



As filed with the Securities and Exchange Commission on April 20, 2018

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-3
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

TELEFÓNICA, S.A.

(Exact Name of Registrant as Specified in its Charter)

The Kingdom of Spain
(State or Other Jurisdiction of
Incorporation or Organization)

Distrito Telefónica,
Ronda de la Comunicación, s/n
28050 Madrid

Not Applicable
(I.R.S. Employer
Identification Number)

Spain
+34 91 482 3733

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

TELEFÓNICA EMISIONES, S.A.U.

(Exact Name of Registrant as Specified in its Charter)

The Kingdom of Spain
(State or Other Jurisdiction of
Incorporation or Organization)

Distrito Telefónica,
Ronda de la Comunicación, s/n
28050 Madrid

Not Applicable
(I.R.S. Employer
Identification Number)

Spain
+34 91 482 3733

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

CT Corporation System
111 Eighth Avenue (13th floor)
New York, New York 10011
(212) 894-8940

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copy to:
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Davis Polk & Wardwell LLP
Paseo de la Castellana, 41
28046 Madrid
Spain
+34 91 768 9600

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered/Proposed Maximum Offering Price Per Unit/Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Ordinary Shares of Telefónica, S.A., par value €1.00 per share (1)	(2)	(3)
Rights to subscribe for Ordinary Shares of Telefónica, S.A. (4)	(2)	(3)
Guaranteed Debt Securities	(2)	(3)
Guarantees of the Debt Securities (5)	(2)	(6)

(1) A separate registration statement on Form F-6 (Registration No. 333-181584) has been filed with respect to the American Depositary Shares issuable upon deposit of the ordinary shares registered hereby. Each American Depositary Share represents one ordinary share of Telefónica, S.A.

(2) An indeterminate aggregate initial offering price or amount of securities of each identified class is being registered as may from time to time be offered at indeterminate prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities or that are issued in units or represented by depositary shares.

(3) In accordance with Rules 456(b) and 457(r), the Registrants are deferring payment of all registration fees with respect to these securities.

(4) No separate consideration will be received for the rights.

(5) No separate consideration will be received for the guarantees issued by Telefónica, S.A. in connection with the Debt Securities issued by Telefónica Emisiones S.A.U.

(6) Pursuant to Rule 457(n), no separate fee for the guarantees is payable.



PROSPECTUS



Ordinary Shares of Telefónica, S.A.
Rights to subscribe for Ordinary Shares of Telefónica, S.A.
Debt Securities of Telefónica Emisiones, S.A.U.,
which are fully and unconditionally guaranteed by Telefónica, S.A.

Telefónica, S.A. may offer from time to time ordinary shares, including in the form of American Depositary Shares (“ADSs”), or rights to subscribe for ordinary shares of Telefónica, S.A., in one or more offerings.

Telefónica Emisiones, S.A.U. may offer from time to time in one or more series Debt Securities (as defined herein), which are fully and unconditionally guaranteed by Telefónica, S.A.

This prospectus describes the general terms of these securities and the general manner in which Telefónica, S.A. and Telefónica Emisiones, S.A.U. may offer these securities. Telefónica, S.A. and/or Telefónica Emisiones, S.A.U. will provide the specific terms of the securities, and the specific manner in which they are offered, in one or more supplements to this prospectus. Such prospectus supplements may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement, together with the additional information described under the heading “Where You Can Find More Information” and the information incorporated by reference in this prospectus that is described under the heading “Incorporation by Reference” before investing in our securities. The amount and price of the offered securities will be determined at the time of the offering.

The ordinary shares of Telefónica, S.A. are currently listed on each of the Madrid, Barcelona, Bilbao and Valencia stock exchanges (the “Spanish Stock Exchanges”) and are quoted through the Automated Quotation System of the Spanish Stock Exchanges under the symbol “TEF”. The ordinary shares of Telefónica, S.A. are also listed on the London and Buenos Aires stock exchanges. The ordinary shares of Telefónica, S.A. in the form of ADSs are listed on the New York Stock Exchange and the Lima (Peru) Stock Exchange. If Telefónica, S.A. and/or Telefónica Emisiones, S.A.U. decide to list any of the other securities that may be offered hereunder on a national stock exchange upon issuance, the applicable prospectus supplement to this prospectus will identify the exchange and the expected date for commencement of trading.

Investing in these securities involves risks. See “Risk Factors”.

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Telefónica, S.A. and Telefónica Emisiones, S.A.U. may sell these securities on a continuous or delayed basis directly, through agents or underwriters as designated from time to time, or through a combination of these methods, and reserve the sole right to accept, and together with any agents, dealers and underwriters, reserve the right to reject, in whole or in part, any proposed purchase of securities. If any agents, dealers or underwriters are involved in the sale of any securities, the applicable prospectus supplement will set forth any applicable commissions or discounts. The net proceeds from the sale of securities will also be set forth in the applicable prospectus supplement.

The date of this prospectus is April 20, 2018.



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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Telefónica, S.A. and Telefónica Emisiones, S.A.U. filed with the United States Securities and Exchange Commission (the “SEC”) using the “shelf” registration process. Under the shelf registration process, Telefónica, S.A. and/or Telefónica Emisiones, S.A.U. may sell any combination of the securities described in this prospectus from time-to-time in the future in one or more offerings.

This prospectus provides you with a general description of the securities that can be offered. Each time the securities described herein are offered under this prospectus, Telefónica, S.A. and/or Telefónica Emisiones, S.A.U., as the case may be, will provide prospective investors with a prospectus supplement that will contain specific information about the terms of the securities. A prospectus supplement may also add to or update or change information contained in this prospectus. Accordingly, to the extent inconsistent, information in this prospectus is superseded by the information in any prospectus supplement. You should read both this prospectus and any prospectus supplement together with the additional information described in “Where You Can Find More Information” and the information incorporated by reference that is described in “Incorporation by Reference”.

A prospectus supplement to be attached to the front of this prospectus will describe, among other matters, the terms of the offering, including the amount and detailed terms of the securities, the public offering price, net proceeds to us, the expenses of the offering, the terms of offers and sales outside of the United States, if any, our capitalization, the nature of the plan of distribution, the other specific terms related to such offering, and any U.S. federal income tax consequences and Spanish tax considerations applicable to the securities being offered.

In this prospectus and any prospectus supplements, “Telefónica Emisiones” refers to Telefónica Emisiones, S.A.U. and “Telefónica”, “Telefónica, S.A.”, the “Group”, the “Telefónica Group” and the “Guarantor” refer to Telefónica, S.A. and, where applicable, its consolidated subsidiaries, unless the context otherwise requires. We use the words “we”, “us” and “our” to refer to Telefónica Emisiones and/or Telefónica, as the context requires. We use the word “you” to refer to prospective investors in the securities. We use the term “Debt Securities” to refer collectively to any debt securities to be issued by Telefónica Emisiones and guaranteed by the Guarantor pursuant to this prospectus.



