders

The Conditions of the Securities contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

Change of law

The Conditions of the Securities are based on laws in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to relevant law or administrative practice after the date of this Offering Circular.

There is no active trading market for the Securities

The Securities are new securities which may not be widely distributed and for which there is currently no active trading market. If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Guarantor. Although application has been made to admit the Securities to the official list of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF Market, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Securities.

The development or continued liquidity of any secondary market for the Securities will be affected by a number of factors such as general economic conditions, the financial condition, the creditworthiness of the Issuer and/or the Group, and the value of any applicable reference rate, as well as other factors such as the complexity and volatility of the reference rate, the method of calculating the return to be paid in respect of such Securities, the outstanding amount of the Securities, any redemption features of the Securities, the performance of other instruments linked to the reference rates and the level, direction and volatility of interest rates generally. Such factors also will affect the market value of the Securities. In addition, certain Securities may be designed for specific investment objectives or strategies and therefore may have a more limited secondary market and experience more price volatility than conventional debt securities.

Investors may not be able to sell Securities readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Securities unless the investor understands and is able to bear the risk that certain Securities will not be readily sellable, that the value of Securities will fluctuate over time and that such fluctuations will be significant.

Because the Global Securities are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantor

The Securities will be represented by the Global Securities except in certain limited circumstances described in the Permanent Global Security. The Global Securities will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Security, investors will not be entitled to receive Definitive Securities. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Securities. While the Securities are represented

by the Global Securities, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer and the Guarantor will discharge their payment obligations under the Securities by making payments to or to the order of the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Security must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Securities. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities.

Holders of beneficial interests in the Global Securities will not have a direct right to vote in respect of the Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Securities, and the Guarantor will make any payments under the Guarantee, in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euros would decrease (a) the Investor's Currency-equivalent yield on the Securities, (b) the Investor's Currency equivalent value of the principal payable on the Securities and (c) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Securities are legal investments for it, (b) the Securities can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of the Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

Regulation and reform of benchmarks

The determination of the Subsequent Fixed Interest Rate in respect of the Securities is dependent upon the relevant 6-month EURIBOR administered by the EMMI at the relevant time (as specified in the Conditions) and the 5 Year Swap Rate appearing on the Reuters Screen Page "ICESWAP2/EURSFIXA" provided by the IBA.

EURIBOR and other interest rate or other types of rates and indices which are deemed to be benchmarks ("benchmarks") are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. Any such consequence could affect the manner in which interest determinations are required to be made pursuant to the Conditions and have a material adverse effect on the value of and return on the Securities.

If the Issuer determines that a Benchmark Event (as defined in the Conditions) has occurred, then an Independent Adviser may set the rate of interest (without a requirement for the consent or approval of the Holders), by reference to a successor rate or an alternative reference rate and that successor rate or alternative reference rate may be adjusted (if required). The use of a successor rate or an alternative reference rate may, however, result in interest payments that are lower than, or otherwise do not correlate over time with, the payments that could have been made on the Securities if the relevant benchmark continued to be available in its current form. Furthermore, if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a successor rate or an alternative reference rate or any adjustments thereto in accordance with the Conditions, the ultimate fallback for a particular Reset Period may result in the 5 Year Swap Rate for the next succeeding Reset Period being equal to the last observable 5 year mid-swap rate for euro swap transactions on the Reset Screen Page. Any such consequence could have a material adverse effect on the value of and return on the Securities.

Notwithstanding the fallback provisions relating to Benchmark Events discussed above, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a reduction of the amount of "equity credit" assigned to the Securities by any Rating Agency when compared to the "equity credit" assigned to the Securities immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Securities for "equity credit" from any Rating Agency.

No consent of the Holders shall be required in connection with effecting any relevant successor rate or alternative reference rate (as applicable) or any other related adjustments and/or amendments described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Holder, any such adjustment will be favourable to each Holder.

Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Securities or could have a material adverse effect on the value or liquidity of, and the amount payable under the Securities. Investors should consider these matters when making their investment decision with respect to the Securities

Terms and Conditions of the 6 Year Non-Call Securities

The following are the terms and conditions substantially in the form in which they will be endorsed on the 6 Year Non-Call Securities. Sentences in italics shall not form part of these terms and conditions.

The issue of the €1,000,000,000 6 Year Non-Call Undated Deeply Subordinated Reset Rate Guaranteed Securities (the "Securities") was authorised by a resolution of the Board of Directors of Iberdrola International B.V. (the "Issuer") passed on 27 January 2021 and the guarantee of the Securities was authorised by a resolution of the Board of Directors of the Guarantor dated 20 October 2020 following the delegation of powers approved by resolutions dated 31 March 2017 of the General Shareholders' Meeting of the Guarantor under item 17 of the agenda. A fiscal agency agreement dated 9 February 2021 (the "Fiscal Agency Agreement") has been entered into in relation to the Securities between the Issuer, the Guarantor, The Bank of New York Mellon, London Branch as fiscal agent and agent bank and the paying agents named in it. The fiscal agent, the agent bank and the paying agents for the time being are referred to below respectively as the "Fiscal Agent", the "Agent Bank" and the "Paying Agents" (which expression shall include the Fiscal Agent). The Fiscal Agency Agreement includes the form of the Securities and the coupons relating to them (the "Coupons", which expression includes, where the context so permits, talons for further coupons (the "Talons")). Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents (at the discretion of the Paying Agents). The Holders of the Securities and the Holders of the Coupons (each as defined in Condition 1(b) below) (whether or not attached to the relevant Securities) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

1 Form, Denomination and Title

(a) **Form and denomination**: The Securities are serially numbered and in bearer form in the denomination of €100,000, each with Coupons attached on issue.

(b) **Title**: Title to the Securities and Coupons passes by delivery. The holder of any Security or Coupon (a "Holder") will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the Holder.

2 Status and Subordination of the Securities and Coupons

(a) **Status of the Securities and Coupons**: The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer (senior only to Junior Obligations of the Issuer) and shall at all times rank pari passu and without any preference among themselves.

(b) **Subordination of the Securities**: In the event of an Issuer Winding-up, the rights and claims of the Holders against the Issuer in respect of or arising under the Securities and the Coupons will rank (i) junior to the claims of all holders of Senior Obligations of the Issuer, (ii) *pari passu* with the claims of holders of all Parity Obligations of the Issuer and (iii) senior to the claims of holders of all Junior Obligations of the Issuer.

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

3 Guarantee, Status and Subordination of the Guarantee

(a) **Guarantee**: The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Securities and the Coupons on a subordinated basis. Its obligations in that respect (the "Guarantee") are set out in the deed of guarantee dated on the Issue Date and made by the Guarantor for the benefit of the Holders.

(b) **Status of the Guarantee**: The payment obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor (senior only to Junior Obligations of the Guarantor) and shall at all times rank *pari passu* and without any preference among themselves.

(c) **Subordination of the Guarantee**: Subject to mandatory provisions of Spanish applicable law, in the event of the Guarantor being declared in insolvency (*concurso*) under Spanish insolvency law, the rights and claims of Holders against the Guarantor in respect of or arising under the Guarantee will rank (i) junior to the claims of the holders of all Senior Obligations of the Guarantor, (ii) *pari passu* with the claims of the holders of all Parity Obligations of the Guarantor and (iii) senior to the claims of the holders of all Junior Obligations of the Guarantor.

4 Interest Payments

(a) **General**

The Securities bear interest at the Prevailing Interest Rate from (and including) 9 February 2021 (the "**Issue Date**") in accordance with the provisions of this Condition 4.

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

(b) **Interest Accrual**

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

Interest in respect of any Security shall be calculated per €100,000 in principal amount thereof (the "Calculation Amount"). The interest payable on each Security on any Interest Payment Date shall be calculated by multiplying the Prevailing Interest Rate for the Interest Period ending immediately prior to such Interest Payment Date by the Calculation Amount and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). Interest in respect of any Security for any Interest Period and where it is necessary to compute an amount of interest in respect of any Security for a period which is less than a complete year, shall be calculated on the basis of the actual number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next succeeding Interest Payment Date.

(c) **Prevailing Interest Rate**

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

(i) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 1.450 per cent. per annum, payable annually in arrear on each Interest Payment Date, commencing on 9 February 2022; and

(ii) from (and including) the First Reset Date, at, in respect of each Reset Period, the relevant 5 year Swap Rate plus:

(A) in respect of the Reset Period commencing on the First Reset Date to (but excluding) the First Step-up Date, 1.832 per cent. per annum;

(B) in respect of the Reset Periods commencing on the First Step-up Date to (but excluding) the Second Step-up Date, 2.082 per cent. per annum; and

(C) in respect of any other Reset Period from and including the Second Step-up Date, 2.832 per cent. per annum,

(each a "Subsequent Fixed Interest Rate") all as determined by the Agent Bank (subject to the operation of Condition 4(d)), payable annually in arrear on each Interest Payment Date, commencing on 9 February 2028, subject to Condition 5,

and where:

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

Subject to the operation of Condition 4(d), in the event that the relevant 5 year Swap Rate does not appear on the Reset Screen Page on the relevant Reset Interest Determination Date, the 5 year Swap Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date. "Reset Reference Bank Rate" means the percentage rate determined by the Agent Bank on the basis of the 5 year Swap Rate Quotations provided by five leading swap dealers in the interbank market selected by the Issuer (the "Reset Reference Banks") to the Agent Bank at approximately 11:00 a.m. (Central European time) on the relevant Reset Interest Determination Date. If (a) at least three quotations are provided, the 5 year Swap Rate will be determined by the Agent Bank on the basis of the arithmetic mean (or, if only three quotations are provided, the median) of the quotations provided, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); (b) if only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; (c) if only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and (d) if no quotations are provided, the Reset Reference Bank Rate for the relevant period will be equal to the last observable 5 year mid-swap rate for euro swap transactions on the Reset Screen Page, as determined by the Agent Bank.

The "**5 year Swap Rate Quotations**" means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 Day Count basis) of a fixed-for-floating euro interest rate swap which (i) has a term of five years commencing on the relevant Reset Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the six-month EURIBOR rate (calculated on the basis of the actual number of days elapsed and a year of 360 days)

(d) **Benchmark Replacement**

(i) *Independent Adviser:* Notwithstanding the provisions above in this Condition 4, if the Issuer (in consultation with the Fiscal Agent) determines that a Benchmark Event has occurred in relation to the Original Reference Rate when any interest rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(d)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(d)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 4(d) shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, or the Holders for any determination made by it, pursuant to this Condition 4(d).

If (A) the Issuer fails to appoint an Independent Adviser; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(d)(i) prior to the relevant Reset Interest Determination Date, the 5 Year Swap Rate applicable to the next succeeding Reset Period shall be equal to the last observable 5 year mid-swap rate for euro swap transactions on the Reset Screen Page, as determined by the Agent Bank. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(d)(i).

(ii) *Successor Rate or Alternative Rate*: If the Independent Adviser determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the interest rate (or the relevant component part thereof) for all future payments of interest on the Securities; or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the interest rate (or the relevant component part thereof) for all future payments of interest on the Securities.

(iii) *Adjustment Spread*: The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*: If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(d) and the Independent Adviser determines (a) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "Benchmark Amendments") and (b) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(d)(v), without any requirement for the consent or approval of Holders, vary these Conditions and/or the Fiscal

Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4(d)(iv), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

(v) *Notices, etc.*: Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(d) will be notified promptly by the Issuer to the Agent Bank, the Paying Agents and, in accordance with Condition 14 (Notices), the Holders. Such notice shall be irrevocable, binding on all parties, and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate*: Without prejudice to the obligations of the Issuer under this Condition 4(d), the Original Reference Rate and the fallback provisions provided for in Condition 4(c) will continue to apply unless and until a Benchmark Event has occurred and the Agent Bank has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments.

(vii) *No Successor Rate etc. if reduction of "equity credit"*: Notwithstanding any other provision of this Condition 4(d), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a reduction of the amount of "equity credit" assigned to the Securities by any Rating Agency when compared to the "equity credit" assigned to the Securities immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Securities for "equity credit" from any Rating Agency.

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

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

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

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

With effect from the first Reset Interest Determination Date, the Issuer will maintain an Agent Bank and the number of Reset Reference Banks provided above where the Prevailing Interest Rate is to be calculated by reference to them. The name of the initial Agent Bank is The Bank of New York Mellon, London Branch and its initial specified office is One Canada Square, London E14 5AL, United Kingdom.

The Issuer may from time to time replace the Agent Bank or any Reset Reference Bank with another leading financial institution. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Prevailing Interest Rate in respect of any Reset Period as provided

in Condition 4(c), the Issuer shall forthwith appoint another leading financial institution to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

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

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

(h) **Step-up after Change of Control Event**

Notwithstanding any other provision of this Condition 4, if the Issuer does not elect to redeem the Securities in accordance with Condition 6(f) following the occurrence of a Change of Control Event, the then currently applicable Prevailing Interest Rate, and each subsequent Prevailing Interest Rate otherwise determined in accordance with the provisions of this Condition 4, on the Securities shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control Event occurred.

5 Optional Interest Deferral

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

If any Interest Payment is deferred pursuant to this Condition 5(a) then such Deferred Interest Payment shall itself bear interest (such further interest being "Additional Interest Amount" and, together with the Deferred Interest Payment, "Arrears of Interest"), at the relevant Prevailing Interest Rate applicable from time to time, from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to be made to (but excluding) the date on which such Deferred Interest Payment is paid in accordance with Condition 5(b) or 5(c), in each case such further interest being compounded on each Interest Payment Date.

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

(b) **Optional Settlement of Arrears of Interest**: Arrears of Interest may be satisfied at the option of the Issuer, in whole or in part, at any given time (the "Optional Deferred Interest Settlement Date") following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 14, the Fiscal Agent and the Paying Agents not more than 14 and no less than seven Business Days prior to the relevant Optional Deferred Interest Settlement Date informing them of its election so to satisfy such Arrears of Interest (or part thereof) and specifying the relevant Optional Deferred Interest Settlement Date.

If amounts in respect of Deferred Interest Payments and Additional Interest Amounts are paid in part:

(i) all unpaid amounts of Deferred Interest Payment shall be payable before any of the Additional Interest Amounts;

(ii) Deferred Interest Payments accrued for any period shall not be payable until full payment has been made of all Deferred Interest Payments that have accrued during any earlier period and the order of payment of the Additional Interest Amounts shall follow that of the Deferred Interest Payment to which it relates; and

(iii) the amount of Deferred Interest Payment or Additional Interest Amounts payable in respect of any of the Securities in respect of any period, shall be pro rata to the total amount of all unpaid Deferred Interest Payments or, as the case may be Additional Interest Amounts accrued on the Securities in respect of that period to the date of payment.

(c) **Mandatory Settlement of Arrears of Interest**: Notwithstanding the provisions of Condition 5(b), the Issuer shall pay any outstanding Arrears of Interest in whole, but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred.

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

"Mandatory Settlement Date" means the earliest of:

(i) as soon as reasonably practicable (but not later than the fifth Business Day) following the date on which a Compulsory Arrears of Interest Settlement Event occurs;

(ii) on the next scheduled Interest Payment Date on which the Issuer does not elect to defer in whole the interest accrued in respect of the relevant Interest Period;

(iii) the date on which the Securities are redeemed or repaid in accordance with Condition 6 or become due and payable in accordance with Condition 9; or

(iv) the date on which the Securities are substituted or varied in accordance with Condition 12(c).

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

(i) a Dividend Declaration is made in respect of any Junior Obligations or any Parity Obligations (other than in respect of any Dividend Declaration made exclusively in Ordinary Shares of the Guarantor); or

(ii) the Guarantor or any of its subsidiaries has repurchased, redeemed or otherwise acquired any Junior Obligations or any Parity Obligations,

save, in the case of (a) any such Dividend Declaration or such redemption, repurchase or acquisition that is mandatory under the terms of any such Parity Obligations; (b) any purchase of Ordinary Shares of the Guarantor by or on behalf of the Guarantor that is made pursuant to a buy-back program approved under Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse; (c) any Dividend Declaration in respect of any such dividend, distribution or payment by the Issuer to the Guarantor, (d) any Dividend Declaration or repurchase which is required to be validly resolved on, declared, paid or made in respect of, share option, or free share allocation plan in each case reserved for directors, officers and/or employees of the Guarantor or any of its Affiliates or any associated liquidity agreements or any associated hedging transactions; (e) any purchase of Ordinary Shares of the Guarantor by or on behalf of the Guarantor as part of an intra-day transaction that does not

result in an increase in the aggregate number of Ordinary Shares of the Guarantor held by or on behalf of the Guarantor as treasury shares at 8:30 a.m. Madrid time on the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred; (f) any repurchase or acquisition of Parity Obligations that is made for a consideration less than the aggregate nominal or par value of such Parity Obligations that are purchased or acquired; (g) any repurchase or acquisition of Ordinary Shares of the Guarantor resulting from mandatory obligations or hedging of any convertible securities issued by the Issuer or the Guarantor; or (h) any repurchase or acquisition of Ordinary Shares of the Guarantor resulting from the settlement of existing equity derivatives after the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred.

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

A Compulsory Arrears of Interest Settlement Event shall not occur pursuant to paragraph (i) above in respect of any pro rata payment of deferred or arrears of interest on any Parity Obligations which is made simultaneously with a pro rata payment of any Arrears of Interest provided that such pro rata payment of deferred or arrears of interest on a Parity Obligation is not proportionately more than the pro rata settlement of any such Arrears of Interest.

6 Redemption and Purchase

(a) **Final redemption**: Subject to any early redemption described below, the Securities are undated securities with no specified maturity date. The Securities may not be redeemed at the option of the Issuer other than in accordance with Condition 6(b), 6(c), 6(d), 6(e), 6(f), 6(g) or 6(h).

(b) **Issuer's Call Option**: The Issuer may, by giving not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Holders (which notice shall be irrevocable), redeem the Securities in whole, but not in part, on any date during the period commencing on (and including) 9 November 2026 and ending on (and including) the First Reset Date (the "Relevant Period") and on any Interest Payment Date thereafter at their principal amount together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest.

(c) **Redemption for Taxation Reasons**: If, immediately prior to the giving of the notice referred to below, a Tax Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Holders (which notice shall be irrevocable) and subject to Condition 6(i), redeem the Securities in whole, but not in part, in accordance with these Conditions at any time, in each case at (i) their Early Redemption Amount (in the case of a Tax Event if the Redemption Date falls before the first day of the Relevant Period) or (ii) their principal amount (in the case of (a) a Withholding Tax Event or (b) a Tax Event if the Redemption Date falls on or after the first day of the Relevant Period), together, in each case, with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(d) **Redemption for Accounting Reasons**: If, immediately prior to the giving of the notice referred to below, an Accounting Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agent and, in accordance

with Condition 14, the Holders (which notice shall be irrevocable) and subject to Condition 6(i), redeem the Securities in accordance with these Conditions in whole, but not in part, at any time, in each case (i) at their Early Redemption Amount if the Redemption Date falls before the first day of the Relevant Period, or (ii) at their principal amount if the Redemption Date falls on or after the first day of the Relevant Period, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

The Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event from (and including) the Accounting Event Adoption Date.

(e) **Redemption for Rating Reasons**: If, immediately prior to the giving of the notice referred to below, a Capital Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agent and, in accordance with Condition 14, the Holders (which notice shall be irrevocable) and subject to Condition 6(i), redeem the Securities in accordance with these Conditions in whole, but not in part, at any time, in each case (i) at their Early Redemption Amount if the Redemption Date falls before the first day of the Relevant Period, or (ii) at their principal amount if the Redemption Date falls on or after the first day of the Relevant Period, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(f) **Redemption for Change of Control**: If, immediately prior to the giving of the notice referred to below, a Change of Control Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Holders (which notice shall be irrevocable) and subject to Condition 6(i), redeem the Securities in whole, but not in part, in accordance with these Conditions at any time, in each case at their principal amount, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

At or around the Issue Date, the Guarantor intends to undertake with and for the benefit of all holders of certain of its securities ("Qualifying Securities") that, for so long as any of the Securities is outstanding, following the occurrence of a Change of Control Event in respect of which it intends to deliver a notice exercising its right to redeem the Securities under Condition 6(f) it will do so only after making a tender offer, directly or indirectly, to all holders of Qualifying Securities to repurchase their respective Qualifying Securities at their respective aggregate nominal amounts together with any interest accrued until the day of completion of the repurchase.

(g) **Redemption following a Substantial Purchase Event**

If, immediately prior to the giving of the notice referred to below, a Substantial Purchase Event has occurred, then the Issuer may, subject to having given not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Holders (which notice shall be irrevocable) and subject to Condition 6(i), redeem the Securities in whole, but not in part, in accordance with these Conditions at any time, in each case at their Principal Amount, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon expiry of such notice, the Issuer shall redeem the Securities.

(h) **Redemption at the option of the Issuer at the Make-Whole Redemption Amount**

The Issuer may, by giving not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Holders (which notice shall be irrevocable and shall

specify the date fixed for redemption (the "Make-whole Redemption Date"), redeem the Securities in whole, but not in part, at any time (other than during the Relevant Period or upon any subsequent Interest Payment Date) at the Make-whole Redemption Amount.

(i) **Preconditions to Redemption:**

Prior to serving any notice of redemption pursuant to this Condition 6 (other than Conditions 6(b) and 6(h)), the Guarantor shall

(i) deliver to the Fiscal Agent a certificate signed by an authorised officer of the Guarantor stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied;

(ii) in the case of a Tax Event or Withholding Tax Event deliver to the Fiscal Agent an opinion of independent legal or other tax advisers to the effect set out in paragraph (i) above;

(iii) in the case of an Accounting Event, deliver to the Fiscal Agent the relevant letter or report from the relevant accountancy firm; and

(iv) in the case of a Capital Event, deliver to the Fiscal Agent the relevant confirmation from the relevant Rating Agency.

Any such certificate, opinion , letter, report or confirmation referred to in paragraphs (i) to (iv) above shall, absent manifest error, be final and binding on all parties.

(j) **Purchase**: Each of the Issuer, the Guarantor and their respective subsidiaries may at any time purchase Securities in the open market or otherwise at any price (provided that, if they should be cancelled pursuant to this Condition 6(j), they are purchased together with all unmatured Coupons and all unexchanged Talons relating to them). The Securities so purchased may be held, re-issued or re-sold or, at the option of the relevant purchaser, surrendered to the Fiscal Agent for cancellation, but while held by or on behalf of the Issuer, the Guarantor or any such subsidiary, shall not entitle the holder to vote at any meetings of the Holders of Securities and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders of Securities or for the purposes of Condition 12.

(k) **Cancellation**: All Securities so redeemed and any unmatured Coupons attached to or surrendered with them will be cancelled and may not be re-issued or re-sold.

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

(i) *the rating assigned by S&P to the Guarantor is the same as or higher than the long-term corporate credit rating assigned to the Guarantor on the date when the most recent additional hybrid security was issued (excluding refinancings without net new issuance) and the Guarantor is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or*

(ii) *in the case of a repurchase or a redemption, taken together with other relevant repurchases or redemptions of hybrid securities of the Group, such repurchase or redemption is of less than (a) 10 per cent. of the aggregate principal amount of the outstanding hybrid securities of the Group in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the outstanding hybrid securities of the Group in any period of 10 consecutive years, or*

(iii) *in the case of a repurchase or redemption, such repurchase or redemption relates to an aggregate principal amount of Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Guarantor's hybrid capital to which S&P then assigns equity content under its prevailing methodologies, or*

(iv) *the Securities are redeemed pursuant to a Tax Event, a Capital Event, an Accounting Event, a Change of Control Event, a Substantial Purchase Event or a Withholding Tax Event, or*

(v) *if the Securities are not assigned an "equity credit" (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or*

(vi) *such redemption or repurchase occurs on or after the Reset Date falling on 9 February 2047*.

7 Payments

(a) **Method of Payment**: Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Securities or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by transfer to a euro account maintained by the payee with a bank in city in which banks have access to the TARGET System. Payments of interest due in respect of any Security other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Security.

(b) **Payments subject to fiscal laws**: All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) **Unmatured Coupons**: Upon the due date for redemption of any Security, unmatured Coupons relating to such Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer and the Guarantor may require.

(d) **Exchange of Talons**: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

(e) **Payments on business days**: A Security or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a euro account, a day that is a Business Day). No further interest or other payment will be made as a consequence of the day on which the relevant Security or Coupon may be presented for payment under this Condition 7 falling after the due date. In this Condition "business day" means a day on which commercial banks and foreign exchange markets settle payments and are open in the relevant city.

(f) **Paying Agents**: The initial Paying Agents and their initial specified offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent

and appoint additional or other Paying Agents, provided that they will maintain (i) a Fiscal Agent, (ii) a Paying Agent (which may be the Fiscal Agent) having specified offices in London and (iii) a Paying Agent with a specified office in a European Union member state. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Holders in accordance with Condition 14.

8 Taxation

(a) **Additional Amounts**: All payments of principal and interest in respect of the Securities and the Coupons by the Issuer or (as the case may be) the Guarantor under the Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or the Kingdom of Spain or, in each case, any authority therein or thereof having power to tax (each a "Taxing Authority"), unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Securities or (as the case may be) Coupons, in the absence of such withholding or deduction; except that no Additional Amounts shall be payable with respect to any payment in respect of any Security or Coupon or (as the case may be) under the Guarantee:

(i) to, or to a third party on behalf of, a Holder who is liable for taxes, duties, assessments or governmental charges in respect of such Security by reason of his having some connection with the Netherlands or the Kingdom of Spain other than the mere holding of the Security;

(ii) 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;

(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 Security to comply with a request of the Issuer, or the Guarantor addressed to the Holder or the beneficial owner of the Security (a) to provide information concerning the nationality, residence, identity or connection with a Taxing Authority of the Holder or such beneficial owner or (b) to make any declaration or other similar claim to satisfy any information or reporting requirement, which in the case of (a) or (b), is required or imposed by a law, statute, treaty, rule, regulation or administrative practice of the Taxing Authority as a precondition to exemption from all or part of such tax assessment or other governmental charge, in each case, within any applicable time limits as may from time to time be imposed by such law, statute, treaty, rule, regulation, or administrative practice;

(iv) where such withholding or deduction is required to be made pursuant to the Dutch Withholding Tax Act 2021 (*Wet Bronbelasting 2021*);

(v) presented for payment in the Kingdom of Spain; or

(vi) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Security to another Paying Agent in a Member State of the European Union.

(b) **FATCA**: Notwithstanding any other provision herein, any amounts to be paid by Issuer on the Securities will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Internal Revenue Code of 1986 ("FATCA") (or any amended or successor version of such sections that is substantively comparable and not materially more onerous to comply with), any

regulations promulgated thereunder, and any official interpretations thereof or any agreements entered into in connection with the implementation thereof, and the Issuer will not be required to pay Additional Amounts on account of any FATCA deduction or withholding.

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

(d) **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.

(e) **Tax Affairs**: Nothing in Conditions 8(b) and (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 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.

(f) **Definitions**: References in these Conditions to (i) "Principal" shall be deemed to include all amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it; (ii) "interest" shall be deemed to include all Arrears of Interest and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it; and (iii) "principal" and/or "interest" shall be deemed to include any Additional Amounts.

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

9 Enforcement Events and No Events of Default

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

However, if an Issuer Winding-up occurs, or an order is made or an effective resolution passed for the winding-up, dissolution or liquidation of the Guarantor, then without notice from the Holder of any Security to the Fiscal

Agent, each Security shall immediately become due and payable at its principal amount together with any accrued and unpaid interest and any outstanding Arrears of Interest.

In such case the Holder of a Security may, at its sole discretion, institute steps in order to obtain a judgment against the Issuer and/or the Guarantor for any amounts due in respect of the Securities, including but not limited to proving and/or claiming in an Issuer Winding-up or in the winding-up, dissolution, liquidation or insolvency proceeding of the Guarantor for such amount.

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

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

10 Prescription

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

11 Replacement of Securities and Coupons

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

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

(a) **Meetings of Holders of Securities**: The Fiscal Agency Agreement contains provisions for convening meetings of Holders of Securities to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Holders of Securities holding not less than 10 per cent in principal amount of the Securities 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 the principal amount of the Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Holders of Securities whatever the principal amount of the Securities held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Securities or the dates on which interest is payable in respect of the Securities, (ii) to reduce or cancel the principal amount of, or interest on or to vary the method of calculating the rate of interest on, the Securities, (iii) to change the currency of payment of the Securities or the Coupons, (iv) to modify the provisions concerning the quorum required at any meeting of Holders of Securities or the majority required to pass an Extraordinary Resolution, or (v) 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 Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Holders of Securities (whether or not they were present at the meeting at which such resolution was passed) and on all Holders of Coupons.

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders of Securities duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders of Securities.

(b) **Modification**: The Securities, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended by the Issuer and the Guarantor without the consent of the Holders of Securities to correct a manifest error. No other modification may be made to the Securities, these Conditions, the Deed of Covenant or the Deed of Guarantee except with the sanction of a resolution of the Holders of the Securities.

In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Holders of Securities, to any such modification unless, in the sole opinion of the Issuer and the Guarantor, (i) it is of a formal, minor or technical nature; (ii) it is made to correct a manifest error; or (iii) it is not materially prejudicial to the interests of the Holders of Securities.

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

is equal to or greater than that which was assigned to the Securities on the Issue Date (or, if "equity credit" is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which "equity credit" is assigned by such Rating Agency).

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

(i) the Issuer giving not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agent and, in accordance with Condition 14, the Holders;

(ii) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Securities are for the time being admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged Securities or Varied Securities continue to be admitted to trading on the same stock exchange as the Securities if they were admitted to trading immediately prior to the relevant exchange or variation;

(iii) the Issuer paying any outstanding Arrears of Interest in full prior to such exchange or variation;

(iv) the Exchanged Securities or Varied Securities shall: (A) rank at least *pari passu* with the ranking of the Securities prior to the exchange or variation, (B) have the benefit of a guarantee (the "Exchanged or Varied Guarantee") from the Guarantor on terms not less favourable to Holders than the terms of the Guarantee (as reasonably determined by the Issuer or Substitute Issuer and the Guarantor) and (C) benefit from the same or more favourable interest rates and the same Interest Payment Dates, the same First Reset Date and early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right), the same rights to accrued interest or Arrears of Interest and any other amounts payable under the Securities which, in each case, has accrued to the Holders and has not been paid, the same rights to principal and interest, and, if publicly rated by S&P, Moody's and/or Fitch Ratings immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by each of S&P, Moody's and/or Fitch Ratings (as the case may be), as compared with the relevant rating(s) immediately prior to such exchange or variation (as determined by the Issuer or Substitute Issuer and the Guarantor using reasonable measures available to it including discussions with S&P, Moody's and/or Fitch Ratings to the extent practicable) (D) shall not contain terms providing for the mandatory deferral of interest and (E) not contain terms providing for loss absorption through principal write-down or conversion to shares;

(v) the preconditions to redemption set out in Condition 6(i) having been satisfied and the terms of the exchange or variation (in the sole opinion of the Issuer or Substitute Issuer or the Guarantor, as the case may be) not being prejudicial to the interests of the Holders, including compliance with (iv) above, as certified to the benefit of the Holders by an authorised officer of the Guarantor, having consulted with an independent investment bank of international standing, and any such certificate shall, absent fraud or manifest error, be final and binding on all parties. However, a change in the governing law of the provisions of Condition 2(b) (Status and Subordination of the Securities and Coupons – Subordination of the Securities) to the laws of the jurisdiction of incorporation of the Substitute Issuer, in connection with any substitution pursuant to Condition 12(c) (Substitution and Variation), shall be deemed not to be prejudicial to the interests of the Holders; and

(vi) the issue of legal opinions addressed to the Fiscal Agent (copies of which shall be made available to the Holders at the specified offices of the Fiscal Agent during usual office hours) for the benefit of the Holders from one or more international law firms of good reputation selected by the Issuer or the Guarantor and confirming (x) that each of the Issuer and the Guarantor has capacity to

assume all rights, duties and obligations under the Exchanged Securities or Varied Securities and the Exchanged or Varied Guarantee (as the case may be) and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Securities or Varied Securities.

13 Further Issues

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

14 Notices

Notices to Holders of Securities will be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Securities are for the time being listed and/or admitted to trading. So long as the Securities are listed on the Official List of the Luxembourg Stock Exchange, notices shall be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any such notice shall be deemed to have been validly given on the date of the first such publication or, if published more than once, on the first date on which publication is made.

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

15 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 Securities, the Coupons 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 Security or Coupon 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, 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 Security, Coupon or Guarantee or any other judgment or order.

16 Substitution of the Issuer

(a) The Issuer, or any previous substituted company, and the Guarantor may at any time, without the consent of the Holders, substitute for the Issuer (x) the Guarantor or (y) any company that is a wholly-owned direct or indirect subsidiary of the Guarantor (the "Substitute") upon notice by the Issuer, the Guarantor and the Substitute to be given in accordance with Condition 14 and to the Luxembourg Stock Exchange, provided that:

(i) no payment in respect of the Securities is at the relevant time overdue;

(ii) the Substitute shall, by means of a deed poll in the form scheduled to the Fiscal Agency Agreement as Schedule 6 (the "Deed Poll"), agree to indemnify each Holder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to the Securities or the Deed of Covenant and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;

(iii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Securities and Deed of Covenant shall be unconditionally and irrevocably guaranteed by the Guarantor by means of the Deed Poll;

(iv) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Securities and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Guarantor have been taken, fulfilled and done and are in full force and effect;

(v) the Substitute shall have become party to the Fiscal Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;

(vi) legal opinions shall have been delivered to the Fiscal Agent from lawyers of recognised standing in each jurisdiction referred to in (ii) above, in Spain and in England as to the fulfilment of the of the preceding conditions of this paragraph and the other matters specified in the Deed Poll and that the Securities are legal, valid and binding obligations of the Substitute;

(vii) each listing authority or stock exchange (if any) on which the Securities are then listed shall have confirmed that, following the proposed substitution of the Substitute, the Securities will continue to be admitted to listing by such listing authority or stock exchange;

(viii) each Rating Agency has confirmed that upon such substitution becoming effective the Securities will either still be eligible for the same, or a higher amount of, "equity credit" (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as is attributed to the Securities on the date immediately prior to such substitution or such eligibility or attribution will not be adversely affected;

(ix) the Substitute (if incorporated in a jurisdiction other than England) shall have appointed an agent to receive, for and on its behalf, service of process in any Proceedings (as defined in Condition 18) in England;

(x) two directors of the Issuer or two directors of the Substitute shall have certified to the Fiscal Agent that, following consultation with an independent investment bank of international repute, an independent financial adviser with appropriate expertise or independent counsel of recognised standing, the Issuer or, as the case may be, the Substitute has concluded that such substitution (A) will not result in the Substitute having an entitlement, as at the date such substitution becomes effective, to redeem the Securities as a result of a Tax Event, a Capital Event, an Accounting Event, a Change of Control Event, a Substantial Purchase Event or a Withholding Tax Event and (B) will not result in the terms of the Securities immediately following such substitution being materially less favourable to holders than the terms of the Securities immediately prior to such substitution; and

(xi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Holders, stating that copies, or, pending execution, the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Holders, shall be available for inspection at the specified office of each of the Paying Agents.

(b) Upon the execution of the Deed Poll and the delivery of the legal opinions, the Substitute shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Securities and the Fiscal Agency Agreement with the same effect as if the Substitute had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Securities and under the Fiscal Agency Agreement, and where the Substitute is the Guarantor, the Guarantor shall be released from its obligations under the Guarantee.

(c) After a substitution pursuant to this Condition 16(a), the Substitute may, without the consent of any Holder, effect a further substitution. All of the provisions specified in Conditions 16(a) and 16(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute.

(d) After a substitution pursuant to Conditions 16(a) or 16(c) any Substitute may, without the consent of any Holder, reverse the substitution, *mutatis mutandis*.

(e) In the event of a substitution pursuant to this Condition 16, the governing law of Condition 2(b) shall be amended to the governing law of the jurisdiction of incorporation of the Substitute.

17 Contracts (Rights of Third Parties) Act 1999

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

18 Governing Law

(a) **Governing Law**: The Fiscal Agency Agreement, the Securities, the Coupons and the Guarantee and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law, other than the provisions of Condition 2(b) which are governed by and construed in accordance with the laws of the Netherlands, and the provisions of Condition 3(b) and Condition 3(c) and the corresponding provisions of the Guarantee which are governed by and construed in accordance with the laws of the Kingdom of Spain.

(b) **Jurisdiction**: The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Securities, the Coupons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Securities, the Coupons or the Guarantee ("Proceedings") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition is for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Agent for Service of Process**: Each of the Issuer and the Guarantor irrevocably appoints SPW Investments Ltd., 4th Floor, 1 Tudor Street, London EC4Y 0AH, United Kingdom, as its agent in England to receive service of process in any Proceedings in England based on any of the Securities, the Coupons or the Guarantee. If for any reason the Issuer or the Guarantor as the case may be does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of Securities of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

19 Definitions

In these Conditions:

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

"5 year Swap Rate" has the meaning given to it in Condition 4(c);

"5 year Swap Rate Quotations" has the meaning given to it in Condition 4(c);

"9 Year Non-Call Securities" means the €1,000,000,000 9 Year Non-Call Undated Deeply Subordinated Reset Rate Guaranteed Securities issued by Iberdrola International B.V. on the Issue Date (ISIN: XS2295333988) and unconditionally and irrevocably guaranteed on a subordinated basis by Iberdrola, S.A.;

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

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

"Adjustment Spread" means either (x) a spread (which may be positive, negative or zero) or (y) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) if no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(C) if Independent Adviser determines that no such spread is customarily applied, the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

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

"Alternative Rate" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4(d)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same interest period and in euros;

"Arrears of Interest" has the meaning given to it in Condition 5(a);

"Benchmark Amendments" has the meaning given to it in Condition 4(d)(iv);

"Benchmark Event" means:

(A) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

(B) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(C) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Securities; or

(D) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, the Original Reference Rate is (or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(E) it has become unlawful for any Paying Agent, the Issuer or other party to calculate any payments due to be made to any Holder using the Original Reference Rate,

provided that in the case of sub-paragraphs (B), (C) and (D) above, the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, and not the date of the relevant public statement;

"business day" has the meaning given to it in Condition 7(e);

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

"Calculation Amount" has the meaning given to it in Condition 4(b);

"Calculation Date" means the third business day preceding the Make-whole Redemption Date;

a "Capital Event" shall be deemed to occur if the Issuer or the Guarantor has, directly or via publication by such Rating Agency, received, and notified the Holders in accordance with Condition 14 that it has so received, confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in hybrid capital methodology or a change in the interpretation thereof, in each case occurring or becoming effective after the Issue Date, the Securities will no longer be eligible (or if the Securities have been partially or fully refinanced since the Issue Date and are no longer eligible for "equity credit" from such Rating Agency in part or in full as a result, all or any of the Securities that would no longer have been eligible as a result of such amendment, clarification, change in hybrid capital methodology or change in the interpretation had they not been refinanced) for the same or a higher amount of "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Securities at the Issue Date (or, if "equity credit" is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which "equity credit" is assigned by such Rating Agency for the first time);

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 (1) the date of the occurrence of the relevant Change of Control; and (2) 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;

"Change of Control Rating Agency" means Standard & Poor's Credit Market Services Europe Limited ("S&P"), Moody's Investors Service Limited ("Moody's"), or Fitch Ratings Limited ("Fitch Ratings") or 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;

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

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

"Consolidated Financial Statements" means the most recently published: (i) audited annual consolidated financial statements 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 "review" from 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 IFRS-EU;

"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, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

"Deferral Notice" has the meaning given to it in Condition 5(a);

"Deferred Interest Payment" has the meaning given to it in Condition 5(a);

"Dividend Declaration" has the meaning given to it in Condition 5(c);

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

"February 2019 Securities" means the €800,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities issued by Iberdrola International B.V. on 12 February 2019 (ISIN: XS1890845875) and unconditionally and irrevocably guaranteed on a subordinated basis by Iberdrola, S.A.;

"First Reset Date" means 9 February 2027;

"First Step-Up Date" means 9 February 2032;

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

"Holder" has the meaning given to it in Condition 1(b);