INCORPORATION BY REFERENCE

The SEC allows us to “incorporate by reference” the information Telefónica files with, or furnishes to, the SEC, which means that we can and do disclose important information to you by referring you to those documents that are considered part of this prospectus. Information that Telefónica files with, or furnishes to, the SEC in the future and that we incorporate by reference will automatically update and supersede the previously filed information. We incorporate by reference the following documents:

- Telefónica’s annual report on Form 20-F for the year ended December 31, 2017 and filed with the SEC on February 22, 2018 (the “Form 20-F”). The consolidated financial statements included in the Form 20-F have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), which do not differ for the purposes of the Group from IFRS as adopted by the European Union;
- Telefónica’s report on Form 6-K furnished to the SEC on February 28, 2018;
- Telefónica’s two reports on Form 6-K furnished to the SEC on March 13, 2018;
- Telefónica’s report on Form 6-K furnished to the SEC on March 15, 2018;
- Telefónica’s report on Form 6-K furnished to the SEC on March 21, 2018;
- Telefónica’s report on Form 6-K furnished to the SEC on March 22, 2018; and
- Telefónica’s report on Form 6-K furnished to the SEC on April 5, 2018.

We also incorporate by reference in this prospectus all subsequent annual reports of Telefónica filed with the SEC on Form 20-F under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), and those of Telefónica’s periodic reports submitted to the SEC on Form 6-K that we specifically identify in such form as being incorporated by reference in this prospectus after the date hereof and prior to the completion of an offering of securities under this prospectus. This prospectus is part of a registration statement filed with the SEC. See “Where You Can Find More Information”.

As you read the above documents, you may find inconsistencies in information from one document to another. If you find inconsistencies you should rely on the statements made in the most recent document. All information appearing in this prospectus is qualified in its entirety by the information and financial statements, including the notes thereto, contained in the documents that we have incorporated by reference.

You should rely only on the information incorporated by reference or provided in this prospectus and in any prospectus supplement. We have not authorized anyone else to provide you with different information. In particular, no dealer, salesperson or other person is authorized to give you any information or to represent anything not contained in this prospectus or that is incorporated by reference herein. This prospectus is an offer to sell or to buy only the securities referred to herein, but only under circumstances and in jurisdictions where it is lawful to do so. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents.



WHERE YOU CAN FIND MORE INFORMATION

Telefónica files annual and periodic reports and other information with the SEC. You may read and copy any document that Telefónica files with, or furnishes to, the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1 (800) SEC-0330 for further information on the operation of the public reference rooms. Telefónica's SEC filings and submissions are also available to the public over the Internet at the SEC's website at <http://www.sec.gov>.

Telefónica makes available free of charge through Telefónica's website, accessible at <http://www.telefonica.com>, certain of Telefónica's reports and other information filed with or furnished to the SEC.

With the exception of the reports specifically incorporated by reference in this prospectus as set forth above, material contained on or accessible through Telefónica's website is specifically *not* incorporated into this prospectus. See "Incorporation by Reference".

You may also request a copy of Telefónica's filings at no cost, by writing or calling Telefónica at the following addresses:

Telefónica, S.A.
Distrito Telefónica, Ronda de la Comunicación, s/n
28050 Madrid
Spain
Attention: Investor Relations
+34 91 482 8700



THE TELEFÓNICA GROUP

Telefónica, S.A. is a corporation duly organized and existing under the laws of the Kingdom of Spain, incorporated on April 19, 1924. The Telefónica Group:

- is a diversified telecommunications group which provides a comprehensive range of services through one of the world's largest and most modern telecommunications networks;
- is focused on providing telecommunications services; and
- operates principally in Europe and Latin America.

Telefónica, S.A.'s principal executive offices are located at Distrito Telefónica, Ronda de la Comunicación, s/n, 28050 Madrid, Spain, and its registered offices are located at Gran Vía, 28, 28013 Madrid, Spain. Its telephone number is +34 900 111 004.

TELEFÓNICA EMISIONES, S.A.U.

Telefónica Emisiones is a wholly-owned subsidiary of Telefónica, S.A. It was incorporated on November 29, 2004 as a company with unlimited duration and with limited liability and a sole shareholder under the laws of the Kingdom of Spain (*sociedad anónima unipersonal*). The share capital of Telefónica Emisiones is €62,000 divided into 62,000 ordinary shares of par value €1 each, all of them duly authorized, validly issued and fully paid and each of a single class. It is a financing vehicle for the Telefónica Group.

The principal executive offices of Telefónica Emisiones are located at Distrito Telefónica, Ronda de la Comunicación, s/n, 28050 Madrid, Spain, and its registered offices are located at Gran Vía, 28, 28013 Madrid, Spain. Its telephone number is +34 900 111 004.



RISK FACTORS

You should carefully consider the risk factors contained in the applicable prospectus supplement and in the documents incorporated by reference into this prospectus, including but not limited to, those risk factors in Item 3.D in the Form 20-F, in deciding whether to invest in the securities being offered pursuant to this prospectus. We may include further risk factors in subsequent reports on Form 20-F or Form 6-K incorporated into this prospectus. You should carefully consider all these risk factors in addition to the other information presented or incorporated by reference in this prospectus.



RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth Telefónica’s consolidated ratio of earnings to fixed charges using financial information compiled in accordance with IFRS as issued by the IASB for the years ended December 31, 2013, 2014, 2015, 2016 and 2017.

	Year ended December 31,				
	2013	2014	2015	2016	2017
Ratio of earnings to fixed charges (1)	2.8	2.2	1.2	1.7	2.4

- (1) For the purpose of calculating the ratio of earnings to fixed charges, earnings consist of profit before tax from continuing operations, plus share of income or loss of investments accounted for by the equity method, dividends from joint ventures and investments accounted for by the equity method, fixed charges and capitalized interest net of amortization. Fixed charges consist of finance costs, including amortization of debt expense and similar charges, and capitalized interest.



DESCRIPTION OF TELEFÓNICA'S ORDINARY SHARES

Our shares are governed by our bylaws (*estatutos*) and by Spanish law, namely, the Spanish Corporation Act (*Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010 of July 2, as amended (the "Spanish Corporation Act"), Spanish Securities Market Act (*Texto refundido de la Ley del Mercado de Valores*) approved by Royal Legislative Decree 4/2015 of October 23, as amended (the "Spanish Securities Market Act"), and by ancillary provisions further developing those pieces of legislation. Shareholders' rights are principally governed by the Spanish Corporation Act and Telefónica's bylaws (*Estatutos Sociales*) and regulations on the general shareholders' meeting (*Reglamento de la Junta General de Accionistas*).

The following summary describes the material considerations concerning the capital stock of Telefónica and briefly describes the material provisions of Telefónica's bylaws and relevant Spanish law. This summary does not include all the provisions of our bylaws nor of the Spanish laws mentioned herein and is qualified in its entirety by reference to the detailed provisions thereof.

A copy of Telefónica's bylaws has been filed with the SEC as an exhibit to the registration statement of which this prospectus is a part.

General

As of April 20, 2018, Telefónica's paid in share capital was €5,192,131,686, represented by a single class of 5,192,131,686 ordinary shares with a nominal value of €1.00 each. As of December 31, 2017, Telefónica's paid in share capital was €5,192,131,686, represented by a single class of 5,192,131,686 ordinary shares with a nominal value of €1.00 each.

Our shareholders have delegated to the Board of Directors the authority to increase the share capital up to a maximum nominal amount of €2,469,208,757 new ordinary shares (equal to half of Telefónica's share capital on June 12, 2015, the date of the authorization). The Board of Directors is authorized to exclude preemptive rights, in whole or in part, pursuant to the applicable provisions of the Spanish Corporation Act. The Board's authorization to issue new shares expires on June 12, 2020. Telefónica's Board has already utilized part of this authorization and, as of the date of this prospectus, it is authorized to issue share capital up to €2,469,208,757 pursuant to this authorization.

Attendance and Voting at Shareholders' Meetings

We hold our ordinary general shareholders' meeting during the first six months of each fiscal year on a date fixed by the Board of Directors. Extraordinary general shareholders' meetings may be called, from time to time, at the discretion of our Board of Directors or upon the request of shareholders representing at least 3% of our paid-in share capital. The minimum percentage required to exercise this right was lowered from 5% to 3% by Law 31/2014.

We publish notices of all ordinary and extraordinary general shareholders' meetings in the Official Gazette of the Commercial Registry or in one of the more widely circulated newspapers in Spain, on the website of the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores* (the "CNMV")), and on our web site in due time pursuant to the Spanish Corporation Act, being on a general basis at least one month before the relevant meeting. Furthermore, the Board of Directors may publish notices in other media, if deemed appropriate to ensure the public and effective dissemination of the notice meeting.

Each share of Telefónica, S.A. entitles the holder to one vote. However, only registered holders of at least 300 shares are entitled to attend a general shareholders' meeting. Holders of a lesser number of shares may grant a proxy in respect thereof to a shareholder having the right to attend, as well as group together with other shareholders in the same situation until reaching the required number of shares, following which a proxy must be granted by the shareholders so grouped together to one of such shareholders. The grouping must be carried out specifically for each general shareholders' meeting and be recorded in writing.



However, under our bylaws, the maximum number of votes that a shareholder may cast is capped at 10% of our total outstanding voting capital. In determining the maximum number of votes that each shareholder may cast, only the shares held by such shareholder are counted, disregarding those that correspond to other shareholders who have appointed such shareholder as his or her proxy, in spite of applying the limit individually to each of the represented shareholders. This cap will also apply to the maximum number of votes that may be collectively or individually cast by two or more shareholder companies belonging to the same group of entities, as well as to the maximum number of votes that may be cast by an individual or corporate shareholder and the entity or entities that are shareholders themselves and which are directly or indirectly controlled by that individual or corporate shareholder. Moreover, in accordance with the Spanish Corporation Act, such cap would become ineffective where the bidder reaches, as a consequence of a tender offer, a percentage equal to or greater than 70% of the share capital carrying voting rights, unless the bidder (or those acting in concert with the bidder) is not subject to equivalent neutralization measures or has not adopted them.

In addition, according to Article 34 of Spanish Royal Decree-Law 6/2000 of June 23 on urgent measures to improve competition in the goods and services markets, individuals and legal entities directly and indirectly holding more than 3% of the total share capital or voting rights of two or more principal operator companies in Spain in, among other markets, the fixed-line and mobile-line telephony markets, may not exercise their voting rights in excess of 3% of the total in more than one company, except with the prior authorization of the Spanish National Markets and Competition Commission (*Comisión Nacional de los Mercados y la Competencia* (the "CNMC")). Principal operators are defined as one of the five operators with the largest market share in the corresponding market ("Principal Operators"). In addition, no individual or legal entity is allowed to appoint, directly or indirectly, members of the management body of more than one Principal Operator in, among others, the fixed-line or mobile-line telephony markets, except with the prior authorization of the CNMC. Additionally, individuals or legal entities considered Principal Operators are not allowed to exercise more than 3% of the voting rights of another Principal Operator nor to appoint, directly or indirectly, members of the management body of any Principal Operator, except, in both cases, with the prior authorization of the CNMC. Telefónica is considered a Principal Operator for the purposes of Article 34 of Royal Decree-Law 6/2000 of June 23 in the Spanish fixed-line and mobile-line telephony markets.

Any share may be voted by proxy. The proxies may be granted in writing or electronically and are valid only for a single meeting, unless the proxy-holder is the granting shareholder's spouse, ascendant or descendant, or holds a general power of attorney granted in a public instrument with powers to manage all of the assets held by the shareholder granting the proxy in Spain.

Only holders of record five days prior to the day on which a general meeting of shareholders is scheduled to be held may attend and vote at the meeting.

According to the Spanish Corporation Act the general shareholders' meeting will be quorate on first call if the shareholders present, in person or by proxy, hold at least 25% of the subscribed share capital carrying voting rights. On second call, the meeting will be quorate regardless of the capital in attendance.

However, if the agenda of the meeting includes resolutions on the amendment of the bylaws, including an increase or reduction of share capital, the transformation, merger, split-off, the *en bloc* assignment of assets and liabilities, the migration of the registered office abroad, the issuance of debentures or the exclusion or limitation of pre-emptive rights, the required quorum on first call must be met by the attendance of shareholders representing at least 50% of the subscribed share capital carrying voting rights (each a "Special Resolution"). On second call, the attendance of 25% of the subscribed share capital carrying voting rights will suffice.

As a general rule, resolutions at the general shareholder's meeting will be passed by a simple majority of votes cast at such meeting (i.e., provided that the votes "for" outnumber the votes "against" the relevant resolution).



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In contrast, in order to approve any Special Resolution, if the capital present or represented at the general shareholders' meeting exceeds 50% of the subscribed share capital carrying voting rights, the favorable vote of the absolute majority (that is, if the votes in favor exceed 50% of the votes corresponding to capital present and represented at the shareholders' meeting) will be required. If, on second call, shareholders representing 25% or more of the subscribed share capital carrying voting rights are present or represented but fail to reach the 50% threshold, the favorable vote of at least two-thirds of the share capital present or represented at the meeting will be required.

Preemptive Rights

Pursuant to the Spanish Corporation Act, shareholders have preemptive rights to subscribe for any new shares in capital increases with issuances of new shares with a charge to monetary contributions and in issuances of debentures convertible into shares. Such rights may be excluded (partially or totally) under special circumstances by virtue of a resolution passed at a general shareholders' meeting in accordance with Articles 308, 504 and 506 of the Spanish Corporation Act, or by the Board of Directors, if previously authorized at a general shareholders' meeting in accordance with Article 506 (for capital increases) and Articles 417 and 511 (for issuances of debentures convertible into shares) of the Spanish Corporation Act. Such preemptive rights will not be available in the event of an increase in capital to meet the requirements of a convertible bond issue or a merger of another entity into Telefónica or of all or part of the assets split from another company, in which shares are issued as consideration or, in general, when the increase is carried out as consideration in exchange for non-cash contributions. Such rights are transferable, may be traded on the Automated Quotation System and may be of value to existing shareholders because new shares may be offered for subscription at prices lower than prevailing market prices.