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

"Independent Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise in international debt capital markets appointed by the Issuer under Condition 4(d)(i);

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

"Interest Payment Date" means 9 February in each year;

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

"Investment Grade Rating" means: (1) with respect to S&P, any of the categories from and including AAA to and including BBB- (or equivalent successor categories); (2) with respect to Moody's, any of the categories from and including Aaa to and including Baa3 (or equivalent successor categories); and (3) with respect to Fitch Ratings, any of the categories from and including AAA to and including BBB- (or equivalent successor categories);

"Issue Date" means 9 February 2021;

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

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

"Junior Obligations of the Guarantor" means all obligations of the Guarantor issued or incurred directly or indirectly by it which rank or are expressed to rank junior to the Guarantee, including Ordinary Shares of the

Guarantor and any other shares (*acciones*) in the capital of the Guarantor (and, if divided into classes, each class thereof);

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

"Make-whole Redemption Amount" means the sum of: (a) the greater of (x) the principal amount of the Securities so redeemed and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Securities up to and discounted from: (A) if the relevant Make-whole Redemption Date occurs prior to 9 November 2026, 9 November 2026 or (B) thereafter on the next succeeding Interest Payment Date, if the relevant Make-whole Redemption Date occurs after the First Reset Date to such Make-whole Redemption Date in each case on an annual basis at the Make-whole Redemption Rate plus a Make-whole Redemption Margin; and (b) any interest accrued but not paid on the Securities (including any Arrears of Interest) to, but excluding, the Make-whole Redemption Date, as determined by the Quotation Agent and as notified on the Calculation Date by the Quotation Agent to the Issuer and the Paying Agent;

"Make-whole Redemption Date" has the meaning ascribed to such term in Condition 6(h);

"Make-whole Redemption Margin" means:

(i) 0.35 per cent. if the relevant Make-whole Redemption Date occurs prior to the First Step-up Date,

(ii) 0.40 per cent. if the relevant Make-whole Redemption Date occurs on or after the First Step-up Date but prior to the Second Step-up Date, or

(iii) 0.50 per cent. if the relevant Make-whole Redemption Date occurs on or after the Second Step-up Date;

"Make-whole Redemption Rate" means (i) the mid-market yield to maturity of the Reference Security which appears on the Relevant Make-whole Screen Page on the third business day preceding the Make-whole Redemption Date at 11:00 a.m. (CET) or (ii) to the extent that the mid-market yield to maturity does not appear on the Relevant Make Whole Screen Page at such time, the average of the number of quotations given by the Reference Dealers of the mid-market yield to maturity of the Reference Security on the third business day preceding the Make-whole Redemption Date at or around 11:00 a.m. (CET);

"Mandatory Settlement Date" has the meaning given to it in Condition 5(c);

"March 2018 Securities" means the €700,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities issued by Iberdrola International B.V. on 26 March 2018 (ISIN: XS1797138960) and unconditionally and irrevocably guaranteed on a subordinated basis by Iberdrola, S.A.;

"November 2017 Securities" means the €1,000,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities issued by Iberdrola International B.V. on 22 November 2017 (ISIN: XS1721244371) and unconditionally and irrevocably guaranteed on a subordinated basis by Iberdrola, S.A.;

"October 2020 Securities" means the €1,600,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities (ISIN: XS2244941063) and the €1,400,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities (ISIN: XS2244941147) issued by Iberdrola International B.V. on 28 October 2020 and unconditionally and irrevocably guaranteed on a subordinated basis by Iberdrola, S.A.;

"Ordinary Shares of the Guarantor" means ordinary shares in the capital of the Guarantor, having at the Issue Date a nominal value of €0.75 each;

"Ordinary Shares of the Issuer" means ordinary shares in the capital of the Issuer, having on the Issue Date a nominal amount of €0.75 each;

"Original Reference Rate" means the originally-specified benchmark or screen rate (as applicable) used to determine the interest rate (or any component part thereof) on the Securities;

"Outstanding Hybrid Securities" means the November 2017 Securities, the March 2018 Securities, the February 2019 Securities, the October 2020 Securities and the 9 Year Non-Call Securities;

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

"Parity Obligations of the Guarantor" means all obligations of the Guarantor which are either (i) issued directly by the Guarantor and which rank or are expressed to rank *pari passu* with the Guarantor's obligations under the Guarantee or (ii) issued by any Subsidiary of the Guarantor and where the terms of such obligations benefit from a guarantee or support agreement entered into by the Guarantor which ranks or is expressed to rank *pari passu* with the Guarantor's obligations under the Guarantee (which include the guarantee granted by the Guarantor in connection with each of the Outstanding Hybrid Securities);

"Parity Obligations of the Issuer" means all obligations of the Issuer, issued or incurred directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Securities including the Outstanding Hybrid Securities;

"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;

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

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

"Proceedings" has the meaning given to it in Condition 18(b);

"Quotation Agent" means the agent to be appointed by the Issuer if required for the determination of the Make-whole Redemption Amount;

"Rating Agency" means S&P, Moody's or Fitch Ratings;

A "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 Change of Control Rating Agency is: (x) withdrawn; (y) ceases to be an Investment Grade Rating; or (z) if the rating assigned to the Guarantor by any Change of Control 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 Change of Control 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 Change of Control 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, in 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;

"Redemption Date" means the date fixed for redemption of the Securities pursuant to Condition 6;

"Reference Dealers" means each of the four banks (that may include the Joint Bookrunners) selected by the Quotation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues;

"Reference Security" means DBR 0.25% February 2027 (ISIN: DE0001102416). If a Reference Security is no longer outstanding, a Similar Security will be chosen by the Quotation Agent at 11:00 a.m. (CET) on the Calculation Date, quoted in writing by the Quotation Agent to the Issuer and published in accordance with Condition 14;

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

"Relevant Make-whole Screen Page" means Bloomberg screen page "PXGE" (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Reference Security;

"Relevant Nominating Body" means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

"Relevant Period" has the meaning given to it in Condition 6(b);

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

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

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

"Reset Reference Banks" has the meaning given to it in Condition 4(c);

"Reset Reference Bank Rate" has the meaning given to it in Condition 4(c);

"Reset Screen Page" has the meaning given to it in Condition 4(c);

"Second Step-up Date" means 9 February 2047;

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

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

"Subordinated Loan" means the subordinated loan made by the Issuer to Iberdrola, S.A. dated 9 February 2021, pursuant to which the proceeds of the issue of the Securities are on-lent to Iberdrola, S.A.;

"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.

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;

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

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

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

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

For the avoidance of doubt, a Tax Event shall not occur if payments of interest under the Subordinated Loan by Iberdrola, S.A. are not deductible in whole or in part for Spanish corporate income tax purposes solely as a result of general tax deductibility limits set forth by Article 16 of Law 27/2014 dated 27 November, on Corporate Income Tax or article 25 bis of Vizcaya Regional Regulation 11/2013, of 5 December, on Corporate Income Tax (*Norma Foral 11/2013, de 5 de diciembre, del Impuesto sobre Sociedades*), as applicable, as at 9 February 2021;

"Tax Law Change" means a change in or proposed change in, or amendment to, or proposed amendment to, the laws or regulations of the Netherlands or Spain or, in either case, any political subdivision or any authority thereof or therein having power to tax, including, without limitation, any treaty to which the Netherlands or Spain is a party, or any change in the official or generally published interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax

authority that provides for a position with respect to such laws or regulations or interpretations thereof that differs from the previously generally accepted position in relation to similar transactions, which change, amendment or interpretation becomes or would become, effective after 9 February 2021;

"Taxing Authority" has the meaning given to it in Condition 8(a); and

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

Terms and Conditions of the 9 Year Non-Call Securities

The following are the terms and conditions substantially in the form in which they will be endorsed on the 9 Year Non-Call Securities. Sentences in italics shall not form part of these terms and conditions.

The issue of the €1,000,000,000 9 Year Non-Call Undated Deeply Subordinated Reset Rate Guaranteed Securities (the "Securities") was authorised by a resolution of the Board of Directors of Iberdrola International B.V. (the "Issuer") passed on 27 January 2021 and the guarantee of the Securities was authorised by a resolution of the Board of Directors of the Guarantor dated 20 October 2020 following the delegation of powers approved by resolutions dated 31 March 2017 of the General Shareholders' Meeting of the Guarantor under item 17 of the agenda. A fiscal agency agreement dated 9 February 2021 (the "Fiscal Agency Agreement") has been entered into in relation to the Securities between the Issuer, the Guarantor, The Bank of New York Mellon, London Branch as fiscal agent and agent bank and the paying agents named in it. The fiscal agent, the agent bank and the paying agents for the time being are referred to below respectively as the "Fiscal Agent", the "Agent Bank" and the "Paying Agents" (which expression shall include the Fiscal Agent). The Fiscal Agency Agreement includes the form of the Securities and the coupons relating to them (the "Coupons", which expression includes, where the context so permits, talons for further coupons (the "Talons")). Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents (at the discretion of the Paying Agents). The Holders of the Securities and the Holders of the Coupons (each as defined in Condition 1(b) below) (whether or not attached to the relevant Securities) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

1 Form, Denomination and Title

(a) **Form and denomination**: The Securities are serially numbered and in bearer form in the denomination of €100,000, each with Coupons attached on issue.

(b) **Title**: Title to the Securities and Coupons passes by delivery. The holder of any Security or Coupon (a "Holder") will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the Holder.

2 Status and Subordination of the Securities and Coupons

(a) **Status of the Securities and Coupons**: The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer (senior only to Junior Obligations of the Issuer) and shall at all times rank pari passu and without any preference among themselves.

(b) **Subordination of the Securities**: In the event of an Issuer Winding-up, the rights and claims of the Holders against the Issuer in respect of or arising under the Securities and the Coupons will rank (i) junior to the claims of all holders of Senior Obligations of the Issuer, (ii) *pari passu* with the claims of holders of all Parity Obligations of the Issuer and (iii) senior to the claims of holders of all Junior Obligations of the Issuer.

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

3 Guarantee, Status and Subordination of the Guarantee

(a) **Guarantee**: The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Securities and the Coupons on a subordinated basis. Its obligations in that respect (the "Guarantee") are set out in the deed of guarantee dated on the Issue Date and made by the Guarantor for the benefit of the Holders.

(b) **Status of the Guarantee**: The payment obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor (senior only to Junior Obligations of the Guarantor) and shall at all times rank *pari passu* and without any preference among themselves.

(c) **Subordination of the Guarantee**: Subject to mandatory provisions of Spanish applicable law, in the event of the Guarantor being declared in insolvency (*concurso*) under Spanish insolvency law, the rights and claims of Holders against the Guarantor in respect of or arising under the Guarantee will rank (i) junior to the claims of the holders of all Senior Obligations of the Guarantor, (ii) *pari passu* with the claims of the holders of all Parity Obligations of the Guarantor and (iii) senior to the claims of the holders of all Junior Obligations of the Guarantor.

4 Interest Payments

(a) **General**

The Securities bear interest at the Prevailing Interest Rate from (and including) 9 February 2021 (the "**Issue Date**") in accordance with the provisions of this Condition 4.

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

(b) **Interest Accrual**

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

Interest in respect of any Security shall be calculated per €100,000 in principal amount thereof (the "Calculation Amount"). The interest payable on each Security on any Interest Payment Date shall be calculated by multiplying the Prevailing Interest Rate for the Interest Period ending immediately prior to such Interest Payment Date by the Calculation Amount and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). Interest in respect of any Security for any Interest Period and where it is necessary to compute an amount of interest in respect of any Security for a period which is less than a complete year, shall be calculated on the basis of the actual number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next succeeding Interest Payment Date.

(c) **Prevailing Interest Rate**

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

(i) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 1.825 per cent. per annum, payable annually in arrear on each Interest Payment Date, commencing on 9 February 2022; and

(ii) from (and including) the First Reset Date, at, in respect of each Reset Period, the relevant 5 year Swap Rate plus:

(A) in respect of the Reset Period commencing on the First Reset Date to (but excluding) the First Step-up Date, 2.049 per cent. per annum;

(B) in respect of the Reset Periods commencing on the First Step-up Date to (but excluding) the Second Step-up Date, 2.299 per cent. per annum; and

(C) in respect of any other Reset Period from and including the Second Step-up Date, 3.049 per cent. per annum,

(each a "Subsequent Fixed Interest Rate") all as determined by the Agent Bank (subject to the operation of Condition 4(d)), payable annually in arrear on each Interest Payment Date, commencing on 9 February 2031, subject to Condition 5,

and where:

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

Subject to the operation of Condition 4(d), in the event that the relevant 5 year Swap Rate does not appear on the Reset Screen Page on the relevant Reset Interest Determination Date, the 5 year Swap Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date. "Reset Reference Bank Rate" means the percentage rate determined by the Agent Bank on the basis of the 5 year Swap Rate Quotations provided by five leading swap dealers in the interbank market selected by the Issuer (the "Reset Reference Banks") to the Agent Bank at approximately 11:00 a.m. (Central European time) on the relevant Reset Interest Determination Date. If (a) at least three quotations are provided, the 5 year Swap Rate will be determined by the Agent Bank on the basis of the arithmetic mean (or, if only three quotations are provided, the median) of the quotations provided, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); (b) if only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; (c) if only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and (d) if no quotations are provided, the Reset Reference Bank Rate for the relevant period will be equal to the last observable 5 year mid-swap rate for euro swap transactions on the Reset Screen Page, as determined by the Agent Bank.

The "**5 year Swap Rate Quotations**" means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 Day Count basis) of a fixed-for-floating euro interest rate swap which (i) has a term of five years commencing on the relevant Reset Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the six-month EURIBOR rate (calculated on the basis of the actual number of days elapsed and a year of 360 days)

(d) **Benchmark Replacement**

(i) *Independent Adviser:* Notwithstanding the provisions above in this Condition 4, if the Issuer (in consultation with the Fiscal Agent) determines that a Benchmark Event has occurred in relation to the Original Reference Rate when any interest rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(d)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(d)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 4(d) shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, or the Holders for any determination made by it, pursuant to this Condition 4(d).

If (A) the Issuer fails to appoint an Independent Adviser; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(d)(i) prior to the relevant Reset Interest Determination Date, the 5 Year Swap Rate applicable to the next succeeding Reset Period shall be equal to the last observable 5 year mid-swap rate for euro swap transactions on the Reset Screen Page, as determined by the Agent Bank. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(d)(i).

(ii) *Successor Rate or Alternative Rate*: If the Independent Adviser determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the interest rate (or the relevant component part thereof) for all future payments of interest on the Securities; or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the interest rate (or the relevant component part thereof) for all future payments of interest on the Securities.

(iii) *Adjustment Spread*: The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*: If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(d) and the Independent Adviser determines (a) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "Benchmark Amendments") and (b) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(d)(v), without any requirement for the consent or approval of Holders, vary these Conditions and/or the Fiscal

Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4(d)(iv), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

(v) *Notices, etc.*: Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(d) will be notified promptly by the Issuer to the Agent Bank, the Paying Agents and, in accordance with Condition 14 (Notices), the Holders. Such notice shall be irrevocable, binding on all parties, and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate*: Without prejudice to the obligations of the Issuer under this Condition 4(d), the Original Reference Rate and the fallback provisions provided for in Condition 4(c) will continue to apply unless and until a Benchmark Event has occurred and the Agent Bank has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments.

(vii) *No Successor Rate etc. if reduction of "equity credit"*: Notwithstanding any other provision of this Condition 4(d), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a reduction of the amount of "equity credit" assigned to the Securities by any Rating Agency when compared to the "equity credit" assigned to the Securities immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Securities for "equity credit" from any Rating Agency.

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

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

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

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

With effect from the first Reset Interest Determination Date, the Issuer will maintain an Agent Bank and the number of Reset Reference Banks provided above where the Prevailing Interest Rate is to be calculated by reference to them. The name of the initial Agent Bank is The Bank of New York Mellon, London Branch and its initial specified office is One Canada Square, London E14 5AL, United Kingdom.

The Issuer may from time to time replace the Agent Bank or any Reset Reference Bank with another leading financial institution. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Prevailing Interest Rate in respect of any Reset Period as provided

in Condition 4(c), the Issuer shall forthwith appoint another leading financial institution to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

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

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

(h) **Step-up after Change of Control Event**

Notwithstanding any other provision of this Condition 4, if the Issuer does not elect to redeem the Securities in accordance with Condition 6(f) following the occurrence of a Change of Control Event, the then currently applicable Prevailing Interest Rate, and each subsequent Prevailing Interest Rate otherwise determined in accordance with the provisions of this Condition 4, on the Securities shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control Event occurred.

5 Optional Interest Deferral

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

If any Interest Payment is deferred pursuant to this Condition 5(a) then such Deferred Interest Payment shall itself bear interest (such further interest being "Additional Interest Amount" and, together with the Deferred Interest Payment, "Arrears of Interest"), at the relevant Prevailing Interest Rate applicable from time to time, from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to be made to (but excluding) the date on which such Deferred Interest Payment is paid in accordance with Condition 5(b) or 5(c), in each case such further interest being compounded on each Interest Payment Date.

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

(b) **Optional Settlement of Arrears of Interest**: Arrears of Interest may be satisfied at the option of the Issuer, in whole or in part, at any given time (the "Optional Deferred Interest Settlement Date") following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 14, the Fiscal Agent and the Paying Agents not more than 14 and no less than seven Business Days prior to the relevant Optional Deferred Interest Settlement Date informing them of its election so to satisfy such Arrears of Interest (or part thereof) and specifying the relevant Optional Deferred Interest Settlement Date.

If amounts in respect of Deferred Interest Payments and Additional Interest Amounts are paid in part:

(i) all unpaid amounts of Deferred Interest Payment shall be payable before any of the Additional Interest Amounts;

(ii) Deferred Interest Payments accrued for any period shall not be payable until full payment has been made of all Deferred Interest Payments that have accrued during any earlier period and the order of payment of the Additional Interest Amounts shall follow that of the Deferred Interest Payment to which it relates; and

(iii) the amount of Deferred Interest Payment or Additional Interest Amounts payable in respect of any of the Securities in respect of any period, shall be pro rata to the total amount of all unpaid Deferred Interest Payments or, as the case may be Additional Interest Amounts accrued on the Securities in respect of that period to the date of payment.

(c) **Mandatory Settlement of Arrears of Interest**: Notwithstanding the provisions of Condition 5(b), the Issuer shall pay any outstanding Arrears of Interest in whole, but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred.

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

"Mandatory Settlement Date" means the earliest of:

(i) as soon as reasonably practicable (but not later than the fifth Business Day) following the date on which a Compulsory Arrears of Interest Settlement Event occurs;

(ii) on the next scheduled Interest Payment Date on which the Issuer does not elect to defer in whole the interest accrued in respect of the relevant Interest Period;

(iii) the date on which the Securities are redeemed or repaid in accordance with Condition 6 or become due and payable in accordance with Condition 9; or

(iv) the date on which the Securities are substituted or varied in accordance with Condition 12(c).

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

(i) a Dividend Declaration is made in respect of any Junior Obligations or any Parity Obligations (other than in respect of any Dividend Declaration made exclusively in Ordinary Shares of the Guarantor); or

(ii) the Guarantor or any of its subsidiaries has repurchased, redeemed or otherwise acquired any Junior Obligations or any Parity Obligations,

save, in the case of (a) any such Dividend Declaration or such redemption, repurchase or acquisition that is mandatory under the terms of any such Parity Obligations; (b) any purchase of Ordinary Shares of the Guarantor by or on behalf of the Guarantor that is made pursuant to a buy-back program approved under Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse; (c) any Dividend Declaration in respect of any such dividend, distribution or payment by the Issuer to the Guarantor, (d) any Dividend Declaration or repurchase which is required to be validly resolved on, declared, paid or made in respect of, share option, or free share allocation plan in each case reserved for directors, officers and/or employees of the Guarantor or any of its Affiliates or any associated liquidity agreements or any associated hedging transactions; (e) any purchase of Ordinary Shares of the Guarantor by or on behalf of the Guarantor as part of an intra-day transaction that does not

result in an increase in the aggregate number of Ordinary Shares of the Guarantor held by or on behalf of the Guarantor as treasury shares at 8:30 a.m. Madrid time on the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred; (f) any repurchase or acquisition of Parity Obligations that is made for a consideration less than the aggregate nominal or par value of such Parity Obligations that are purchased or acquired; (g) any repurchase or acquisition of Ordinary Shares of the Guarantor resulting from mandatory obligations or hedging of any convertible securities issued by the Issuer or the Guarantor; or (h) any repurchase or acquisition of Ordinary Shares of the Guarantor resulting from the settlement of existing equity derivatives after the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred.