Form and Transfer

Ordinary shares are in book-entry form and are indivisible. Joint holders must nominate one person to exercise their rights as shareholders, though joint holders are jointly and severally liable for all obligations arising from their status as shareholders. Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal ("Iberclear"), which manages the clearance and settlement system of the Spanish Stock Exchanges, maintains the central registry of ordinary shares reflecting the number of ordinary shares held by each of its participant entities (*entidades participantes*) as well as the number of such shares held by registered legal owners. Each participant entity in turn maintains a register of the owners of such shares.

Transfers of Telefónica's ordinary shares quoted on the Spanish Stock Exchanges must be made by book-entry registry or delivery of evidence of title to the buyer through, or with the participation of, a member of the Spanish Stock Exchanges that is an authorized broker or dealer. Transfers of Telefónica's ordinary shares may also be subject to certain fees and expenses.

Reporting Requirements

According to Royal Decree 1362/2007 of October 19 on the disclosure of significant stakes in listed companies ("Royal Decree 1362/2007"), modified by Royal Decree 878/2015, of October 2 ("Royal Decree 878/2015"), the acquisition or disposition of shares of Telefónica must be reported within four trading days of the acquisition or disposition to Telefónica and the CNMV, where:

- in the case of an acquisition, the acquisition results in that person or group holding a number of voting rights in Telefónica that reaches or surpasses 3% (or 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 60%, 70%, 75%, 80% or 90%) of Telefónica's total number of voting rights; or
- in the case of a disposal, the disposition reduces the number of voting rights held by a person or group below a threshold of 3% (or 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 60%, 70%, 75%, 80% or 90%) of Telefónica's total number of voting rights.



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Royal Decree 878/2015 established a new approach for calculating whether these thresholds are reached, surpassed or fell short, which requires adding the voting rights corresponding to shares and financial instruments. Royal Decree 878/2015 also expanded the definition of financial instruments which should be reported, including financial instruments having a similar economic effect as the shares of a company, whether the instruments are cash or physically settled, including convertible securities, options, forwards, futures, swaps, contracts for differences (CFDs) or any other type of instrument which grants the holder the right to acquire shares or a right to receive an equivalent cash settlement amount. Additionally, Royal Decree 878/2015 amended the calculation rules of the voting rights attributable to a financial instrument which, among other changes, is now calculated on a daily basis.

The reporting requirements referred to above apply not only to the acquisition or transfer of shares, but also when, without an acquisition or transfer of shares, the proportion of voting rights of an individual or legal entity reaches, exceeds or falls below the threshold that triggers the obligation to report as a consequence of a change in the total number of voting rights of Telefónica on the basis of the information reported to the CNMV and disclosed by it, in accordance with the Royal Decree 1362/2007 (as amended).

Regardless of the actual ownership of the shares, any individual or legal entity with a right to acquire, transfer or exercise voting rights granted by the shares, and any individual or legal entity who owns, acquires or transfers, whether directly or indirectly, other securities or financial instruments which grant a right to acquire shares carrying voting rights (such as transferable securities, options, futures, swaps, forwards and other derivative contracts), will also have an obligation to notify the Company and the CNMV of the holding of a significant stake in accordance with the above-mentioned regulations.

Stricter disclosure obligations apply if the person obligated to disclose has residency in a country considered a tax haven by the Spanish authorities, a zero-taxation country or territory or a country or territory that does not share information with the Spanish authorities, in which cases the initial threshold for disclosure is reduced to 1% (and successive multiples of 1%).

Our directors must report to us and the CNMV the percentage and number of voting rights in Telefónica held by them at the time of becoming or ceasing to be a member of the Board of Directors. Furthermore, all members of the Board must report any change in the percentage of voting rights they hold, as a result of any acquisition or disposition of our shares or voting rights, or financial instruments which carry a right to acquire or dispose of shares which have voting rights attached, including any stock-based compensation that they may receive pursuant to any of our compensation plans. Members of our senior management must also report any stock-based compensation that they may receive pursuant to any of our compensation plans or any subsequent amendment to such plans. Royal Decree 1362/2007 (as amended) refers to the definition given by Royal Decree 1333/2005 of November 11, which develops the Spanish Securities Market Act, regarding market abuse, which defines senior management (*directivos*) as those “high-level employees in positions of responsibility with regular access to insider information (*información privilegiada*) related, directly or indirectly, to the issuer and that, furthermore, are empowered to adopt management decisions affecting the future development and business perspectives of the issuer”.

In addition, pursuant to Royal Decree 1333/2005 of November 11 (as amended), any member of our Board and our senior management, or any parties closely related to any of them, as such terms are defined therein, must report to the CNMV any transactions carried out with respect to our shares or derivatives or other financial instruments relating to our shares. The notification of the transaction must include particulars of, among others, the type of transaction, the date of the transaction and the market in which the transactions were carried out, the number of shares traded and the price paid.

These disclosure obligations are primarily regulated by Royal Decree 1362/2007 (as amended) and by Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, on market abuse (the “Market Abuse Regulation”), which repeals Directive 2003/6/EC of the European Parliament and of the Council



and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC. Both establish a detailed set of rules on this legal framework (including, *inter alia*, rules determining the persons subject to disclosure obligations, the different types of situations triggering disclosure and corresponding exceptions, specific attribution and aggregation rules, the deadlines to notify the transactions, triggering disclosure obligations and incorporation of notices submitted to the CNMV's public registry).

Disclosure of Net Short Positions

In accordance with Regulation (EU) No. 236/2012 of the European Parliament and of the European Council of March 14, 2012 on short selling and certain aspects of credit default swaps (as further supplemented by several delegated regulations regulating technical aspects necessary for its effective enforceability and to ensure compliance with its provisions), net short positions on shares listed on the Spanish Stock Exchanges equal to, or in excess of, 0.2% of the relevant issuer's share capital and any increases or reductions thereof by 0.1% are required to be disclosed to the CNMV by no later than the first trading day following the transaction. If the net short position reaches 0.5%, and also at every 0.1% above that, the CNMV will disclose the net short position to the public.

Notification is mandatory even if the same position has been already notified to the CNMV in compliance with reporting requirements previously in force in Spain.

The information to be disclosed is set out in Table 1 of Annex I of Delegated Regulation 826/2012, according to the format approved as Annex II of this Regulation. The information will be published, where appropriate, on a web page operated or supervised by the corresponding authority.

Moreover, pursuant to Regulation (EU) No. 236/2012, where the CNMV considers that (i) there are adverse events or developments that constitute a serious threat to financial stability or to market confidence (serious financial, monetary or budgetary problems, which may lead to financial instability, unusual volatility causing significant downward spirals in any financial instrument, etc.); and (ii) the measure is necessary and will not be disproportionately detrimental to the efficiency of financial markets in view of the advantages sought, it may, following consultation with the European Securities and Market Authority ("ESMA"), take any one or more of the following measures:

- impose additional notification obligations by either (a) reducing the thresholds for the notification of net short positions in relation to one or several specific financial instruments; and/or (b) requesting the parties involved in the lending of a specific financial instrument to notify any change in the fees requested for such lending; and
- restrict short selling activity by either prohibiting or imposing conditions on short selling.

In addition, according to Regulation (EU) No. 236/2012, where the price of a financial instrument has fallen significantly during a single day in relation to the closing price on the previous trading day (10% or more in the case of a liquid share), the CNMV may prohibit or restrict short selling of financial instruments for a period not exceeding the end of the trading day following the trading day on which the fall in price occurs.

Finally, Regulation (EU) No. 236/2012 also vests powers to ESMA in order to take measures similar to the ones described above in exceptional circumstances, when the purpose of these measures is to deal with a threat affecting several EU member states and the competent authorities of these member states have not taken adequate measures to address it.

Shareholder Agreements

Article 531 *et seq.* of the Spanish Corporation Act require parties to disclose those shareholders' agreements in respect of Spanish listed companies that affect the exercise of voting rights at a general shareholders' meeting



or contain restrictions or conditions on the transferability of shares or bonds that are convertible or exchangeable into shares. If any shareholders enter into such agreements with respect to Telefónica's shares, they must disclose the execution, amendment or extension of such agreements to Telefónica and the CNMV (together with the clauses of said agreements) and file such agreements with the appropriate Commercial Registry. Failure to comply with these disclosure obligations renders any such shareholders' agreement unenforceable and constitutes a violation of the Spanish Securities Market Act.

Acquisition of Own Shares

Pursuant to Spanish corporate law, we may only repurchase our own shares within certain limits and in compliance with the following requirements:

- the repurchase must be authorized by the general shareholders' meeting by a resolution establishing the maximum number of shares to be acquired, the minimum and maximum acquisition price and the duration of the authorization, which may not exceed five years from the date of the resolution; and
- the repurchase, including any shares already held by us or a person acting on our behalf, must not bring our net worth below the aggregate amount of our share capital and legal reserves.

For these purposes, net worth means the amount resulting from the application of the criteria used to draw up the financial statements, subtracting the amount of profits directly imputed to that net worth, and adding the amount of share capital subscribed but not called and the share capital par and issue premiums recorded in our accounts as liabilities. In addition:

- the aggregate par value of the shares directly or indirectly repurchased, together with the aggregate par value of the shares already held by us and our subsidiaries, must not exceed 10% of our share capital; and
- the shares repurchased must be fully paid and must be free of ancillary contributions (*prestaciones accesorias*).

Voting rights attached to treasury shares will be suspended and economic rights (*e.g.*, the right to receive dividends and other distributions and liquidation rights), except the right to receive bonus shares, will accrue proportionately to all of our shareholders. Treasury shares are counted for the purpose of establishing the quorum for shareholders' meetings and majority voting requirements to pass resolutions at shareholders' meetings.

The Market Abuse Regulation establishes rules in order to ensure the integrity of European Community financial markets and to enhance investor confidence in those markets. This regulation maintains an exemption from the market manipulation rules regarding share buyback programs by companies listed on a stock exchange in an EU Member State. In particular, Article 5 of the Market Abuse Regulation states that in order to benefit from the exemption, a buyback program must comply with certain requirements established under such regulation and the sole purpose of the buyback program must be to reduce the share capital of an issuer (in value or in number of shares) or to meet obligations arising from either of the following:

- debt financial instruments exchangeable into equity instruments; or
- employee share option programs or other allocations of shares to employees of the issuer or an associated company.

Commission Delegated Regulation (EU) 2016/1052, of March 8, supplementing Regulation (EU) 596/2014 with regard to regulatory technical standards for the conditions applicable to buyback programs and stabilization measures, set forth certain conditions that transactions relating to buyback programs shall meet in order to benefit from the exemption laid down in Article 5 of Regulation (EU) 596/2014, as well as certain disclosure and reporting obligations that the issuer must comply with for such purposes.



In addition, in order to comply with the Market Abuse Regulation, on April 26, 2017, the CNMV issued Circular 1/2017, replacing Circular 3/2007 and setting out the requirements to be met by liquidity contracts entered into by issuers with financial institutions for the management of its treasury shares to constitute an accepted market practice and, therefore, be able to rely on a safe harbor for the purposes of the Market Abuse Regulation.

If an acquisition or series of acquisitions of shares of Telefónica reaches or exceeds or causes Telefónica's and its affiliates' holdings to reach or exceed 1% of Telefónica's voting shares, Telefónica must notify its final holding of treasury stock to the CNMV. If such threshold is reached as a result of a series of acquisitions, such reporting obligation will only arise after the closing of the acquisition which, taken together with all acquisitions made since the last of any such notifications, causes the Telefónica's and its affiliates holdings to exceed, 1% of Telefónica's voting shares. Sales and other dispositions of Telefónica's treasury stock will not be deducted in the calculation of such threshold. This requirement also applies if the stock is acquired by a majority-owned subsidiary of Telefónica.

Moreover, pursuant to Spanish corporate law, the audited financial statements of a company must include a reference regarding any treasury shares.

Change of Control Provisions

Certain antitrust regulations may delay, defer or prevent a change of control of Telefónica or any of its subsidiaries in the event of a merger, acquisition or corporate restructuring. In Spain, the application of both Spanish and European antitrust regulations requires that prior notice of domestic or cross-border merger transactions be given in order to obtain a "non-opposition" ruling from antitrust authorities.

Tender Offers

Tender offers are governed in Spain by the Spanish Securities Markets Act and Royal Decree 1066/2007, of July 27 (as amended), which implemented Directive 2004/25/EC of the European Parliament and of the European Council of April 21. Tender offers in Spain may qualify as either mandatory or voluntary offers.

Mandatory public tender offers must be launched for all the shares of the target company or other securities that might directly or indirectly give the right to subscription thereto or acquisition thereof (including convertible and exchangeable bonds) at an equitable price and not subject to any conditions when any person acquires control of a Spanish company listed on the Spanish Stock Exchanges, whether such control is obtained:

- by means of the acquisition of shares or other securities that directly or indirectly give voting rights in such company;
- through agreements with shareholders or other holders of said securities; or
- as a result of other situations of equivalent effect as provided in the regulations (i.e., indirect control acquired through mergers, share capital decreases, target's treasury stock variations or securities exchange or conversion, etc.).

A person is deemed to have obtained the control of a target company, individually or jointly with concerted parties, whenever:

- it acquires, directly or indirectly, a percentage of voting rights equal to or greater than 30%; or
- it has acquired a percentage of less than 30% of the voting rights and appoints, in the 24 months following the date of acquisition of said percentage, a number of directors that, together with those already appointed, if any, represent more than one-half of the members of the target company's board of directors. Regulations also set forth certain situations where directors are deemed to have been appointed by the bidder or persons acting in concert therewith unless evidence to the contrary is provided.