A Compulsory Arrears of Interest Settlement Event shall not occur pursuant to paragraph (i) above in respect of any pro rata payment of deferred or arrears of interest on any Parity Obligations which is made simultaneously with a pro rata payment of any Arrears of Interest provided that such pro rata payment of deferred or arrears of interest on a Parity Obligation is not proportionately more than the pro rata settlement of any such Arrears of Interest.

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

6 Redemption and Purchase

(a) **Final redemption**: Subject to any early redemption described below, the Securities are undated securities with no specified maturity date. The Securities may not be redeemed at the option of the Issuer other than in accordance with Condition 6(b), 6(c), 6(d), 6(e), 6(f), 6(g) or 6(h).

(b) **Issuer's Call Option**: The Issuer may, by giving not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Holders (which notice shall be irrevocable), redeem the Securities in whole, but not in part, on any date during the period commencing on (and including) 9 August 2029 and ending on (and including) the First Reset Date (the "Relevant Period") and on any Interest Payment Date thereafter at their principal amount together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest.

(c) **Redemption for Taxation Reasons**: If, immediately prior to the giving of the notice referred to below, a Tax Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Holders (which notice shall be irrevocable) and subject to Condition 6(i), redeem the Securities in whole, but not in part, in accordance with these Conditions at any time, in each case at (i) their Early Redemption Amount (in the case of a Tax Event if the Redemption Date falls before the first day of the Relevant Period) or (ii) their principal amount (in the case of (a) a Withholding Tax Event or (b) a Tax Event if the Redemption Date falls on or after the first day of the Relevant Period), together, in each case, with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(d) **Redemption for Accounting Reasons**: If, immediately prior to the giving of the notice referred to below, an Accounting Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agent and, in accordance

with Condition 14, the Holders (which notice shall be irrevocable) and subject to Condition 6(i), redeem the Securities in accordance with these Conditions in whole, but not in part, at any time, in each case (i) at their Early Redemption Amount if the Redemption Date falls before the first day of the Relevant Period, or (ii) at their principal amount if the Redemption Date falls on or after the first day of the Relevant Period, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

The Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event from (and including) the Accounting Event Adoption Date.

(e) **Redemption for Rating Reasons**: If, immediately prior to the giving of the notice referred to below, a Capital Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agent and, in accordance with Condition 14, the Holders (which notice shall be irrevocable) and subject to Condition 6(i), redeem the Securities in accordance with these Conditions in whole, but not in part, at any time, in each case (i) at their Early Redemption Amount if the Redemption Date falls before the first day of the Relevant Period, or (ii) at their principal amount if the Redemption Date falls on or after the first day of the Relevant Period, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(f) **Redemption for Change of Control**: If, immediately prior to the giving of the notice referred to below, a Change of Control Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Holders (which notice shall be irrevocable) and subject to Condition 6(i), redeem the Securities in whole, but not in part, in accordance with these Conditions at any time, in each case at their principal amount, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

At or around the Issue Date, the Guarantor intends to undertake with and for the benefit of all holders of certain of its securities ("Qualifying Securities") that, for so long as any of the Securities is outstanding, following the occurrence of a Change of Control Event in respect of which it intends to deliver a notice exercising its right to redeem the Securities under Condition 6(f) it will do so only after making a tender offer, directly or indirectly, to all holders of Qualifying Securities to repurchase their respective Qualifying Securities at their respective aggregate nominal amounts together with any interest accrued until the day of completion of the repurchase.

(g) **Redemption following a Substantial Purchase Event**

If, immediately prior to the giving of the notice referred to below, a Substantial Purchase Event has occurred, then the Issuer may, subject to having given not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Holders (which notice shall be irrevocable) and subject to Condition 6(i), redeem the Securities in whole, but not in part, in accordance with these Conditions at any time, in each case at their Principal Amount, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon expiry of such notice, the Issuer shall redeem the Securities.

(h) **Redemption at the option of the Issuer at the Make-Whole Redemption Amount**

The Issuer may, by giving not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Holders (which notice shall be irrevocable and shall

specify the date fixed for redemption (the "Make-whole Redemption Date"), redeem the Securities in whole, but not in part, at any time (other than during the Relevant Period or upon any subsequent Interest Payment Date) at the Make-whole Redemption Amount.

(i) **Preconditions to Redemption:**

Prior to serving any notice of redemption pursuant to this Condition 6 (other than Conditions 6(b) and 6(h)), the Guarantor shall

(i) deliver to the Fiscal Agent a certificate signed by an authorised officer of the Guarantor stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied;

(ii) in the case of a Tax Event or Withholding Tax Event deliver to the Fiscal Agent an opinion of independent legal or other tax advisers to the effect set out in paragraph (i) above;

(iii) in the case of an Accounting Event, deliver to the Fiscal Agent the relevant letter or report from the relevant accountancy firm; and

(iv) in the case of a Capital Event, deliver to the Fiscal Agent the relevant confirmation from the relevant Rating Agency.

Any such certificate, opinion , letter, report or confirmation referred to in paragraphs (i) to (iv) above shall, absent manifest error, be final and binding on all parties.

(j) **Purchase**: Each of the Issuer, the Guarantor and their respective subsidiaries may at any time purchase Securities in the open market or otherwise at any price (provided that, if they should be cancelled pursuant to this Condition 6(j), they are purchased together with all unmatured Coupons and all unexchanged Talons relating to them). The Securities so purchased may be held, re-issued or re-sold or, at the option of the relevant purchaser, surrendered to the Fiscal Agent for cancellation, but while held by or on behalf of the Issuer, the Guarantor or any such subsidiary, shall not entitle the holder to vote at any meetings of the Holders of Securities and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders of Securities or for the purposes of Condition 12.

(k) **Cancellation**: All Securities so redeemed and any unmatured Coupons attached to or surrendered with them will be cancelled and may not be re-issued or re-sold.

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

(i) *the rating assigned by S&P to the Guarantor is the same as or higher than the long-term corporate credit rating assigned to the Guarantor on the date when the most recent additional hybrid security was issued (excluding refinancings without net new issuance) and the Guarantor is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or*

(ii) *in the case of a repurchase or a redemption, taken together with other relevant repurchases or redemptions of hybrid securities of the Group, such repurchase or redemption is of less than (a) 10 per cent. of the aggregate principal amount of the outstanding hybrid securities of the Group in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the outstanding hybrid securities of the Group in any period of 10 consecutive years, or*

(iii) *in the case of a repurchase or redemption, such repurchase or redemption relates to an aggregate principal amount of Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Guarantor's hybrid capital to which S&P then assigns equity content under its prevailing methodologies, or*

(iv) *the Securities are redeemed pursuant to a Tax Event, a Capital Event, an Accounting Event, a Change of Control Event, a Substantial Purchase Event or a Withholding Tax Event, or*

(v) *if the Securities are not assigned an "equity credit" (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or*

(vi) *such redemption or repurchase occurs on or after the Reset Date falling on 9 February 2050*.

7 Payments

(a) **Method of Payment**: Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Securities or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by transfer to a euro account maintained by the payee with a bank in city in which banks have access to the TARGET System. Payments of interest due in respect of any Security other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Security.

(b) **Payments subject to fiscal laws**: All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) **Unmatured Coupons**: Upon the due date for redemption of any Security, unmatured Coupons relating to such Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer and the Guarantor may require.

(d) **Exchange of Talons**: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

(e) **Payments on business days**: A Security or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a euro account, a day that is a Business Day). No further interest or other payment will be made as a consequence of the day on which the relevant Security or Coupon may be presented for payment under this Condition 7 falling after the due date. In this Condition "business day" means a day on which commercial banks and foreign exchange markets settle payments and are open in the relevant city.

(f) **Paying Agents**: The initial Paying Agents and their initial specified offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent

and appoint additional or other Paying Agents, provided that they will maintain (i) a Fiscal Agent, (ii) a Paying Agent (which may be the Fiscal Agent) having specified offices in London and (iii) a Paying Agent with a specified office in a European Union member state. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Holders in accordance with Condition 14.

8 Taxation

(a) **Additional Amounts**: All payments of principal and interest in respect of the Securities and the Coupons by the Issuer or (as the case may be) the Guarantor under the Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or the Kingdom of Spain or, in each case, any authority therein or thereof having power to tax (each a "Taxing Authority"), unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Securities or (as the case may be) Coupons, in the absence of such withholding or deduction; except that no Additional Amounts shall be payable with respect to any payment in respect of any Security or Coupon or (as the case may be) under the Guarantee:

(i) to, or to a third party on behalf of, a Holder who is liable for taxes, duties, assessments or governmental charges in respect of such Security by reason of his having some connection with the Netherlands or the Kingdom of Spain other than the mere holding of the Security;

(ii) 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;

(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 Security to comply with a request of the Issuer, or the Guarantor addressed to the Holder or the beneficial owner of the Security (a) to provide information concerning the nationality, residence, identity or connection with a Taxing Authority of the Holder or such beneficial owner or (b) to make any declaration or other similar claim to satisfy any information or reporting requirement, which in the case of (a) or (b), is required or imposed by a law, statute, treaty, rule, regulation or administrative practice of the Taxing Authority as a precondition to exemption from all or part of such tax assessment or other governmental charge, in each case, within any applicable time limits as may from time to time be imposed by such law, statute, treaty, rule, regulation, or administrative practice;

(iv) where such withholding or deduction is required to be made pursuant to the Dutch Withholding Tax Act 2021 (*Wet Bronbelasting 2021*);

(v) presented for payment in the Kingdom of Spain; or

(vi) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Security to another Paying Agent in a Member State of the European Union.

(b) **FATCA**: Notwithstanding any other provision herein, any amounts to be paid by Issuer on the Securities will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Internal Revenue Code of 1986 ("FATCA") (or any amended or successor version of such sections that is substantively comparable and not materially more onerous to comply with), any

regulations promulgated thereunder, and any official interpretations thereof or any agreements entered into in connection with the implementation thereof, and the Issuer will not be required to pay Additional Amounts on account of any FATCA deduction or withholding.

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

(d) **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.

(e) **Tax Affairs**: Nothing in Conditions 8(b) and (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 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.

(f) **Definitions**: References in these Conditions to (i) "Principal" shall be deemed to include all amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it; (ii) "interest" shall be deemed to include all Arrears of Interest and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it; and (iii) "principal" and/or "interest" shall be deemed to include any Additional Amounts.

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

9 Enforcement Events and No Events of Default

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

However, if an Issuer Winding-up occurs, or an order is made or an effective resolution passed for the winding-up, dissolution or liquidation of the Guarantor, then without notice from the Holder of any Security to the Fiscal

Agent, each Security shall immediately become due and payable at its principal amount together with any accrued and unpaid interest and any outstanding Arrears of Interest.

In such case the Holder of a Security may, at its sole discretion, institute steps in order to obtain a judgment against the Issuer and/or the Guarantor for any amounts due in respect of the Securities, including but not limited to proving and/or claiming in an Issuer Winding-up or in the winding-up, dissolution, liquidation or insolvency proceeding of the Guarantor for such amount.

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

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

10 Prescription

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

11 Replacement of Securities and Coupons

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

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

(a) **Meetings of Holders of Securities**: The Fiscal Agency Agreement contains provisions for convening meetings of Holders of Securities to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Holders of Securities holding not less than 10 per cent in principal amount of the Securities 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 the principal amount of the Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Holders of Securities whatever the principal amount of the Securities held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Securities or the dates on which interest is payable in respect of the Securities, (ii) to reduce or cancel the principal amount of, or interest on or to vary the method of calculating the rate of interest on, the Securities, (iii) to change the currency of payment of the Securities or the Coupons, (iv) to modify the provisions concerning the quorum required at any meeting of Holders of Securities or the majority required to pass an Extraordinary Resolution, or (v) 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 Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Holders of Securities (whether or not they were present at the meeting at which such resolution was passed) and on all Holders of Coupons.

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders of Securities duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders of Securities.

(b) **Modification**: The Securities, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended by the Issuer and the Guarantor without the consent of the Holders of Securities to correct a manifest error. No other modification may be made to the Securities, these Conditions, the Deed of Covenant or the Deed of Guarantee except with the sanction of a resolution of the Holders of the Securities.

In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Holders of Securities, to any such modification unless, in the sole opinion of the Issuer and the Guarantor, (i) it is of a formal, minor or technical nature; (ii) it is made to correct a manifest error; or (iii) it is not materially prejudicial to the interests of the Holders of Securities.

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

is equal to or greater than that which was assigned to the Securities on the Issue Date (or, if "equity credit" is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which "equity credit" is assigned by such Rating Agency).

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

(i) the Issuer giving not less than 10 nor more than 40 days' notice to the Fiscal Agent, the Paying Agent and, in accordance with Condition 14, the Holders;

(ii) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Securities are for the time being admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged Securities or Varied Securities continue to be admitted to trading on the same stock exchange as the Securities if they were admitted to trading immediately prior to the relevant exchange or variation;

(iii) the Issuer paying any outstanding Arrears of Interest in full prior to such exchange or variation;

(iv) the Exchanged Securities or Varied Securities shall: (A) rank at least *pari passu* with the ranking of the Securities prior to the exchange or variation, (B) have the benefit of a guarantee (the "Exchanged or Varied Guarantee") from the Guarantor on terms not less favourable to Holders than the terms of the Guarantee (as reasonably determined by the Issuer or Substitute Issuer and the Guarantor) and (C) benefit from the same or more favourable interest rates and the same Interest Payment Dates, the same First Reset Date and early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right), the same rights to accrued interest or Arrears of Interest and any other amounts payable under the Securities which, in each case, has accrued to the Holders and has not been paid, the same rights to principal and interest, and, if publicly rated by S&P, Moody's and/or Fitch Ratings immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by each of S&P, Moody's and/or Fitch Ratings (as the case may be), as compared with the relevant rating(s) immediately prior to such exchange or variation (as determined by the Issuer or Substitute Issuer and the Guarantor using reasonable measures available to it including discussions with S&P, Moody's and/or Fitch Ratings to the extent practicable) (D) shall not contain terms providing for the mandatory deferral of interest and (E) not contain terms providing for loss absorption through principal write-down or conversion to shares;

(v) the preconditions to redemption set out in Condition 6(i) having been satisfied and the terms of the exchange or variation (in the sole opinion of the Issuer or Substitute Issuer or the Guarantor, as the case may be) not being prejudicial to the interests of the Holders, including compliance with (iv) above, as certified to the benefit of the Holders by an authorised officer of the Guarantor, having consulted with an independent investment bank of international standing, and any such certificate shall, absent fraud or manifest error, be final and binding on all parties. However, a change in the governing law of the provisions of Condition 2(b) (Status and Subordination of the Securities and Coupons – Subordination of the Securities) to the laws of the jurisdiction of incorporation of the Substitute Issuer, in connection with any substitution pursuant to Condition 12(c) (Substitution and Variation), shall be deemed not to be prejudicial to the interests of the Holders; and

(vi) the issue of legal opinions addressed to the Fiscal Agent (copies of which shall be made available to the Holders at the specified offices of the Fiscal Agent during usual office hours) for the benefit of the Holders from one or more international law firms of good reputation selected by the Issuer or the Guarantor and confirming (x) that each of the Issuer and the Guarantor has capacity to

assume all rights, duties and obligations under the Exchanged Securities or Varied Securities and the Exchanged or Varied Guarantee (as the case may be) and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Securities or Varied Securities.

13 Further Issues

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

14 Notices

Notices to Holders of Securities will be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Securities are for the time being listed and/or admitted to trading. So long as the Securities are listed on the Official List of the Luxembourg Stock Exchange, notices shall be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any such notice shall be deemed to have been validly given on the date of the first such publication or, if published more than once, on the first date on which publication is made.

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

15 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 Securities, the Coupons 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 Security or Coupon 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, 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 Security, Coupon or Guarantee or any other judgment or order.

16 Substitution of the Issuer

(a) The Issuer, or any previous substituted company, and the Guarantor may at any time, without the consent of the Holders, substitute for the Issuer (x) the Guarantor or (y) any company that is a wholly-owned direct or indirect subsidiary of the Guarantor (the "Substitute") upon notice by the Issuer, the Guarantor and the Substitute to be given in accordance with Condition 14 and to the Luxembourg Stock Exchange, provided that:

(i) no payment in respect of the Securities is at the relevant time overdue;

(ii) the Substitute shall, by means of a deed poll in the form scheduled to the Fiscal Agency Agreement as Schedule 6 (the "Deed Poll"), agree to indemnify each Holder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to the Securities or the Deed of Covenant and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;

(iii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Securities and Deed of Covenant shall be unconditionally and irrevocably guaranteed by the Guarantor by means of the Deed Poll;

(iv) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Securities and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Guarantor have been taken, fulfilled and done and are in full force and effect;

(v) the Substitute shall have become party to the Fiscal Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;

(vi) legal opinions shall have been delivered to the Fiscal Agent from lawyers of recognised standing in each jurisdiction referred to in (ii) above, in Spain and in England as to the fulfilment of the of the preceding conditions of this paragraph and the other matters specified in the Deed Poll and that the Securities are legal, valid and binding obligations of the Substitute;

(vii) each listing authority or stock exchange (if any) on which the Securities are then listed shall have confirmed that, following the proposed substitution of the Substitute, the Securities will continue to be admitted to listing by such listing authority or stock exchange;

(viii) each Rating Agency has confirmed that upon such substitution becoming effective the Securities will either still be eligible for the same, or a higher amount of, "equity credit" (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as is attributed to the Securities on the date immediately prior to such substitution or such eligibility or attribution will not be adversely affected;

(ix) the Substitute (if incorporated in a jurisdiction other than England) shall have appointed an agent to receive, for and on its behalf, service of process in any Proceedings (as defined in Condition 18) in England;

(x) two directors of the Issuer or two directors of the Substitute shall have certified to the Fiscal Agent that, following consultation with an independent investment bank of international repute, an independent financial adviser with appropriate expertise or independent counsel of recognised standing, the Issuer or, as the case may be, the Substitute has concluded that such substitution (A) will not result in the Substitute having an entitlement, as at the date such substitution becomes effective, to redeem the Securities as a result of a Tax Event, a Capital Event, an Accounting Event, a Change of Control Event, a Substantial Purchase Event or a Withholding Tax Event and (B) will not result in the terms of the Securities immediately following such substitution being materially less favourable to holders than the terms of the Securities immediately prior to such substitution; and

(xi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Holders, stating that copies, or, pending execution, the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Holders, shall be available for inspection at the specified office of each of the Paying Agents.

(b) Upon the execution of the Deed Poll and the delivery of the legal opinions, the Substitute shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Securities and the Fiscal Agency Agreement with the same effect as if the Substitute had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Securities and under the Fiscal Agency Agreement, and where the Substitute is the Guarantor, the Guarantor shall be released from its obligations under the Guarantee.

(c) After a substitution pursuant to this Condition 16(a), the Substitute may, without the consent of any Holder, effect a further substitution. All of the provisions specified in Conditions 16(a) and 16(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute.

(d) After a substitution pursuant to Conditions 16(a) or 16(c) any Substitute may, without the consent of any Holder, reverse the substitution, *mutatis mutandis*.

(e) In the event of a substitution pursuant to this Condition 16, the governing law of Condition 2(b) shall be amended to the governing law of the jurisdiction of incorporation of the Substitute.

17 Contracts (Rights of Third Parties) Act 1999

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

18 Governing Law

(a) **Governing Law**: The Fiscal Agency Agreement, the Securities, the Coupons and the Guarantee and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law, other than the provisions of Condition 2(b) which are governed by and construed in accordance with the laws of the Netherlands, and the provisions of Condition 3(b) and Condition 3(c) and the corresponding provisions of the Guarantee which are governed by and construed in accordance with the laws of the Kingdom of Spain.

(b) **Jurisdiction**: The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Securities, the Coupons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Securities, the Coupons or the Guarantee ("Proceedings") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition is for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Agent for Service of Process**: Each of the Issuer and the Guarantor irrevocably appoints SPW Investments Ltd., 4th Floor, 1 Tudor Street, London EC4Y 0AH, United Kingdom, as its agent in England to receive service of process in any Proceedings in England based on any of the Securities, the Coupons or the Guarantee. If for any reason the Issuer or the Guarantor as the case may be does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of Securities of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

19 Definitions

In these Conditions:

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

"5 year Swap Rate" has the meaning given to it in Condition 4(c);

"5 year Swap Rate Quotations" has the meaning given to it in Condition 4(c);

"6 Year Non-Call Securities" means the €1,000,000,000 6 Year Non-Call Undated Deeply Subordinated Reset Rate Guaranteed Securities issued by Iberdrola International B.V. on the Issue Date (ISIN: XS2295335413) and unconditionally and irrevocably guaranteed on a subordinated basis by Iberdrola, S.A.;

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

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

"Adjustment Spread" means either (x) a spread (which may be positive, negative or zero) or (y) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) if no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(C) if Independent Adviser determines that no such spread is customarily applied, the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

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

"Alternative Rate" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4(d)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same interest period and in euros;

"Arrears of Interest" has the meaning given to it in Condition 5(a);

"Benchmark Amendments" has the meaning given to it in Condition 4(d)(iv);

"Benchmark Event" means:

(A) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

(B) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(C) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Securities; or

(D) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, the Original Reference Rate is (or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(E) it has become unlawful for any Paying Agent, the Issuer or other party to calculate any payments due to be made to any Holder using the Original Reference Rate,

provided that in the case of sub-paragraphs (B), (C) and (D) above, the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, and not the date of the relevant public statement;

"business day" has the meaning given to it in Condition 7(e);

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

"Calculation Amount" has the meaning given to it in Condition 4(b);

"Calculation Date" means the third business day preceding the Make-whole Redemption Date;

a "Capital Event" shall be deemed to occur if the Issuer or the Guarantor has, directly or via publication by such Rating Agency, received, and notified the Holders in accordance with Condition 14 that it has so received, confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in hybrid capital methodology or a change in the interpretation thereof, in each case occurring or becoming effective after the Issue Date, the Securities will no longer be eligible (or if the Securities have been partially or fully refinanced since the Issue Date and are no longer eligible for "equity credit" from such Rating Agency in part or in full as a result, all or any of the Securities that would no longer have been eligible as a result of such amendment, clarification, change in hybrid capital methodology or change in the interpretation had they not been refinanced) for the same or a higher amount of "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Securities at the Issue Date (or, if "equity credit" is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which "equity credit" is assigned by such Rating Agency for the first time);

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 (1) the date of the occurrence of the relevant Change of Control; and (2) 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;

"Change of Control Rating Agency" means Standard & Poor's Credit Market Services Europe Limited ("S&P"), Moody's Investors Service Limited ("Moody's"), or Fitch Ratings Limited ("Fitch Ratings") or 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;

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

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

"Consolidated Financial Statements" means the most recently published: (i) audited annual consolidated financial statements 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 "review" from 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 IFRS-EU;

"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, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

"Deferral Notice" has the meaning given to it in Condition 5(a);

"Deferred Interest Payment" has the meaning given to it in Condition 5(a);

"Dividend Declaration" has the meaning given to it in Condition 5(c);

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

"February 2019 Securities" means the €800,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities issued by Iberdrola International B.V. on 12 February 2019 (ISIN: XS1890845875) and unconditionally and irrevocably guaranteed on a subordinated basis by Iberdrola, S.A.;

"First Reset Date" means 9 February 2030;

"First Step-Up Date" means 9 February 2035;

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

"Holder" has the meaning given to it in Condition 1(b);

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

"Independent Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise in international debt capital markets appointed by the Issuer under Condition 4(d)(i);

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

"Interest Payment Date" means 9 February in each year;

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

"Investment Grade Rating" means: (1) with respect to S&P, any of the categories from and including AAA to and including BBB- (or equivalent successor categories); (2) with respect to Moody's, any of the categories from and including Aaa to and including Baa3 (or equivalent successor categories); and (3) with respect to Fitch Ratings, any of the categories from and including AAA to and including BBB- (or equivalent successor categories);

"Issue Date" means 9 February 2021;

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

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

"Junior Obligations of the Guarantor" means all obligations of the Guarantor issued or incurred directly or indirectly by it which rank or are expressed to rank junior to the Guarantee, including Ordinary Shares of the

Guarantor and any other shares (*acciones*) in the capital of the Guarantor (and, if divided into classes, each class thereof);

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

"Make-whole Redemption Amount" means the sum of: (a) the greater of (x) the principal amount of the Securities so redeemed and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Securities up to and discounted from: (A) if the relevant Make-whole Redemption Date occurs prior to 9 August 2029, 9 August 2029 or (B) thereafter on the next succeeding Interest Payment Date, if the relevant Make-whole Redemption Date occurs after the First Reset Date to such Make-whole Redemption Date in each case on an annual basis at the Make-whole Redemption Rate plus a Make-whole Redemption Margin; and (b) any interest accrued but not paid on the Securities (including any Arrears of Interest) to, but excluding, the Make-whole Redemption Date, as determined by the Quotation Agent and as notified on the Calculation Date by the Quotation Agent to the Issuer and the Paying Agent;

"Make-whole Redemption Date" has the meaning ascribed to such term in Condition 6(h);

"Make-whole Redemption Margin" means:

(i) 0.40 per cent. if the relevant Make-whole Redemption Date occurs prior to the First Step-up Date,

(ii) 0.40 per cent. if the relevant Make-whole Redemption Date occurs on or after the First Step-up Date but prior to the Second Step-up Date, or

(iii) 0.50 per cent. if the relevant Make-whole Redemption Date occurs on or after the Second Step-up Date;

"Make-whole Redemption Rate" means (i) the mid-market yield to maturity of the Reference Security which appears on the Relevant Make-whole Screen Page on the third business day preceding the Make-whole Redemption Date at 11:00 a.m. (CET) or (ii) to the extent that the mid-market yield to maturity does not appear on the Relevant Make Whole Screen Page at such time, the average of the number of quotations given by the Reference Dealers of the mid-market yield to maturity of the Reference Security on the third business day preceding the Make-whole Redemption Date at or around 11:00 a.m. (CET);

"Mandatory Settlement Date" has the meaning given to it in Condition 5(c);

"March 2018 Securities" means the €700,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities issued by Iberdrola International B.V. on 26 March 2018 (ISIN: XS1797138960) and unconditionally and irrevocably guaranteed on a subordinated basis by Iberdrola, S.A.;

"November 2017 Securities" means the €1,000,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities issued by Iberdrola International B.V. on 22 November 2017 (ISIN: XS1721244371) and unconditionally and irrevocably guaranteed on a subordinated basis by Iberdrola, S.A.;

"October 2020 Securities" means the €1,600,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities (ISIN: XS2244941063) and the €1,400,000,000 Undated Deeply Subordinated Reset Rate Guaranteed Securities (ISIN: XS2244941147) issued by Iberdrola International B.V. on 28 October 2020 and unconditionally and irrevocably guaranteed on a subordinated basis by Iberdrola, S.A.;

"Ordinary Shares of the Guarantor" means ordinary shares in the capital of the Guarantor, having at the Issue Date a nominal value of €0.75 each;

"Ordinary Shares of the Issuer" means ordinary shares in the capital of the Issuer, having on the Issue Date a nominal amount of €0.75 each;

"Original Reference Rate" means the originally-specified benchmark or screen rate (as applicable) used to determine the interest rate (or any component part thereof) on the Securities;

"Outstanding Hybrid Securities" means the November 2017 Securities, the March 2018 Securities, the February 2019 Securities, the October 2020 Securities and the 6 Year Non-Call Securities;

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

"Parity Obligations of the Guarantor" means all obligations of the Guarantor which are either (i) issued directly by the Guarantor and which rank or are expressed to rank *pari passu* with the Guarantor's obligations under the Guarantee or (ii) issued by any Subsidiary of the Guarantor and where the terms of such obligations benefit from a guarantee or support agreement entered into by the Guarantor which ranks or is expressed to rank *pari passu* with the Guarantor's obligations under the Guarantee (which include the guarantee granted by the Guarantor in connection with each of the Outstanding Hybrid Securities);

"Parity Obligations of the Issuer" means all obligations of the Issuer, issued or incurred directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Securities including the Outstanding Hybrid Securities;

"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;

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

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

"Proceedings" has the meaning given to it in Condition 18(b);

"Quotation Agent" means the agent to be appointed by the Issuer if required for the determination of the Make-whole Redemption Amount;

"Rating Agency" means S&P, Moody's or Fitch Ratings;

A "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 Change of Control Rating Agency is: (x) withdrawn; (y) ceases to be an Investment Grade Rating; or (z) if the rating assigned to the Guarantor by any Change of Control 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 Change of Control 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 Change of Control 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, in 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;

"Redemption Date" means the date fixed for redemption of the Securities pursuant to Condition 6;

"Reference Dealers" means each of the four banks (that may include the Joint Bookrunners) selected by the Quotation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues;

"Reference Security" means DBR 0.0% February 2030 (ISIN: DE0001102499). If a Reference Security is no longer outstanding, a Similar Security will be chosen by the Quotation Agent at 11:00 a.m. (CET) on the Calculation Date, quoted in writing by the Quotation Agent to the Issuer and published in accordance with Condition 14;

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

"Relevant Make-whole Screen Page" means Bloomberg screen page "PXGE" (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Reference Security;

"Relevant Nominating Body" means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

"Relevant Period" has the meaning given to it in Condition 6(b);

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

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

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

"Reset Reference Banks" has the meaning given to it in Condition 4(c);

"Reset Reference Bank Rate" has the meaning given to it in Condition 4(c);

"Reset Screen Page" has the meaning given to it in Condition 4(c);

"Second Step-up Date" means 9 February 2050;

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

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

"Subordinated Loan" means the subordinated loan made by the Issuer to Iberdrola, S.A. dated 9 February 2021, pursuant to which the proceeds of the issue of the Securities are on-lent to Iberdrola, S.A.;

"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.

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;

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

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

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

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

For the avoidance of doubt, a Tax Event shall not occur if payments of interest under the Subordinated Loan by Iberdrola, S.A. are not deductible in whole or in part for Spanish corporate income tax purposes solely as a result of general tax deductibility limits set forth by Article 16 of Law 27/2014 dated 27 November, on Corporate Income Tax or article 25 bis of Vizcaya Regional Regulation 11/2013, of 5 December, on Corporate Income Tax (*Norma Foral 11/2013, de 5 de diciembre, del Impuesto sobre Sociedades*), as applicable, as at 9 February 2021;

"Tax Law Change" means a change in or proposed change in, or amendment to, or proposed amendment to, the laws or regulations of the Netherlands or Spain or, in either case, any political subdivision or any authority thereof or therein having power to tax, including, without limitation, any treaty to which the Netherlands or Spain is a party, or any change in the official or generally published interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax

authority that provides for a position with respect to such laws or regulations or interpretations thereof that differs from the previously generally accepted position in relation to similar transactions, which change, amendment or interpretation becomes or would become, effective after 9 February 2021;

"Taxing Authority" has the meaning given to it in Condition 8(a); and

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

Summary of Provisions relating to the Securities while in Global Form

Each Temporary Global Security and Permanent Global Security contains provisions which apply to the corresponding Securities while they are in global form, some of which modify the effect of the Conditions set out in this document. The following is a summary of certain of those provisions:

1 Exchange

Each Temporary Global Security is exchangeable, in whole or in part, for interests in a Permanent Global Security on or after a date which is expected to be 22 March 2021, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Security. Each Permanent Global Security is exchangeable in whole but not, except as provided in the next paragraph, in part (free of charge to the holder) for the corresponding Definitive Securities described below (i) if the Permanent Global Security is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if principal in respect of any relevant Securities is not paid when due and payable. Thereupon, the holder may give notice to the Fiscal Agent of its intention to exchange a Permanent Global Security for Definitive Securities on or after the Exchange Date specified in the notice.

If principal in respect of any Securities is not paid when due and payable the holder of the relevant Permanent Global Security may, by notice to the Fiscal Agent, require the exchange of a specified principal amount of the Permanent Global Security (which may be equal to or (provided that, if the Permanent Global Security is held by or on behalf of a clearing system, that clearing system agrees) less than the outstanding principal amount of Securities represented thereby) for Definitive Securities on or after the Exchange Date (as defined below) specified in such notice.

On or after any Exchange Date the holder of a Permanent Global Security may surrender the Permanent Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for the Permanent Global Security, or on endorsement in respect of the part thereof to be exchanged, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Securities (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Security), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Fiscal Agency Agreement. On exchange in full of a Permanent Global Security, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Securities.

"Exchange Date" means a day falling not less than 60 days or, in the case of exchange pursuant to (ii) above, 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant clearing system is located.

2 Payments

No payment will be made on a Temporary Global Security unless exchange for an interest in the corresponding Permanent Global Security is improperly withheld or refused. Payments of principal, premium and interest in respect of Securities represented by a Permanent Global Security will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of a Permanent Global Security to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Holders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to each Permanent Global Security, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Securities. Condition 7(f)(iii) and Condition 8(a)(vi) will apply to the Definitive

Securities only. For the purpose of any payments made in respect of a Permanent Global Security, Condition 7(e) shall not apply, and all such payments shall be made on a day on which the TARGET system is open.

3 Notices

So long as the Securities of a given series are represented by a Permanent Global Security and the Permanent Global Security is held on behalf of a clearing system, notices to Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions except that, so long as the Securities are listed on the Official List of the Luxembourg Stock Exchange and the rules of that Exchange so require, notices shall also be published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

4 Prescription

Claims against the Issuer in respect of principal, interest or any other amount on the Securities while the Securities are represented by a Permanent Global Security will become void unless it is presented for payment within a period of 10 years in the case of principal or any other amount in the nature of principal) and five years in the case of interest (or any other amount in the nature of interest, including Arrears of Interest (as defined in Condition 5(a)) from the appropriate Relevant Date (as defined in Condition 19).

5 Meetings

The holder of a Permanent Global Security shall (unless the Permanent Global Security represents only one Security) be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, as having one vote in respect of each €100,000 in principal amount of Securities.

6 Purchase and Cancellation

Cancellation of any Security, to be cancelled in accordance with the Conditions following its purchase, will be effected by reduction in the principal amount of the relevant Permanent Global Security.

7 Accountholders

For so long as any of the Securities is represented by a Global Security and such Global Security is held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such principal amount of such Securities for all purposes (including but not limited to, for the purposes of any quorum requirements of meetings of the Holders and giving notice to the Issuer pursuant to the Conditions) other than with respect to payment of principal and interest on such principal amount of such Securities, for which purpose the bearer of the relevant Global Security shall be treated as the holder of such principal amount of such Securities in accordance with and subject to the terms of the relevant Global Security and the expression "Holder" and related expressions shall be construed accordingly.

8 Electronic Consent and Written Resolution

While any Global Security is held on behalf of a relevant Clearing System, then:

(i) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the relevant series of Securities outstanding (an "Electronic Consent" as defined in the Fiscal Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Holders duly convened and held, and shall be binding on all Holders of the relevant Securities and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and

(ii) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, the Issuer and the Guarantor shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Guarantor, as the case may be (a) by accountholders in the clearing systems with entitlements to such Global Security and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Guarantor shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "relevant clearing system") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Holders of Securities and Holders of Coupons, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Securities is clearly identified together with the amount of such holding. The Issuer and/or the Guarantor shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Form of Guarantee

The following is the text of the deed of guarantee in respect of the Securities substantially in the form in which it will be executed by the Guarantor:

This Deed of Guarantee is made on 9 February 2021

BY

(1) IBERDROLA, S.A. (the "Guarantor")

IN FAVOUR OF

(2) THE HOLDERS (as defined in the Conditions (as defined in the Deed of Covenant)); and

(3) THE RELEVANT ACCOUNT HOLDERS (as defined in the Deed of Covenant described below).

WHEREAS

(A) Iberdrola International B.V. (the "Issuer") proposes to issue €1,000,000,000 6 Year Non-Call Undated Deeply Subordinated Reset Rate Guaranteed Securities and €1,000,000,000 9 Year Non-Call Undated Deeply Subordinated Reset Rate Guaranteed Securities (the "Securities", which expression shall, if the context so admits, include the Global Securities (whether in temporary or permanent form)) in connection with which, the Issuer and Guarantor have become parties to a fiscal agency agreement (the "Fiscal Agency Agreement") dated 9 February 2021 between, *inter alios*, the Issuer, the Guarantor and The Bank of New York Mellon, London Branch in its various capacities as set out therein relating to the Securities, and the Issuer has executed and delivered a deed of covenant (the "Deed of Covenant") dated 9 February 2021.

(B) The Guarantor has duly authorised the giving of a guarantee on a subordinated basis in respect of the Securities and the Deed of Covenant.

THIS DEED WITNESSES as follows**:**

1 Interpretation

1.1 All terms and expressions which have defined meanings in the Conditions, the Fiscal Agency Agreement or the Deed of Covenant shall have the same meanings in this Deed of Guarantee except where the context requires otherwise or unless otherwise stated.

1.2 Any reference in this Deed of Guarantee to a Clause is, unless otherwise stated, to a clause hereof.

1.3 All references in this Deed of Guarantee to an agreement, instrument or other document (including the Conditions, the Fiscal Agency Agreement and the Deed of Covenant) shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, replaced or novated from time to time.

1.4 Any reference in this Deed of Guarantee to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

1.5 Clause headings are for ease of reference only.

2 Guarantee and Indemnity

2.1 The Guarantor hereby unconditionally and irrevocably guarantees, on a subordinated basis:

2.1.1 to each Holder the due and punctual payment of any and every sum or sums of money which the Issuer shall at any time be liable to pay under or pursuant to any Security as and when the same shall become due and payable and agrees unconditionally to pay to such Holder, forthwith upon demand by such Holder in euro and in the manner prescribed by the Conditions for payments by the Issuer thereunder, any and every sum or sums of money which the Issuer shall at any time be liable to pay under or pursuant to such Security and which the Issuer shall have failed to pay at the time such demand is made; and

2.1.2 to each Relevant Account Holder the due and punctual payment of all amounts due to such Relevant Account Holder under the Deed of Covenant as and when the same shall become due and payable and agrees unconditionally to pay to such Relevant Account Holder, forthwith on demand by such Relevant Account Holder in euro and in the manner prescribed by the Conditions for payments by the Issuer thereunder, any and every sum or sums of money which the Issuer shall at any time be liable to pay under or pursuant to the Deed of Covenant and which the Issuer shall have failed to pay at the time demand is made.

2.2 As a separate, additional and continuing obligation, the Guarantor unconditionally and irrevocably undertakes to each Holder and each Relevant Account Holder that, should any amount referred to in Clause 2.1 not be recoverable from the Guarantor thereunder for any reason whatsoever (including, without limitation, by reason of any Security, any provision of any Security, the Deed of Covenant or any provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law) then, notwithstanding that the same may have been known to such Holder or Relevant Account Holder, the Guarantor will, as a sole, original and independent obligor, upon first written demand under Clause 2.1, make payment of such amount by way of a full indemnity in such currency and otherwise in such manner as is provided for in the Securities or the Deed of Covenant (as the case may be) and indemnify each Holder and each Relevant Account Holder against all losses, claims, costs, charges and expenses to which it may be subject or which it may incur under or in connection with the Conditions, the Deed of Covenant or this Deed of Guarantee.

3 Taxes and Withholdings

The Guarantor covenants in favour of each Holder and each Relevant Account Holder that it will duly perform and comply with its obligations expressed to be undertaken by it in Condition 8.

4 Preservation of Rights

4.1 The obligations of the Guarantor herein contained shall be deemed to be undertaken as sole or principal debtor.

4.2 The obligations of the Guarantor herein contained shall constitute and be continuing obligations notwithstanding any settlement of account or other matters or things whatsoever and, in particular but without limitation, shall not be considered satisfied by any partial payment or satisfaction of all or any of the Issuer's obligations under any Security or the Deed of Covenant and shall continue in full force and effect in respect of each Security and the Deed of Covenant until final repayment in full of all amounts owing by the Issuer thereunder and total satisfaction of all the Issuer's actual and contingent obligations thereunder.