Notwithstanding the above, Spanish regulations establish certain exceptional situations where control is obtained but no mandatory tender offer is required, including, among others:

- subject to the CNMV's approval,
 - acquisitions or other transactions resulting from the conversion or capitalization of credits into shares of listed companies, the financial feasibility of which is subject to serious and imminent danger, even if the company is not undergoing bankruptcy proceedings, provided that such transactions are intended to ensure the company's financial recovery in the long term; or
 - in the event of a merger, provided that those acquiring control did not vote in favor of the merger at the relevant general shareholders' meeting of the offeree company and provided also that it can be shown that the primary purpose of the transaction is not the takeover but an industrial or corporate purpose; and
- when control has been obtained after a voluntary bid for all of the securities, if either the bid has been made at an equitable price or has been accepted by holders of securities representing at least 50% of the voting rights to which the bid was directed.

For the purposes of calculating the percentages of voting rights acquired, the regulations establish the following rules:

- percentages of voting rights corresponding to (i) companies belonging to the same group of the bidder; (ii) members of the board of directors of the bidder or of companies of its group; (iii) persons acting for the account of or in concert with the bidder (a concert party shall be deemed to exist when two or more persons collaborate under an agreement, be it express or implied, oral or written, in order to obtain control of the offeree company); (iv) voting rights exercised freely and over an extended period by the bidder under proxy granted by the actual holders or owners of such rights in the absence of specific instructions with respect thereto; and (v) shares held by a nominee, such nominee being understood as a third party whom the bidder totally or partially covers against the risks inherent in acquisitions or transfers of the shares or the possession thereof, will be deemed to be held by the bidder (including the voting rights attaching to shares that constitute the underlying asset or the subject matter of financial contracts or swaps when such contracts or swaps cover, in whole or in part, against the risks inherent in ownership of the securities and have, as a result, an effect similar to that of holding shares through a nominee);
- both the voting rights arising from the ownership of shares and those enjoyed under a usufruct or pledge or upon any other title of a contractual nature will be counted towards establishing the number of voting rights held;
- the percentage of voting rights shall be calculated based on the entire number of shares carrying voting rights, even if the exercise of such rights has been suspended; voting rights attached to treasury shares shall be excluded; and non-voting shares shall be taken into consideration only when they carry voting rights pursuant to applicable law; and
- acquisitions of securities or other financial instruments giving the right to the subscription, conversion, exchange or acquisition of shares which carry voting rights will not result in the obligation to launch a tender offer either until such subscription, conversion, exchange or acquisition occurs.

Notwithstanding the foregoing, upon the terms established in the regulations, the CNMV will conditionally dispense with the obligation to launch a mandatory bid when another person or entity, individually or jointly in concert, directly or indirectly holds an equal or greater voting percentage than the potential bidder in the target company.

The price of the mandatory tender offer is deemed equitable when it is at least equal to the highest price paid or agreed by the bidder or by any person acting in concert therewith for the same securities during the 12 months



prior to the announcement of the tender offer. When the mandatory tender offer must be made without the bidder having previously acquired the shares over the above-mentioned 12-month period, the equitable price shall not be less than the price calculated in accordance with other rules set forth in the regulations. In any case, the CNMV may change the price so calculated in certain circumstances (extraordinary events affecting the price, evidence of market manipulation, etc.).

Mandatory offers must be launched within one month from the acquisition of the control of the target company.

Voluntary tender offers may be launched when a mandatory offer is not required. Voluntary offers are subject to the same rules established for mandatory offers except for the following:

- they may be subject to certain conditions (such as amendments to the bylaws or adoption of certain resolutions by the target company, acceptance of the offer by a minimum number of securities, approval of the offer by the shareholders' meeting of the bidder and any other deemed by the CNMV to be in accordance with law), provided that such conditions can be met before the end of the acceptance period of the offer; and
- they may be launched at any price, regardless of whether it is lower than the above-mentioned "equitable price". However, if they are not launched at an equitable price and if the tender offer shares representing at least 50% of the voting rights are tendered in the offer (excluding voting rights already held by the bidder and those belonging to shareholders who entered into an agreement with the bidder regarding the tender offer), the bidder may become obliged to launch a mandatory tender offer.

In any case, according to the Spanish Securities Market Act, the price in a voluntary tender offer must be the higher of (i) the equitable price and (ii) the price resulting from an independent valuation report, and must at least consist of cash as an alternative if certain circumstances have occurred during the two years prior to the announcement of the offer (basically, the trading price for the shares being affected by price manipulation practices, market or share prices being affected by natural disasters, *force majeure*, or other exceptional events, or the target company being subject to expropriation or confiscation resulting in a significant impairment of the company's real value).

Spanish regulations on tender offers set forth further provisions, including:

- subject to shareholder approval within 18 months from the date of announcement of the tender offer, the board of directors of a target company will be exempt from the rule prohibiting frustrating action against a foreign bidder whose board of directors is not subject to an equivalent passivity rule;
- defensive measures included in a listed company's bylaws and transfer and voting restrictions included in agreements among a listed company's shareholders will remain in place whenever the company is the target of a tender offer, unless the shareholders resolve otherwise (in which case any shareholders whose rights are diluted or otherwise adversely affected will be entitled to compensation at the target company's expense); and
- squeeze-out and sell-out rights will apply provided that following a tender offer for all the target's share capital, the bidder holds securities representing at least 90% of the target company's voting capital and the tender offer has been accepted by the holders of securities representing at least 90% of the voting rights other than those held by or attributable to the bidder previously to the offer.

Foreign Investment and Exchange Control Regulations

Restrictions on Foreign Investment

Exchange controls and foreign investment were, with certain exceptions, completely liberalized by Royal Decree 664/1999, of April 23, which was approved in conjunction with Law 18/1992 (the "Spanish Foreign Investment Law") to bring the existing legal framework in line with the provisions of the Treaty of the European Union.



According to regulations adopted under the Spanish Foreign Investments Law, and subject to the restrictions described below, foreign investors may invest freely in shares of Spanish companies as well as transfer invested capital, capital gains and dividends out of Spain without limitation (subject to applicable taxes and exchange controls). Foreign investors who are not resident in a tax haven are required to notify the Spanish Registry of Foreign Investments (*Registro Nacional de Inversiones Extranjeras*) maintained by the General Bureau of International Commerce and Investments (*Dirección General de Comercio Internacional e Inversiones*) (a department of the Ministry of Economy, Industry and Competitiveness (*Ministerio de Economía, Industria y Competitividad*)) following an investment or divestiture, and such notification is for the purpose of promoting foreign investments and for statistical, economic and administrative purposes. Where the investment or divestiture is made in shares of a Spanish company listed on any of the Spanish Stock Exchanges, the duty to provide notice of a foreign investment or divestiture lies with the relevant entity with which the shares (in book-entry form) have been deposited or that has acted as an intermediary in connection with the investment or divestiture.

If the foreign investor is a resident of a tax haven, as defined under Spanish law (Royal Decree 1080/1991 of July 5), notice must be provided to the Registry of Foreign Investments prior to making the investment, as well as after the transaction has been completed. However, prior notification is not necessary in the following cases:

- investments in listed securities, whether or not trading on an official secondary market;
- investments in participations in investment funds registered with the CNMV; and
- foreign shareholdings that do not exceed 50% of the capital of the Spanish company in which the investment is made.

Additional regulations to those described above apply to investments in some specific industries, including air transportation, gambling, mining, manufacturing and sales of weapons and explosives for civil use and national defense, radio, television and telecommunications. These restrictions do not apply to investments made by EU residents, other than investments by EU residents in activities relating to the Spanish defense sector or the manufacturing and sale of weapons and explosives for non-military use.

The Spanish Council of Ministers (*Consejo de Ministros*), acting on the recommendation of the Ministry of Economy, Industry and Competitiveness, may suspend the aforementioned provisions relating to foreign investments for reasons of public policy, health or safety, either generally or in respect of investments in specified industries, in which case any proposed foreign investments falling within the scope of such a suspension would be subject to prior authorization from the Spanish government, acting on the recommendation of the Ministry of Economy, Industry and Competitiveness.

Law 19/2003 of July 4 (as amended), which has as its purpose the establishment of a regulatory regime relating to capital flows to and from legal or natural persons abroad and the prevention of money laundering, generally provides for the liberalization of the regulatory environment with respect to acts, businesses, transactions and other operations between residents and non-residents of Spain in respect of which charges or payments abroad will occur, as well as money transfers, variations in accounts or financial debit or credits abroad. These operations must be reported to the Ministry of Economy, Industry and Competitiveness and the Bank of Spain only for informational and statistical purposes. The most important developments resulting from Law 19/2003 are the obligations on financial intermediaries to provide to the Spanish Ministry of Economy, Industry and Competitiveness and the Bank of Spain information corresponding to client transactions.

In addition to the notices relating to significant shareholdings that must be sent to Telefónica, the CNMV and the relevant Spanish Stock Exchanges, as described in this section under “—Reporting Requirements”, foreign investors are required to provide such notices to the Registry of Foreign Investments.



Exchange Control Regulations

Pursuant to Royal Decree 1816/1991 of December 20, as amended by Royal Decree 1360/2011 of October 7, relating to economic transactions with non-residents, and EC Directive 88/361/EEC, receipts, payments or transfers between non-residents and residents of Spain must be made through registered entities (*entidades registradas*), such as banks and other financial institutions properly registered with the Bank of Spain and/or the CNMV, through bank accounts opened with foreign banks or foreign branches of registered entities or in cash or by a check payable to bearer.

Payment of Taxes

Holders of ordinary shares will be responsible for any taxes or other governmental charges payable on their ordinary shares, including any taxes payable on transfer. The paying agent or the transfer agent, as the case may be, may, and upon instruction from Telefónica, will:

- refuse to effect any registration of transfer of such ordinary shares or any split-up or combination thereof until such payment is made; or
- withhold or deduct from any distributions on such ordinary shares or sell for the account of the holder thereof any part or all of such ordinary shares (after attempting by reasonable means to notify such holder prior to such sale), and apply, after deduction for its reasonable expenses incurred in connection therewith, the net proceeds of any such sale to payment of such tax or other governmental charge. The holder of such ordinary shares will remain liable for any deficiency.



DESCRIPTION OF AMERICAN DEPOSITARY SHARES

Telefónica may offer from time to time ordinary shares in the form of ADSs. Our ADSs are listed on the New York Stock Exchange under the symbol “TEF”. Citibank, N.A. acts as the Depositary pursuant to the deposit agreement dated as of November 13, 1996, as amended as of December 3, 1999 and as further amended as of June 23, 2000 and as of March 9, 2007 among Telefónica, the Depositary and the holders from time to time of ADSs.

For certain information on our ADSs, see Items 10 and 12.D of our Form 20-F, which is incorporated herein by reference. An applicable prospectus supplement for an offering of our ADSs will include a description of the ADSs and a description of the terms of any offering of ADSs, among other matters.



DESCRIPTION OF RIGHTS TO SUBSCRIBE FOR ORDINARY SHARES

We may issue rights to subscribe for ordinary shares of Telefónica. The applicable prospectus supplement will describe the specific terms relating to such subscription rights and the terms of the offering, including, where applicable, some or all of the following, among other matters:

- the title of the subscription rights;
- the exercise price for the shares subscribed pursuant to the subscription rights;
- the aggregate number of subscription rights issued;
- a discussion of the material U.S. federal, Spanish or other income tax considerations, as well as considerations under the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), applicable to the issuance of ordinary shares together with statutory subscription rights or the exercise of the subscription rights;
- any other terms of the subscription rights, including terms, procedures and limitations relating to the exercise of the subscription rights;
- the terms of the ordinary shares issuable upon exercise of the subscription rights;
- information regarding the trading of subscription rights, including the stock exchanges, if any, on which the subscription rights will be listed;
- the record date, if any, to determine who is entitled to the subscription rights and the ex-rights date;
- the period during which the subscription rights may be exercised;
- the extent to which the offering includes a contractual over-subscription privilege with respect to unsubscribed securities; and
- the material terms of any standby or other underwriting arrangement we enter into in connection with the offering.



DESCRIPTION OF DEBT SECURITIES AND GUARANTEES

Telefónica Emisiones may issue Debt Securities fully and unconditionally guaranteed by Telefónica under an indenture (the “Base Indenture”), dated April 20, 2018 among Telefónica Emisiones, the Guarantor and The Bank of New York Mellon, as trustee, as supplemented by a supplemental indenture with respect to each series of securities issued pursuant to the Base Indenture among Telefónica Emisiones, the Guarantor and the Bank of New York Mellon, as trustee, transfer agent, registrar and paying agent (the Base Indenture, as supplemented, the “Indenture”). The Base Indenture has been filed with the SEC as an exhibit to the Registration Statement of which this prospectus is a part and is incorporated by reference herein. Except as otherwise specified in the applicable prospectus supplement, the Debt Securities will constitute the direct, unconditional, unsubordinated and unsecured obligation of the issuer and will rank *pari passu* without any preference among themselves and, subject to any applicable statutory exceptions, the issuer’s payment obligations under the Debt Securities will rank at least *pari passu* with all of its other unsecured and unsubordinated indebtedness, present and future, except as its obligations may be limited by Spanish bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors’ rights generally in the Kingdom of Spain.