4.3 Neither the obligations of the Guarantor herein contained nor the rights, powers and remedies conferred upon the Holders, the Relevant Account Holders or any of them by this Deed of Guarantee or by law shall be discharged, impaired or otherwise affected by:

4.3.1 the insolvency, winding-up, liquidation, dissolution, amalgamation, reconstruction or reorganisation of the Issuer or analogous proceeding in any jurisdiction or any change in its status, function, control or ownership; or

4.3.2 any of the obligations of the Issuer under any of the Securities or the Deed of Covenant being or becoming illegal, invalid or unenforceable in any respect; or

4.3.3 time or other indulgence being granted or agreed to be granted to the Issuer in respect of its obligations under any of the Securities or the Deed of Covenant; or

4.3.4 any amendment to, or any variation, waiver or release of, any obligation of the Issuer under any of the Securities or the Deed of Covenant; or

4.3.5 any other act, event or omission which, but for this Clause 4.3, would or might operate to discharge, impair or otherwise affect the obligations of the Guarantor herein contained or any of the rights, powers or remedies conferred upon the Holders, the Relevant Account Holders or any of them by this Deed of Guarantee or by law.

4.4 Without prejudice to the generality of the foregoing, any settlement or discharge between the Guarantor and the Holders, the Relevant Account Holders or any of them shall be conditional upon no payment to the Holders, the Relevant Account Holders or any of them by the Issuer or any other person on the Issuer's behalf being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force and, in the event of any such payment being so avoided or reduced, the Holders and the Relevant Account Holders shall each be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.

4.5 No Holder or Relevant Account Holder shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Deed of Guarantee or by law:

4.5.1 to make any demand of the Issuer, other than (in the case of a Holder) the presentation of the relevant Security; or

4.5.2 to take any action or obtain judgment in any court against the Issuer; or

4.5.3 to make or file any claim or proof in a winding-up or dissolution of the Issuer and, save as aforesaid, the Guarantor hereby expressly waives, in respect of each Security, presentment, demand and protest and notice of dishonour.

4.6 The Guarantor agrees that so long as any amounts are or may be owed by the Issuer under any of the Securities or the Deed of Covenant or the Issuer is under any actual or contingent obligations thereunder, the Guarantor shall not exercise rights which the Guarantor may at any time have by reason of performance by the Guarantor of its obligations hereunder:

4.6.1 to be indemnified by the Issuer; and/or

4.6.2 to claim any contribution from any other guarantor of the Issuer's obligations under the Securities or the Deed of Covenant; and/or

4.6.3 to take the benefit, in whole or in part, of any security taken pursuant to, or in connection with, any of the Securities or the Deed of Covenant issued by the Issuer, by all or any of the persons to whom the benefit of the Guarantor's obligations are given; and/or

4.6.4 to be subrogated to the rights of any Holder or Relevant Account Holder against the Issuer in respect of amounts paid by the Guarantor pursuant to the provisions of this Deed of Guarantee.

5 Conditions, Status and Subordination

5.1 The Guarantor undertakes to comply with and be bound by those provisions of the Conditions which relate to it and which are expressed to relate to it.

5.2 The Guarantor undertakes that its obligations hereunder rank, and will at all times rank, as described in the Condition 3(b).

5.3 In the event of the Guarantor being declared in insolvency ("*concurso*") under Spanish insolvency law, the provisions of Condition 3(c) shall apply.

6 Deposit of Deed of Guarantee

An original of this Deed of Guarantee shall be deposited with and held by the Fiscal Agent until the date on which all the obligations of the Issuer under or in respect of the Securities (including, without limitation, its obligations under the Deed of Covenant) have been discharged in full. The Guarantor hereby acknowledges the right of every Holder and every Relevant Account Holder to the production of this Deed of Guarantee.

7 Stamp Duties

The Guarantor will promptly pay any stamp duty or other documentary taxes (including any penalties and interest in respect thereof) payable in connection with the execution, delivery, performance and enforcement of this Deed of Guarantee, and will indemnify and hold harmless each Holder and each Relevant Account Holder on demand from all liabilities arising from any failure to pay, or delay in paying, such taxes.

8 Currency Indemnity

If any sum due from the Guarantor under this Deed of Guarantee or any order or judgment given or made in relation thereto has to be converted from the currency (the "first currency") in which the same is payable under this Deed of Guarantee or such order or judgment into another currency (the "second currency") for the purpose of (a) making or filing a claim or proof against the Guarantor, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to this Deed of Guarantee, the Guarantor shall indemnify each Holder and Relevant Account Holder on demand against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Holder or Relevant Account Holder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation of the Guarantor and shall give rise to a separate and independent cause of action.

9 Deed Poll; Benefit of Guarantee

9.1 This Deed of Guarantee shall take effect as a Deed Poll for the benefit of the Holders and the Relevant Account Holders from time to time and for the time being.

9.2 The Guarantor hereby acknowledges and covenants that the obligations binding upon it contained herein are owed to, and shall be for the benefit of, each and every Holder and Relevant Account Holder, and that each Holder and each Relevant Account Holder shall be entitled severally to enforce the said obligations against the Guarantor.

9.3 The Guarantor may not assign or transfer all or any of its rights, benefits and obligations hereunder except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation of the Guarantor on terms approved by an Extraordinary Resolution of the Holders.

10 Provisions Severable

Each of the provisions in this Deed of Guarantee shall be severable and distinct from the others and the illegality, invalidity or unenforceability of any one or more provisions under the law of any jurisdiction shall not affect or impair the legality, validity or enforceability of any other provisions in that jurisdiction nor the legality, validity or enforceability of any provisions under the law of any other jurisdiction.

11 Notices

Notices to the Guarantor will be deemed to be validly given if delivered at Iberdrola, S.A., Departamento de Financiación, Plaza Euskadi 5, 48009 Bilbao, Spain (or at such other address and for such other attention as may have been notified to Holders in accordance with the Conditions, or sent by fax (fax no: +34 944 15 4037/16 6701). A notice or communication will be deemed received (if by fax) when a transmission report shows the fax has been sent, (if by telex) when a confirmed answer is received at the end of the transmission and (if by writing) when delivered, provided that any notice or communication which is received outside business hours or on a non-business day in Madrid shall be deemed received at the opening of business on the next following business day in Madrid.

12 Law and Jurisdiction

12.1 **Governing Law:** This Deed of Guarantee and all matters arising from or connected with it, including any non-contractual obligations arising out of or in connection with it, are governed by and shall be governed by and construed in accordance with English law, except for the provisions of Conditions 3(b) and 3(c) referred to in Clauses 5.2 and 5.3, respectively, which shall be governed by, and construed in accordance with, Spanish law.

12.2 **English courts**: The courts of England have exclusive jurisdiction to settle any dispute (a "Dispute"), arising from or connected with this Deed of Guarantee (including a dispute regarding the existence, validity or termination of this Deed of Guarantee) or the consequences of its nullity.

12.3 **Appropriate forum:** The Guarantor agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

12.4 **Rights of the Holders and Relevant Account Holders:** Clause 12.2 (English courts) is for the benefit of the Holders and the Relevant Account Holders only. As a result, nothing in this Clause 12 (Law and Jurisdiction) prevents the Holders and Relevant Account Holders from taking proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, the Holders and Relevant Account Holders may take concurrent Proceedings in any number of jurisdictions.

12.5 **Process agent:** The Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to 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 Guarantor in the United Kingdom

at which process may be served on it in accordance with Part 34 of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Guarantor, the Guarantor shall, on the written demand of any Holder or Relevant Account Holder addressed and delivered to the Guarantor appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Holder or Relevant Account Holder shall be entitled to appoint such a person by written notice addressed to the Guarantor and delivered to the Guarantor. Nothing in this paragraph shall affect the right of any Holder or Relevant Account Holder to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

In witness whereof this Deed has been signed as a deed by the Guarantor and is hereby delivered on the date first above written.

SIGNED as a **DEED** and **DELIVERED**)

on behalf of **Iberdrola, S.A.**)

a company incorporated in the Kingdom of Spain)

by:)

[●])……

and)

[●])……

being persons who, in accordance with)

the laws of that territory are acting under)

the authority of the company.)

Description of the Issuer

General information

Iberdrola International, a wholly-owned subsidiary of Iberdrola, was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) on 10 September 1992 under the laws of the Netherlands. The registered office of Iberdrola International is at Rapenburgerstraat 179, D, 1011 VM Amsterdam, the Netherlands, with telephone number + 31 20 579 21 24. Iberdrola International is registered at the Dutch Chamber of Commerce (*Kamer van Koophandel*) under number 33241226. Iberdrola International was incorporated for an indefinite period. Iberdrola International prepares annual financial statements only and does not prepare or publish interim financial statements.

Share capital

As at 31 December 2019, Iberdrola International's issued and fully paid-up share capital was 388,000 euro, divided into 776 ordinary shares of 500 euro each. The whole of the issued and paid-up share capital of Iberdrola International is owned by Iberdrola. There are currently no arrangements in place, the operation of which may at a future date result in a change of control of Iberdrola International. There are no measures in place to ensure that the control of Iberdrola International by Iberdrola is not abused.

Business

Iberdrola International is a finance company which is authorised to raise funds by issuing debt instruments in the capital and money markets as well as to raise funds in the bank market. The net proceeds from the issuance of these instruments will be used to prepay maturing debt and for the general corporate purposes of the Iberdrola Group. Iberdrola International is dependent on Iberdrola to service its obligations under these instruments.

Management

The members of Iberdrola International's board of management (the "Board of Management") are detailed in the following table:

Name	Function
Mr. J.E. Hardeveld	Managing Director
Mr. J.P. van Leeuwen	Managing Director
Mr. G. Colino Salazar	Managing Director

The business address of each member of the Board of Management is Rapenburgerstraat 179, D, 1011 VM Amsterdam, the Netherlands.

No conflict of interest has been notified to Iberdrola International between the duties of the members of the Board of Management and their private interests or other duties. None of the members of the Board of Management performs any activities outside Iberdrola International that are significant with respect to Iberdrola International.

Material contracts

The material contracts entered into by Iberdrola International (other than in its ordinary course of business) which are relevant to its ability to meet its obligations in respect of the Securities are the Fiscal Agency Agreement and the Deed of Covenant.

Description of the Guarantor

General information

The legal name of the Guarantor is Iberdrola, S.A. ("Iberdrola") operating under the commercial name Iberdrola. It is a listed corporation which was incorporated in the Kingdom of Spain for an indefinite period on 19 July 1901. Iberdrola is registered in volume 17 of the Companies Section, folio 114, sheet 901 (current BI-167-A), entry no. 1 in the Biscay Commercial Registry. Its present name was adopted at the General Shareholders' Meeting held on 1 November 1992, formalised in a deed executed on 12 December 1992 and recorded with the Biscay Commercial Registry in volume BI-223 of the General Companies Section, folio 156, sheet BI-167-A, entry no. 923, following the merger of Iberduero, S.A. and Hidroeléctrica Española, S.A.

Iberdrola (together with its subsidiaries, the "Iberdrola Group" and the "Group") is now one of the world's leading private electricity companies in terms of market capitalisation and the number of customers it serves.

Iberdrola's registered offices are in Bilbao (Spain), at Plaza Euskadi, nº.5, 48009 Bilbao, with telephone number +34 94 415 14 11.

The Legal Entity Identifier (LEI) code of Iberdrola is 5QK37QC7NWOJ8D7WVQ45. Iberdrola's website is www.iberdrola.com.

Iberdrola is the parent company of a group of companies carrying out activities primarily in the electricity and gas industries, in the Kingdom of Spain and other countries, with a significant presence in the UK, the United States of America, Mexico, Brazil, and International (mainly continental Europe, Germany, France, Italy among others). With the scope and under the conditions established in applicable regulations in each territory, the activities carried out in such industries may be classified into regulated activities and liberalised activities.

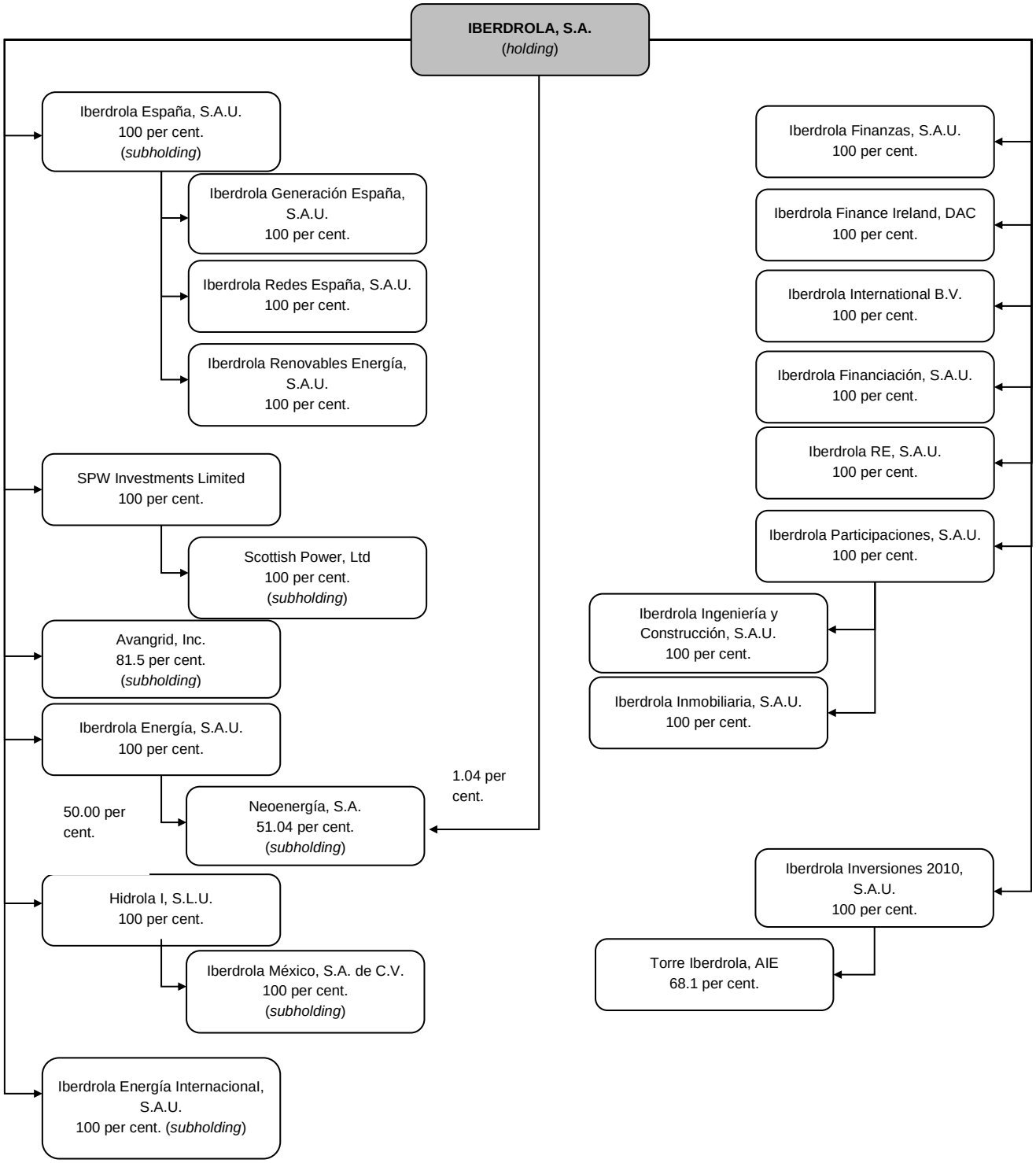
Share capital and major shareholders

Iberdrola's shares (ISIN: ES0144580Y14) are listed on the continuous market (*mercado continuo*) of the Spanish stock exchange and admitted to listing on the Spanish electronic stock market, energy sector, electricity sub-sector, and are included in the IBEX-35 index. In addition, since 23 June 2003, Iberdrola's shares have been included in the FTSE EuroStoxx 100 index and, since 1 September 2003, in the EuroStoxx 50 index.

As at 31 December 2020, there were 6,350,061,000 shares of Iberdrola in issue, all of which are fully subscribed and paid up, resulting in a share capital of €4,762,545,750. The nominal value of each share is €0.75. As at 31 December 2020, the closing price was €11.70, resulting in a market capitalisation of €74,295.7 billion. All of Iberdrola's shares are ordinary shares, represented in book-entry form and the book-entry registry is kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear), domiciled at Palacio de la Bolsa, Plaza de la Lealtad, 1, 28014 Madrid, Spain.

According to information available to Iberdrola, no single person (or group of persons) controls Iberdrola. Nonetheless, based on publicly available information, at 31 December 2020 significant shareholders holding more than 3 per cent. of Iberdrola's ordinary share capital were (a) Qatar Investment Authority holding an 8.69 per cent. interest through Qatar Holding Luxembourg II, S.A.R.L.; (b) Blackrock, Inc. with an indirect interest of 5.235 per cent. through Blackrock Group; and (c) Norges Bank with a direct interest of 3.43 per cent.

The corporate structure of the principal subsidiaries of the Iberdrola Group as at the date of this Offering Circular is as follows:



Business

The Iberdrola Group is split into five strategic divisions (see table below). Additionally, Corporation includes the costs of the Group's structure (Single Corporation), of the administration services of the corporate areas that are subsequently invoiced to the other companies through specific service agreements. The Group's principal activities are the generation the supply and the distribution of electricity and gas but, as shown in the

table above, the Group is also involved in other businesses. The Group operates primarily in Spain but also has significant other investments, particularly in the UK, United States, Mexico, Brazil and primarily Continental Europe, through Iberdrola Energy International ("IEI").

The economic and financial information of the Iberdrola Group is structured as follows:

Network Business

This includes the energy Transmission and Distribution businesses, as well as those of any other regulated nature, originating in Spain, the UK, the United States and Brazil.

Generation and Retail Business

This includes the energy Generation and Supply businesses, that the Iberdrola Group operates in Spain and continental Europe, the UK, the United States, Mexico and IEI.

Renewables Business

Activities relating to renewable energies (hydro, wind and others) are located in Spain, the UK, the United States, Mexico, Brazil and IEI.

Other Businesses

This is a grouping of the non-energy businesses.

Corporation

This encompasses the costs of the Iberdrola Group structure for the administrative services of the corporate areas that are later billed to the other companies through specific service contracts. This group includes also discontinued activities.

Percentage of Group EBITDA for the years ended 31 December 2019 and 2018 based on the Group's audited consolidated annual accounts:

Division	Description	2019	2018
Network	Includes all of the energy and distribution activities and any other regulated activity originated in Spain, the UK, the United States and Brazil	52.1 per cent.	52.6 per cent.
Generation and supply	Includes the electricity generation and sales businesses carried on by the Group in Spain the UK, the United States, Mexico and IEI	24.4 per cent.	21.8 per cent.
Renewables	Includes activities relating to renewable energies in Spain, the UK, the United States, Mexico, Brazil and IEI	23.6 per cent.	26.1 per cent.
Other	Includes the non-energy businesses	0.3 per cent.	0.3 per cent.
Corporation		-0.4 per cent.	-0.8 per cent.

General

As at 31 December 2019, the Group's installed capacity was 48,922 MW (44,033 MW as at 31 December 2018).

The breakdown of the Group's capacity by technology and by country is shown in the following tables:

Installed capacity	31 December 2019 MW	31 December 2018 MW	MW var. 2019-2018	% var. 2019-2018
Renewables	**29,113**	**26,908**	**2,205**	**8.2%**
Onshore	16,417	15,251	1,166	7.6%
Offshore	964	544	420	77.2%
Hydro	10,666	10,421	245	2.4%
Mini - Hydro	303	300	3	1.0%
Solar and others	763	392	371	94.6%
Nuclear	**3,166**	**3,166**	**-**	**0.0%**
Gas combined cycle	**15,124**	**12,440**	**2,684**	**21.6%**
Cogeneration	**645**	**645**	**-**	**0.0%**
Coal	**874**	**874**	**-**	**0.0%**
Total	**48,922**	**44,033**	**4,889**	**11.1%**

(1) Mini Hydro, Gas combined cycle and Cogeneration have been adjusted by (-1 MW, -102 MW and + 32 MW respectively)

Installed capacity (MW)	2019	2018	MW var. 2019-2018
Spain	26,203	25,574	629
UK	2,506	2,086	420
United States	7,900	7,180	720
Mexico	9,463	6,592	2,871
Brazil	1,885	1,640	245
IEI	965	961	4
Total	**48,922**	**44,033**	**4,889**

The main changes during 2019 were:

– In Spain, works were completed on the wind farm Pradillo, with a capacity of 22 MW, Ballestas with a capacity of 42 MW and Casetonas with a capacity of 28MW. In addition, during 2019, the Group took

control over Molinos del Cidacos, with a capacity of 144 MW. The solar PV capacity added the 391 MW capacity of Núñez de Balboa.

– In the UK works were completed on 420 MW of the East Anglia One wind offshore project.

– In the United States, the Group consolidated, in onshore, 307 MW of Karankawa, 226 MW of Patriot, 201 MW of Montague and 78 MW of Otter Creek. The Group lost control after the sale of 65 MW of Dry Lake II and retirement of turbines 2 MW in each Locust Ridge II, South Chestnut and Leaning Juniper II. As regards photovoltaic energy, the Group sold Copper Crossing 20 MW.

– In Mexico, construction has finished new onshore wind for 100 MW in PIER II and 86 MW in Santiago and the gas combined cycle of Escobedo, with a capacity of 892 MW, Topolobambo II, with a capacity of 911 MW and El Carmen, with a capacity of 866 MW.

– In IEI, the Greek the wind farm of Sarakatsaneika I amounts for 4 MW was completed.

Electricity generation during the year ended 31 December 2019 grew by 4.6 per cent. to 143,004 GWh (136,737 GWh in 2018). The breakdown of the Group's generation by country for the years ended 31 December 2019 and 2018 is shown in the following table:

Net Production (GWh)	**2019**	**2018**	**per cent. var. 2019-2018**
Spain	57,492	56,636	1.5%
UK	4,617	10,576	-56.3%
United States	20,506	19,462	5.4%
Mexico	51,068	41,323	23.6%
Brazil	6,656	6,560	1.5%
IEI	2,665	2,180	22.2%
Total	**143,004**	**136,737**	**4.6%**

The breakdown of the Group's generation by technology during the years ended 31 December 2019 and 2018 is shown in the following table:

Net Production (GWh)	**2019**	**2018**	**% var. 2019-2018**
Renewables	**50,770**	**53,684**	**-5.4**
Onshore	36,591	35,711	2.5%
Offshore	2,211	1,642	34.7%
Hydro	10,615	15,711	-32.4%
Mini - Hydro	340	279	21.9%

Solar and others	1,013	341	197.1%
Nuclear	**23,630**	**23,419**	**0.9%**
Gas combined cycle	**65,825**	**55,910**	**17.7%**
Cogeneration	**2,453**	**2,108**	**16.4%**
Coal	**326**	**1,616**	**-79.8%**
Total	**143,004**	**136,737**	**4.6%**

NETWORK

The Iberdrola Group distributed a total of 220,566 GWh in 2019, flat compared to 2018 (220,455 GWh distributed). Electricity customers under management reached 30.99 million as at 31 December 2019 (30.66 million in 2018).

In 2019, the regulated business obtained consolidated results of €1,956.9 million after tax, an increase of 13.2 per cent. from the previous year (€1,728.0 million in 2018).

Spain

The regulated business in Spain obtained consolidated results of €993.7 million after tax in 2019 (€857.0 million in 2018).

During the year ended 31 December 2019, Iberdrola distributed 93,509 GWh (93,897 GWh in 2018), a 0.4 per cent. increase compared with the same period of the previous year.

UK

The regulated business in the UK obtained consolidated results of €409.5 million after tax in 2019 (€388.9 million in 2018).

As at 31 December 2019, Iberdrola distributed to more than 3.53 million customers (3.52 million customers in 2018). The volume of energy distributed during the year 2019 was 31,451 GWh (32,460 GWh in 2018), representing a decrease of 3 per cent. when compared to the same period of the previous year.

United States

The regulated business in the United States obtained consolidated results of €338.7 million after tax in 2019 (€341.3 million in 2018).

As at 31 December 2019, Avangrid, the US network subsidiary of Iberdrola, had 2.26 million electricity supply points (2.25 million in 2018). The energy distributed during the year 2019 was 36,615 GWh (37,336 GWh in 2018), representing an increase of 1.9 per cent. when compared to the same period of the previous year.

The number of gas users in the United States as at 31 December 2019 was 1.02 million (0.99 million in 2018), with 60,581 GWh (59,301 GWh in 2018) supplied during the year then ended, representing an increase of 2.2 per cent. when compared to the same period of the previous year.

As at 31 December 2019, there were 115 hydroelectric MW of installed capacity within the business that produced 179 GWh of electrical energy in 2019 (115 MW installed capacity and production of 280 GWh in 2018).

Brazil

The regulated business in Brazil obtained consolidated results of €215.0 million after tax in 2019 (€140.8 million in 2018).

The number of customers served by the Brazilian distribution companies as at 31 December 2019 was 14.05 million (13.80 million in 2018) and a total of 58,991 GWh (56,760 GWh in 2018) was distributed during the year then ended.

GENERATION & SUPPLY

In 2019, the non-regulated business obtained consolidated results of €989.9 million after tax (€801.0 million in 2018), an increase of 23.6 per cent. from the previous year.

Spain

The non-regulated business in Spain obtained consolidated results of €800.5 million after tax in 2019 (€373.4 million in 2018).

As at 31 December 2019, the installed capacity of Iberdrola in Spain (excluding Renewables) totalled 10,032 MW.

UK

The non-regulated business in the UK obtained consolidated losses of €186.7 million after tax in 2019 (gains of €87.3 million in 2018).

On 31 December 2018, all of the Group's UK's thermal capacity was sold to the British company Drax.

Mexico

The non-regulated business in Mexico obtained consolidated results of €412.9 million after tax in 2019 (€360.1 million in 2018).

As at 31 December 2019, the installed capacity of Iberdrola in Mexico (excluding Renewables) reached 8,599 MW (5,914 MW in 2018).

In 2019, the Group supplied 49,417 GWh (40,227 GWh in 2018) of electrical energy, 22.8 per cent. higher than the figure for 2018.

Brazil

The non-regulated business in Brazil obtained consolidated results of €7.1 million after tax in 2019 (€18.6 million in 2018).

As at 31 December 2019, the installed capacity of Iberdrola in Brazil (excluding Renewables) reached 533 MW.

In 2019, the Group supplied 3,309 GWh of electrical energy (3,521 GWh in 2018).

IEI

The non-regulated business in rest of countries obtained consolidated losses of €43.9 million after tax in 2019 (losses of €38.6 million in 2018).

In 2019, the Group supplied 622 GWh (151 GWh in 2018) of electrical energy.

RENEWABLES

In 2019, the Group's Renewables business obtained consolidated results of €789.3 million after tax (€888.1 million in 2018), contributing 23.2 per cent. (29.5 per cent in 2018) to the Group's consolidated results.

As at 31 December 2019, the Renewables business reported an installed capacity of 28,998 MW (26,794 MW in 2018) and reached a production of 50,770 GWh (53,684 GWh in 2018).

Spain

The Renewables business in Spain obtained consolidated results of €246 million after tax in 2019 (€400.3 million in 2018).

As at 31 December 2019, the installed capacity amounted to 16,171 MW (5,762 MW (wind), 391 MW (solar) and 10,018 MW (hydro)) compared to 15,541 MW in 2018.

In 2019, the production deriving from the renewables generation in Spain decreased by 15.8 per cent. to 21,461 GWh from 25,497 GWh in 2018.

UK

The Renewables business in the UK obtained consolidated results of €254.3 million after tax in 2019 (€261.3 million in 2018).

As at 31 December 2019, the Renewables business reported an installed capacity in the UK of 2,505 MW (2,085 MW in 2018).

With respect to the production in the UK, this decreased in 2019 by 9.9 per cent. to 4,617 GWh (5,123 GWh in 2018).

United States

The Renewables business in United States obtained consolidated losses of €84.0 million after tax in 2019 (€106.3 million in 2018).

The renewables installed capacity in United States reached 7,141 MW as at 31 December 2019 (6,421 MW in 2018).

In 2019, the Group produced 16,850 GWh (16,469 GWh in 2018) of electrical energy, 2.3 per cent. more than in 2018.

Mexico

The Renewables business in Mexico obtained consolidated results of €26.8 million after tax in 2019 (€15.9 million in 2018).

The renewables installed capacity in Mexico reached 864 MW as at 31 December 2019 (678 MW in 2018).

In 2019, the Group produced 1,651 GWh of electrical energy, 50.64 per cent. more than in 2018.

Brazil

The Renewables business in Brazil obtained consolidated results of €22.9 million after tax in 2019 (€25.4 million in 2018).

The renewables installed capacity in Brazil reached 1,352 MW as at 31 December 2019 (1,107 MW in 2018).

In 2018, the Group produced 3,347 GWh of electrical energy, 10.1 per cent. more than in 2018.

IEI

The Renewables business in Iberdrola Energía Internacional obtained consolidated results of €155.5 million after tax in 2019 (€80.0 million in 2018).

The renewables installed capacity reached 965 MW as at 31 December 2019 (961 MW in 2018).

In 2019, the Group produced 2,665 GWh of electrical energy, a 22.2 per cent. increase compared with 2018.

OTHER BUSINESSES AND CORPORATION

In 2019, Other Businesses obtained consolidated losses of €55.1 million after tax (representing a negative impact of 1.6 per cent. on the Group's consolidated results), and Corporation and discontinued activities obtained consolidated losses of €274.8 million after tax (representing a negative impact of 8.1 per cent. on the Group's consolidated results).

RECENT DEVELOPMENTS

Merger of Avangrid with PNM Resources, Inc.

On 21 October 2020, Avangrid, a company 81.5 per cent. controlled by the Guarantor, announced that it had entered into a merger agreement with PNM Resources, Inc. ("PNM"), a company whose shares are listed on the New York stock exchange, pursuant to which Avangrid has agreed to acquire 100 per cent. of the share capital of PNM, by means of a cash-merger, in exchange for a cash consideration of USD 50.3 per share to be paid to PNM's shareholders (the "Transaction"). PNM's board of directors has unanimously approved the merger agreement and has recommended the Transaction to its shareholders.

The aggregate consideration for the entire share capital of PNM amounts to approximately USD 4,317.5 million, equivalent to approximately €3,663.5 million (based on a EUR/USD exchange rate of 1.1785). Iberdrola has committed to provide sufficient funds to Avangrid for the payment of the consideration of the Transaction.

The completion of the Transaction is conditional on: (i) its approval by PNM's shareholders; (ii) certain mandatory regulatory authorizations being obtained from the federal and state authorities of the United States of America; and (iii) the satisfaction of other conditions customary in transactions of this kind. Avangrid expects that the Transaction will be completed within approximately 12 months.

PNM is a US electricity company domiciled in the State of New Mexico engaged in regulated businesses, mainly transportation, distribution and electricity generation in the States of New Mexico and Texas. According to PNM's consolidated financial statements for the year ended 31 December 2019, its EBITDA amounted to approximately USD 586 million and its Net Income to approximately USD 173 million. Consequently, the aggregate EBITDA and Net Income of Avangrid and PNM, based on their respective consolidated financial statements for the year ended 31 December 2019, are equal to approximately USD 2,453 million and approximately USD 846 million, respectively.

Iberdrola Group's EBITDA for the year ended 31 December 2019, when added to PNM's consolidated EBITDA as described above, would be equal to approximately €10,601 million (taking into account a EUR/USD exchange rate as of 6 October 2020 of 1.176). In turn, Iberdrola Group's Net Income for the year ended 31 December 2019, when added to PNM's consolidated Net Income as described above, would be equal to approximately €3,526 million (taking into account Iberdrola's stake in Avangrid of 81.5 per cent. and a EUR/USD exchange rate as of 6 October 2020 of 1.176).

Acquisition of CEB Distribuição S.A.

On 4 December 2020, Bahia Geração de Energia S.A., a wholly-owned subsidiary of Neoenergia S.A. (company in which Iberdrola, S.A. holds a 51.04 per cent. stake, which is consolidated by the Iberdrola Group using the full integration method) has acquired 100 per cent. of the share capital of a Brazilian company named CEB Distribuição S.A. ("**CEB Distribuição**"), by means of public auction. The Brazilian Governo do Distrito Federal is the indirect holder of 80 per cent. of CEB Distribuição's share capital.

CEB Distribuição holds the electrical power distribution concession in the region of Brasilia, which covers approximately 5,800 square kilometres, and serves approximately 1.1 million clients through a distribution network of over 9,700 kilometres. This concession expires in 2045.

The privatisation process has been carried out through a public auction on the Brazilian stock exchange (B3 S.A. - Brasil, Bolsa, Balcão). The aggregate price for CEB Distribuição's entire share capital amounts to BRL 2,515 million (equivalent to around EUR 400 million).

The acquisition is subject to obtaining the necessary regulatory authorizations from the Brazilian authorities and to satisfaction of other customary conditions in this type of transactions. It is expected that the acquisition will be consummated within approximately 90 days following 4 December 2020.

REGULATION

The Iberdrola Group operates in a highly regulated environment. An overview of such laws and regulations is available at Appendix II of the audited consolidated annual accounts of the Guarantor for the year ended 31 December 2019, which are incorporated by reference herein. Although this overview contains all the information that, as at the date of this Offering Circular, Iberdrola considers material in the context of the issue of the Securities, it is not an exhaustive account of all applicable laws and regulations. Prospective investors and/or their advisers should make their own analysis of the legislation and regulations applicable to the Iberdrola Group and of the impact they may have on the Iberdrola Group and any investment in the Securities and should not rely on this overview only. See also "*Risk Factors – Main risk factors associated with the activities of the Iberdrola Group – Regulatory risk*" above."

Insurance

The Group maintains insurance which provides cover against a number of risks, including property damage, fire, flood, third party liability and business interruption.

However, this insurance does not completely eliminate operational risk, since it is not always possible to transfer it to insurance companies and, in addition, cover is always subject to certain limitations.

Employees

In 2019 and 2018, the Iberdrola Group's average workforce totalled 34,306 and 33,415, respectively.

The average number of employees in the consolidated Group is calculated on the basis of the percentage ownership held by Iberdrola in the jointly controlled entities consolidated using proportionate consolidation and the total number of employees of fully-consolidated subsidiaries.

Board of Directors of Iberdrola, S.A.

As at the date of this Offering Circular, the Board of Directors of Iberdrola is made up of the following 14 Directors:

Name	Title	Business address	Type of Director	Principle activity outside of the Board of Directors of the Guarantor
Mr. José Ignacio Sanchez Galán[(1)]	Chairman and Chief Executive Officer	Bilbao, Plaza Euskadi 5	Executive	N/A
Mr. Juan Manuel González Serna[(1)(4)]	Vice-chair and Lead Director	Bilbao, Plaza Euskadi 5	External Independent	Chair of the Cerealto Siro Foods and founding trustee and chairman of Fundación Grupo SIRO

Name	Title	Business address	Type of Director	Principle activity outside of the Board of Directors of the Guarantor
Mr. Íñigo Víctor de Oriol Ibarra[4]	Member	Bilbao, Plaza Euskadi 5	Other external	
Ms. Samantha Barber[1] [5]	Member	Bilbao, Plaza Euskadi 5	Other external	Chair of Scottish Ensemble, member of the Board of Directors and chair of the Remuneration Committee of Scottish Water
Ms. Maria Helena Antolín Raybaud[3]	Member	Bilbao, Plaza Euskadi 5	External Independent	Vice-chair of the Board of Directors and member of the Management Committee of Grupo Antolin Irausa
Mr. José W. Fernández[2]	Member	Bilbao, Plaza Euskadi 5	External Independent	Partner of Gibson, Dunn & Crutcher, member of the Board of Directors of the Council of the Americas and of the Center for American Progress
Mr. Manuel Moreu Munaiz[1] [4]	Member	Bilbao, Plaza Euskadi 5	External Independent	Chairman of Seaplace, sole director of H.I. de Iberia Ingeniería y Proyectos and Howard Ingeniería y Desarrollo, and member of the Board of Directors of Tubacex
Mr. Xabier Sagredo Ormaza[2]	Member	Bilbao, Plaza Euskadi 5	External independent	Chair of the Board of Trustees of Bilbao Bizkaia Kutxa Fundación Bancaria-Bilbao Bizkaia Kutxa Banku Fundazioa and of BBK Fundazioa
Mr. Francisco Martínez Córcoles	Business CEO	Bilbao, Plaza Euskadi 5	Executive	N/A
Mr. Anthony L. Gardner[3]	Member	Bilbao, Plaza Euskadi 5	External Independent	Member of the Board of Directors of Brookfield Business Partners, senior adviser at the consulting firm Brunswick Group and Senior Counsel in the law firm Sidley Austin
Ms. Sara de la Rica Goiricelaya[5]	Member	Bilbao, Plaza Euskadi 5	External Independent	Director of Fundación ISEAK
Ms. Nicola Mary Brewer[5]	Member	Bilbao, Plaza Euskadi 5	External Independent	Non-executive director of Aggreko plc.
Ms. Regina Helena Jorge Nunes[2]	Member	Bilbao, Plaza Euskadi 5	External Independent	Partner of RNA Capital, member of the Risk and Capital Committee of the Bank of Brazil and independent director of IRB-Brasil Resseguros

Name	Title	Business address	Type of Director	Principle activity outside of the Board of Directors of the Guarantor
Mr. Ángel Jesús Acebes Paniagua [(1) (3)]	Member	Bilbao, Plaza Euskadi 5	External Independent	Chairman of MA Abogados Estudio Jurídico

(1) Executive Committee.
(2) Audit and Risk Supervision Committee.
(3) Appointments Committee.
(4) Remuneration Committee
(5) Sustainable Development Committee

The Secretary of the Board of Directors is Mr. Julián Martínez-Simancas Sánchez, the First Deputy Secretary is Mr. Santiago Martínez Garrido, and the Second Deputy Secretary is Ms. Ainara de Elejoste Echebarría.

There are no potential conflicts of interest between the Board members' duties to Iberdrola and their private interests or other duties. All potential conflict of interest situations involving the Board members were avoided by operation of the procedures set forth in the applicable rules and regulations described in section D.6 of the Annual Corporate Governance Report 2019. In particular, Article 44 of the Regulations of the Board of Directors provides that directors who become involved in a conflict of interest (i) shall give written notice thereof to the Board of Directors, specifically to the Secretary of the Board, and (ii) shall not attend or participate in the deliberation and voting on those matters regarding which the director is involved in a conflict of interest. Additionally, transactions by Iberdrola with directors and significant shareholders are subject to the approval of the Board and disclosed in the financial and corporate governance information (Article 48 of the Regulations of the Board of Directors). Conflicts of interest with officers or any other professionals within the Group are regulated in the Code of Ethics.

Iberdrola's Annual Corporate Governance Report 2019 is available on the internet at www.iberdrola.com. Iberdrola's website also provides further information about the General Shareholders' Meeting, the updated composition of the Board of Directors and its Committees, as well as the curriculum vitae, other activities developed, and interest in the share capital held by each one of the members thereof. Iberdrola's website (www.iberdrola.com) does not form part of this Offering Circular.

Management Structure

As at the date of this Offering Circular, the persons responsible for the day-to-day management of Iberdrola and their functions are as follows:

Function	
Chairman & Chief Executive Officer (CEO):	Mr. José Ignacio Sánchez Galán[(1)]
Business CEO:	Mr. Francisco Martínez Córcoles
General Finance, Control and Resources Director (CFO):	Mr. José Sainz Armada
Risk Management and Internal Assurance Director:	Mr. Juan Carlos Rebollo Liceaga[(2)]
Director of Legal Services:	Mr. Santiago Martínez Garrido
Corporate Development Director:	Mr. Pedro Azagra Blázquez
Internal Audit Director:	Ms. Sonsoles Rubio Reinoso[(2)]

Director of Purchasing and Insurance:	Mr. Asís Canales Abaitua
Director of the Renewable Energy Business:	Mr. Xabier Viteri Solaun
Director of the Networks Business:	Mr. Armando Martínez Martínez
Director of the Liberalised Business(3):	Mr. Aitor Moso Raigoso

(1) Reporting to the Board of Directors.
(2) Reporting functionally to the Board's Audit and Risk Supervision Committee.
(3) Generation and Retail Business.

Material contracts

The material contracts entered into by Iberdrola (other than in its ordinary course of business) and which are relevant to its ability to meet its obligations in respect of the Securities are the Fiscal Agency Agreement and the Deed of Guarantee.

Use of Proceeds

The net proceeds of the issue of the Securities are estimated at €1,993,200,000.

The net proceeds of the issue of the Securities will be on-lent or deposited with another member or members of the Group and used to finance and/or refinance, in whole or in part, Eligible Green Projects.

For the purpose of this section:

"**Eligible Green Projects**" has the meaning given to such term in the Iberdrola Framework for Green Financing (available at https://www.iberdrola.com/wcorp/gc/prod/en_US/inversores/docs/Iberdrola_Framework_for_Green_Financing.pdf).

Taxation

The following is a general description of certain tax considerations relating to the Securities. It does not purport to be a complete analysis of all tax considerations relating to the Securities, whether in the Kingdom of Spain or the Netherlands or elsewhere. Prospective purchasers of Securities should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Securities and receiving payments of interest, principal and/or other amounts under the Securities and the consequences of such actions under the tax laws of those countries. This summary is based upon the law (unpublished caselaw not included) as in effect on the date of this Offering Circular and it does not take into account any developments or amendments thereof after such date, whether or not such developments or amendments have retroactive effect. The language of this Offering Circular is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Offering Circular.

The proposed financial transaction tax ("FTT")

The European Commission published in February 2013 a proposal (the "Commission's Proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (excluding Estonia, the "participating Member States"). Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Securities should, however, be exempt.

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

In the ECOFIN meeting of 17 June 2016, the FTT was discussed between the EU Member States. It was reiterated in this meeting that participating Member States envisage introducing an FTT by the so-called enhanced cooperation process.

However, the Commission's Proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Member States may withdraw.

On 16 January 2021, the Spanish Law 5/2020, of 15 October, on the Financial Transaction Tax (*Ley 5/2020, de 15 de octubre, del Impuesto sobre las Transacciones Financieras*) entered into force. The Spanish FTT only applies on the acquisition of shares of certain Spanish companies, so the Securities are not affected by such tax.

Prospective Holders of the Securities are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Whilst the Securities are in global form and held within Euroclear Bank SA/NV or Clearstream Banking, S.A. (together, the "ICSDs"), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Securities by the Issuer, the Guarantor, any paying agent and the common depositary, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach

introduced under an intergovernmental agreement will be unlikely to affect the securities. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive securities will only be printed in remote circumstances.

Taxation in the Netherlands

For the purposes of this section, "the Netherlands" and "Dutch" shall refer solely to the European part of the Kingdom of the Netherlands. Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law.

This summary assumes that the Issuer is organised, and that its business will be conducted, in the manner outlined in this Offering Circular. A change to such organisational structure or to the manner in which the Issuer conducts its business may invalidate the contents of this summary, which will not be updated to reflect any such change.

Scope

Regardless of whether or not a holder of Securities is, or is treated as being, a resident of the Netherlands, with the exception of the section on withholding tax below, this summary does not address the Dutch tax consequences for a holder of Securities:

(i) having a substantial interest in the Issuer or a deemed substantial interest in the Issuer for Dutch tax purposes. Generally, a person holds a substantial interest if (a) such person – either alone or, in the case of an individual, together with his partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner for Dutch tax purposes – owns or is deemed to own, directly or indirectly, 5 per cent. or more of the shares or of any class of shares of the Issuer, or rights to acquire, directly or indirectly, such an interest in the shares of the Issuer or profit participating certificates relating to 5 per cent. or more of the annual profits or to 5 per cent. or more of the liquidation proceeds of the Issuer, or (b) such person's shares, rights to acquire shares or profit participating certificates in the Issuer are held by him following the application of a non-recognition provision;

(ii) who is a private individual and who may be taxable in box 1 for the purposes of Dutch income tax (*inkomstenbelasting*) as an entrepreneur (*ondernemer*) having an enterprise (*onderneming*) to which the Securities are attributable, or who may otherwise be taxable in box 1 with respect to benefits derived from the Securities;

(iii) which is a corporate entity and a taxpayer for the purposes of Dutch corporate income tax (*vennootschapsbelasting*), having a participation (*deelneming*) in the Issuer (such a participation is generally present in the case of an interest of at least 5 per cent. of the Issuer's nominal paid-in capital);

(iv) which is a corporate entity and an exempt investment institution (*vrijgestelde beleggingsinstelling*) or investment institution (*beleggingsinstelling*) for the purposes of Dutch corporate income tax, a pension fund, or otherwise not a taxpayer or exempt for tax purposes;

(v) owns Securities in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role;

(vi) which is a corporate entity and a resident of Aruba, Curaçao or Sint Maarten; or

(vii) which is not considered the beneficial owner (*uiteindelijk gerechtigde*) of the Securities and/or the benefits derived from the Securities.

This summary does not describe the Dutch tax consequences for a person to whom the Securities are attributed on the basis of the separated private assets provisions (*afgezonderd particulier vermogen*) in the Dutch Tax Act 2001 (*Wet inkomstenbelasting 2001*) and/or the Dutch Gift and Inheritance Tax Act 1956 (*Successiewet 1956*).

Also, this summary does not address the Dutch tax withholding consequences for a holder of Securities that is considered to be affiliated (*gelieerd*) to the Issuer within the meaning of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*). Generally, a holder of Securities is considered to be affiliated (*gelieerd*) to the Issuer for these purposes if such holder, either individually or as part of a collaborating group (*samenwerkende groep*), has a decisive influence on the Issuer's decisions, in such a way that such holder, or the collaborating group of which it forms part, is able to determine the activities of the Issuer. A holder of Securities, or the collaborating group of which such holder forms part, that holds more than 50% of the voting rights in the Issuer, or in which the Issuer holds more than 50% of the voting rights, is in any event considered to be affiliated. A holder of Securities is also considered to be affiliated if a third party holds more than 50% of the voting rights both in such holder and the Issuer. See also "Risk Factors - Risks related to the structure of the Securities - No obligation to pay additional amounts if payments in respect of the Securities are subject to the 2021 Netherlands conditional interest withholding tax".

Withholding tax

All payments made by the Issuer under the Securities may be made free from withholding or deduction of or for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Income tax

Resident holders

A holder who is a private individual and a resident, or treated as being a resident of the Netherlands for the purposes of Dutch income tax, must record Securities as assets that are held in box 3. The value of his Securities forms part of the yield basis for purposes of box 3 taxation. A deemed benefit, which is determined on the basis of progressive rates starting from 1.90 per cent. up to 5.69 per cent. per annum of this yield basis, is taxed at the rate of 31 per cent. Actual benefits derived from or in connection with his Securities are not subject to Dutch income tax. The rates mentioned in this paragraph may change.

Non-resident holders

If a holder of Securities is an individual who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch income tax, he will not be subject to Dutch income tax in respect of any benefits derived or deemed to be derived from or in connection with Securities, except if:

(i) he derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and his Securities are attributable to such permanent establishment or permanent representative; or

(ii) he derives benefits or is deemed to derive benefits from or in connection with Securities that are taxable as benefits from miscellaneous activities performed in the Netherlands.

Corporate income tax

Resident holders

A holder which is a corporate entity, or an entity, including an association, a partnership or a mutual fund, taxable as a corporate entity, and, for the purposes of Dutch corporate income tax, a resident, or treated as being

a resident, of the Netherlands, is generally subject to Dutch corporate income tax and taxable in respect of benefits derived from the Securities at rates of up to 25 per cent.

Non-resident holders

A holder which is a corporate entity, or an entity, including an association, a partnership or a mutual fund, taxable as a corporate entity, and, for the purposes of Dutch corporate income tax, is neither a resident, nor treated as being a resident, of the Netherlands, will not be subject to Dutch corporate income tax in respect of any benefits derived or deemed to be derived from or in connection with Securities, except if:

(i) it derives profits from an enterprise which is carried on, in whole or in part, through a permanent establishment or a permanent representative which is taxable in the Netherlands, and to which permanent establishment or permanent representative its Securities are attributable; or

(ii) it derives profits pursuant to a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than as a holder of securities, and to which enterprise its Securities are attributable.

Gift and inheritance tax

Resident holders

Dutch gift tax or Dutch inheritance tax (*schenk- of erfbelasting*) will arise in respect of an acquisition (or deemed acquisition) of Securities by way of a gift by, or on the death of, a holder of Securities who is a resident, or treated as being a resident, of the Netherlands for the purposes of Dutch gift and Dutch inheritance tax.

For purposes of Dutch gift tax and Dutch inheritance tax, a gift of Securities made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

Non-resident holders

No Dutch gift tax or Dutch inheritance tax will arise in respect of an acquisition (or deemed acquisition) of Securities by way of a gift by, or on the death of, a holder of Securities who is neither a resident, nor treated as being a resident, of the Netherlands for the purposes of Dutch gift and inheritance tax, except if, in the event of a gift whilst not being a resident nor being a deemed resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, the holder of Securities becomes a resident or a deemed resident in the Netherlands and dies within 180 days after the date of the gift.

Registration taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with the execution and/or enforcement (including by legal proceedings and including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Securities, the performance by the Issuer of its obligations under such documents or under Securities, or the transfer of Securities, except that Dutch real property transfer tax may be due upon an acquisition, in connection with Securities, of real property situated in the Netherlands, (an interest in) an asset that qualifies as real property situated in the Netherlands, or (an interest in) a right over real property situated in the Netherlands, for the purposes of Dutch real property transfer tax.

Taxation in the Kingdom of Spain

Payments made by the Issuer

On the basis that the Issuer is not resident in the Kingdom of Spain for tax purposes and does not operate in the Kingdom of Spain through a permanent establishment, branch or agency, all payments of principal and interest in respect of the Securities can be made free of any withholding or deduction for or on account of any taxes in

the Kingdom of Spain of whatsoever nature imposed, levied, withheld, or assessed by the Kingdom of Spain or any political subdivision or taxing authority thereof or therein, in accordance with applicable Spanish law.

Under certain conditions, withholding taxes may apply to Spanish taxpayers when a Spanish resident entity or a non-resident entity that operates in the Kingdom of Spain through a permanent establishment in the Kingdom of Spain is acting as depositary of the Securities or as collecting agent of any income arising from the Securities.

Payments made by the Guarantor

In the opinion of the Guarantor, any payments of principal and interest made by the Guarantor under the Guarantee may be characterised as an indemnity and, accordingly, be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Kingdom of Spain or any political subdivision or authority thereof or therein having power to tax.

However, although no clear precedent, statement of law or regulation exists in relation thereto, in the event that the Spanish Tax Authorities take the view that the Guarantor has validly, legally and effectively assumed all the obligations of the Issuer under the Securities subject to and in accordance with the Guarantee, they may attempt to impose withholding tax in the Kingdom of Spain on any payments made by the Guarantor in respect of interest. Such interest withholding tax shall not apply when the recipient is the beneficial owner of that interest and either (a) resident for tax purposes in a Member State of the European Union, other than the Kingdom of Spain, or the European Economic Area, so long as there is an effective exchange of tax information arrangement between such European Economic Area Member State and the Kingdom of Spain, which is in force and provided that such recipient is not acting (i) through a territory considered as a tax haven pursuant to Spanish law (currently set out in Royal Decree 1080/1991, of 5 of July); nor (ii) through a permanent establishment in the Kingdom of Spain or in a country which is not a Member State of the European Union or the European Economic Area (in the latter case, where an effective exchange of tax information arrangement signed between such European Economic Area Member State and the Kingdom of Spain, is in force), provided that such person submits to the Guarantor the relevant tax residence certificate, issued by the competent Tax Authorities, each certificate being valid for a period of one year beginning on the date of the issuance, or (b) resident in a country which has entered into a Tax Treaty with the Kingdom of Spain which provides for the exemption from withholding of interest paid under the Securities, provided that such person submits to the Guarantor the relevant tax resident certificate, issued by the competent Tax Authorities, each certificate being valid for a period of one year beginning on the date of the issuance. Tax treaties could eliminate or reduce this hypothetical withholding taxation.

Subscription and Sale

Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA"), Citigroup Global Markets Europe AG ("Citi"), Banco Santander, S.A., BofA Securities Europe SA, CaixaBank, S.A., Commerzbank Aktiengesellschaft, Credit Suisse Securities, Sociedad de Valores, S.A., Goldman Sachs Bank Europe SE, ING Bank N.V., Intesa Sanpaolo S.p.A., NATIXIS, NatWest Markets N.V. and SMBC Nikko Capital Markets Europe GmbH (together with BBVA and Citi, the "Joint Bookrunners") have, pursuant to a Subscription Agreement dated 3 February 2021, agreed with the Issuer and the Guarantor, subject to the satisfaction of certain conditions, to subscribe the Securities at 100.00 per cent. of their principal amount less certain commissions. In addition, the Issuer has agreed to reimburse the Joint Bookrunners for certain of their expenses, and has agreed to indemnify the Joint Bookrunners against certain liabilities in connection with the issue of the Securities. The Subscription Agreement entitles BBVA and Citi, on behalf of the Joint Bookrunners, to terminate it in certain circumstances prior to payment being made to the Issuer.

General

Neither the Issuer nor the Guarantor nor any Joint Bookrunner has made any representation that any action will be taken in any jurisdiction by the Joint Bookrunners or the Issuer or the Guarantor that would permit a public offering of the Securities, or possession or distribution of this Offering Circular (in preliminary or final form) in any country or jurisdiction where action for that purpose is required. Each Joint Bookrunner has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Securities or has in its possession or distributes this Offering Circular (in preliminary or final form), in all cases at its own expense unless agreed otherwise.

Prohibition of Sales to EEA Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) 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.

Prohibition of Sales to UK Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the UK. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or

(b) a customer within the meaning of the provisions of 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 domestic law by virtue of the EUWA.

United States

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt

from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Joint Bookrunner has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription Agreement) within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Bookrunner has represented, warranted and undertaken to the Issuer and the Guarantor that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated in the United Kingdom any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act, as amended (the "FSMA") received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

The Kingdom of Spain

Neither the Securities nor this Offering Circular (in preliminary or final form) and its contents have been approved or registered in the administrative registries of the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, the Securities may not be offered, sold, distributed or re-sold in the Kingdom of Spain except (i) in circumstances which do not require the registration of a prospectus in the Kingdom of Spain; and (ii) by institutions authorised to provide investment services in the Kingdom of Spain under legislative Royal Decree 4/2015, of 23 October (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) and Royal Decree 217/2008 of 15 February (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*).

Republic of Italy

The offering of the Securities has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to any Securities be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Joint Bookrunner has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver any Securities or distribute any copy of this Offering Circular or any other document relating to the Securities in Italy except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "Financial Services Act") and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "Issuers Regulation"), all as amended from time to time; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Securities or distribution of copies of this Offering Circular or any other document relating to the Securities in Italy under paragraphs (a) or (b) above must be

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "Banking Act") and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;

(ii) in compliance, as applicable, with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

(iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Singapore

Each Joint Bookrunner has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Bookrunner has represented and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred

within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore – the Securities are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products/Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

The offering of the Securities in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("FinSA") because the Securities (i) have a minimum denomination of CHF 100,000 (or equivalent in another currency) or more and (ii) will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Offering Circular does not constitute a prospectus as such term is understood pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Securities.

General Information

1. Application has been made for the Securities to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market.

2. Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Securities and the Guarantee.

3. The issue of the Securities was duly authorised by a resolution of the Board of Directors of the Issuer dated 27 January 2021 and the giving of the Guarantee by the Guarantor was duly authorised by a resolution of the Board of Directors of the Guarantor dated 20 October 2020 following the delegation of powers approved by resolutions dated 31 March 2017 of the General Shareholders' Meeting of the Guarantor under item 17 of the agenda.

4. There has been no significant change in the financial or trading position of the Issuer and there has been no material adverse change in the financial position or prospects of the Issuer, in each case since 31 December 2019. There has been no significant change in the financial or trading position of the Guarantor or the Group since 30 September 2020 and there has been no material adverse change in the financial position or prospects of the Guarantor or the Group since 31 December 2019.

5. Neither the Issuer nor the Guarantor nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor are aware) in the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

6. Each Security and Coupon will bear the following legend: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986*".

7. The Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The International Securities Identification Number (ISIN) for the 6 Year Non-Call Securities is XS2295335413 and the Common Code is 229533541. The ISIN for the 9 Year Non-Call Securities is XS2295333988 and the Common Code is 229533398.

8. So long as the Securities are listed on the Official List and admitted to trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange shall so require, copies (and English translations where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), in hard copy from the registered office of the Issuer and from the specified offices of the Paying Agents (at the discretion of the Paying Agents):

    a. the Fiscal Agency Agreement (which includes the form of the Global Securities, the definitive Securities, the Coupons, the Receipts and the Talons), the Guarantee and the Deed of Covenant and the Subscription Agreement;

    b. the articles of association of the Issuer and the by-laws (*estatutos*) of the Guarantor (with English translations);

    c. an English translation of KPMG Auditores, S.L.'s report and the audited consolidated annual financial statements and consolidated management report of the Guarantor for each of the years ended 31 December 2019 and 2018;

d. an English translation of the unaudited condensed consolidated interim financial statements of the Guarantor for the six-month period ended 30 June 2020;

e. an English translation of the unaudited consolidated interim financial information of the Guarantor for the nine-month period ended 30 September 2020;

f. KPMG Accountants N.V.'s report and audited annual financial information of the Issuer for the years ended 31 December 2019 and 2018; and

g. a copy of this Offering Circular together with any Supplement to this Offering Circular.

This Offering Circular is available for viewing at the Luxembourg Stock Exchange at www.bourse.lu and www.iberdrola.com. Any website mentioned in this Offering Circular shall not form part of this Offering Circular.

9. KPMG Auditores, S.L. has audited the Spanish language consolidated annual accounts as at and for each of the years ended 31 December 2019 and 2018 of the Guarantor prepared in accordance with International Financial Reporting Standards as adopted by European Union (IFRS-EU), issuing audit reports without modifications.

10. KPMG Accountants N.V. has audited the accounts of the Issuer for 2019 and 2018 in accordance with Title 9, Book 2 of the Dutch Civil Code without qualification.

11. KPMG Auditores, S.L. (independent auditors) located at Paseo de la Castellana 259C, 28046 Madrid, Spain, and registered in the Official Registry of Accounting Auditors (*Registro Oficial de Auditores de Cuentas*), was appointed as the independent auditor of the Guarantor in 2017, pursuant to the resolution of the shareholders' meeting of the Guarantor held on 31 March 2017. KPMG Accountants N.V. was appointed as the new independent auditor of the Issuer in 2017, pursuant to the resolution of the shareholders' meeting of the Issuer held on 4 July 2017. The auditor who signs on behalf of KPMG Accountants N.V. is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*), the Dutch accountants board, the professional body for accountants in the Netherlands. Neither KPMG Auditores, S.L. nor KPMG Accountants N.V. has any material interest in the Issuer or the Guarantor.

12. Certain of the Joint Bookrunners and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantor and/or their affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph, the term "affiliates" also includes parent companies.

13. From (and including) the Issue Date to (but excluding) the relevant First Reset Date, the yield on the 6 Year Non-Call Securities will be 1.450 per cent. per annum and the yield on the 9 Year Non-Call Securities will be 1.825 per cent. per annum. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

14. The Issuer has appointed BNP Paribas Securities Services, Luxembourg Branch to act as Listing Agent. BNP Paribas Securities Services, Luxembourg Branch, being part of a financial group providing client services with a worldwide network covering different time zones, may entrust parts of its operational processes to other BNP Paribas Group entities and/or third parties, whilst keeping ultimate accountability and responsibility in Luxembourg.

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