The applicable prospectus supplement will describe the specific terms relating to such Debt Securities and the related guarantees and the terms of the offering, including, where applicable, some or all of the following, among other matters:

- the title and the series of the securities;
- the terms of the related guarantees of the securities;
- any limit on the aggregate principal amount of the securities;
- whether the securities may be converted into or exercised or exchanged for other debt or equity securities of Telefónica or one or more third parties and the terms on which conversion, exercise or exchange may occur;
- the price or prices (expressed as a percentage of the aggregate principal amount) at which the securities will be issued;
- the denomination and currency in which the securities will be issuable;
- the date or dates on which the principal of the offered securities is payable, or the method, if any, by which such date or dates will be determined and, if other than the full principal amount, the portion payable or the method by which the portion of the principal amount of the securities payable on that date is determined;
- the rate or rates (which may be fixed or variable) at which the offered securities will bear interest, if any, or the method by which such rate or rates will be determined and the manner upon which interest will be calculated;
- the date or dates from which interest on the securities, if any, will accrue or the method, if any, by which such date or dates will be determined;
- the date or dates on which such interest, if any, will be payable, the date or dates on which payment of such interest, if any, will commence and the regular record dates for the interest payment dates, if any;
- whether and under what circumstances additional amounts on the securities must be payable;
- whether and under what circumstances the securities may be redeemed;
- the notice, if any, to holders of the notes regarding the determination of interest on a floating rate note and the manner of giving such notice;
- if any securities are to be issuable upon the exercise of warrants, the time, manner and place for such securities to be authenticated and delivered;



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- whether any of the securities will be issued as original issue discount notes;
- if other than the applicable trustee, the identity of each security registrar, paying agent and authenticating agent;
- any material U.S. federal or Spanish income tax considerations applicable to the securities;
- information regarding the trading of securities, including the stock exchanges, if any, on which the securities will be listed;
- any restrictions applicable to the sale and delivery of the securities; and
- any other terms of the securities and the related guarantees, which shall not be inconsistent with the provisions of the Indenture.



ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

Telefónica is a limited liability company (*sociedad anónima*) organized under the laws of the Kingdom of Spain. Telefónica Emisiones, a wholly-owned subsidiary of Telefónica, is a limited liability company with a sole shareholder (*sociedad anónima unipersonal*) organized under the laws of the Kingdom of Spain. All of the directors of Telefónica Emisiones and the executive officers and directors of Telefónica, and certain of the experts named in this prospectus, are not residents of the United States. All or a substantial portion of the assets of Telefónica Emisiones and those of Telefónica and such persons are located outside the United States. As a result, it may be difficult for you to file a lawsuit against either Telefónica Emisiones or Telefónica or such persons in the United States with respect to matters arising under the federal securities laws of the United States. It may also be difficult for you to enforce judgments obtained in U.S. courts against either Telefónica Emisiones or Telefónica or such persons based on the civil liability provisions of such laws. Provided that United States case law does not prevent the enforcement in the U.S. of Spanish judgments (as in such case, judgments obtained in the U.S. shall not be enforced in Spain), if a U.S. court grants a final judgment in an action based on the civil liability provisions of the federal securities laws of the United States, enforceability of such judgment in Spain will be subject to satisfaction of certain factors. Such factors include the absence of a conflicting judgment by a Spanish court (or a conflicting judgment by a foreign court, provided such judgment meets the requirements to be enforced in Spain) or of an action pending in Spain among the same parties and arising from the same facts and circumstances, the Spanish courts' determination that the U.S. courts had jurisdiction, that process was appropriately served on the defendant, the regularity of the proceeding followed before the U.S. courts, the authenticity of the judgment and that enforcement would not violate Spanish public policy or mandatory provisions, including the legality of the obligation to be fulfilled in Spain, and that such judgment is final and conclusive. In general, the enforceability in Spain of final judgments of U.S. courts does not require retrial in Spain. If an action is commenced before Spanish courts with respect to liabilities based on the U.S. federal securities laws, there is a doubt as to whether Spanish courts would have jurisdiction. Spanish courts may enter and enforce judgments in foreign currencies.

Telefónica Emisiones and Telefónica have expressly submitted to the exclusive jurisdiction of any state or federal court in the Borough of Manhattan, the City of New York and any appellate court from any such court thereof for the purpose of any suit, action or proceeding arising out of or in connection with the Debt Securities described herein and have appointed CT Corporation System as our agent to accept service of process in any such action.

LEGAL MATTERS

Certain legal matters with respect to Spanish law will be passed upon for us by Uría Menéndez Abogados, S.L.P., our Spanish counsel. Certain legal matters with respect to United States and New York law will be passed upon for us by Davis Polk & Wardwell LLP, our U.S. counsel.

EXPERTS

The consolidated financial statements as of December 31, 2017 and for the year ended December 31, 2017 and management's assessment of the effectiveness of Telefónica's internal control over financial reporting (which is included in Management's Annual Report on Internal Control over Financial Reporting) as of December 31, 2017, each incorporated into this Prospectus by reference to Telefónica's Annual Report on Form 20-F for the year ended December 31, 2017, have been so incorporated in reliance on the report of PricewaterhouseCoopers Auditores, S.L., an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting. In addition, the adjustments to the 2016 consolidated financial statements to retrospectively reflect the change in presentation of the segment information, as described in Note 4 to the consolidated financial statements of Telefónica included in its Annual Report on Form 20-F for the year ended December 31, 2017, have been audited by PricewaterhouseCoopers Auditores, S.L., as set forth in their report.



The consolidated financial statements as of December 31, 2016 and for each of the two years in the period then ended, before the effects of the retrospective adjustments related to the 2016 segment disclosures described in Note 4 (the “Unadjusted 2016 and 2015 Consolidated Financial Statements”), appearing in the Form 20-F, have been audited by Ernst & Young, S.L., independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. The Unadjusted 2016 and 2015 Consolidated Financial Statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.



PART II

INFORMATION NOT REQUIRED IN A PROSPECTUS

Item 8. Indemnification of Directors and Officers

Telefónica, S.A.

Indemnification under Telefónica Bylaws and Spanish Law.

Under Spanish law the directors of Telefónica shall be jointly and severally liable to the company, the shareholders and the creditors of the company for any damage they cause through acts contrary to the law or the bylaws, or acts carried out without the diligence with which they ought to perform their duties. Under Spanish law there is a rebuttable presumption of negligence in actions brought against directors alleging acts contrary to the law or our bylaws. No provision of our bylaws provides for the indemnification of the directors with respect to such liabilities.

Telefónica D&O Insurance.

Telefónica maintains an insurance policy that protects its officers and the members of its Board of Directors from liabilities incurred as a result of actions taken in their official capacity.

Telefónica Emisiones, S.A.U.

Indemnification under Telefónica Emisiones S.A.U.'s Bylaws and Spanish Law.

Under Spanish law the directors of Telefónica Emisiones S.A.U. shall be jointly and severally liable to the company, the shareholders and the creditors of the company for any damage they cause through acts contrary to the law or the bylaws, or acts carried out without the diligence with which they ought to perform their duties. Under Spanish law there is a rebuttable presumption of negligence in actions brought against directors alleging acts contrary to the law or our bylaws. No provision of Telefónica Emisiones S.A.U.'s bylaws provides for the indemnification of the directors with respect to such liabilities.

Telefónica Group D&O Insurance.

Telefónica maintains an insurance policy that protects officers and members of the boards of directors of companies constituting the Telefónica Group, including Telefónica Emisiones, S.A.U., from liabilities incurred as a result of actions taken in their official capacity.



Item 9. Exhibits

Exhibit Number	Description
1.1*	Form of underwriting agreement for ordinary shares.
1.2*	Form of underwriting agreement for Debt Securities.
3.1**	Amended and restated bylaws (English translation) (previously filed as Exhibit 1.1 to the Form 20-F of Telefónica, S.A. filed on February 22, 2018 (Accession No. 0000814052-18-000019)).
4.1	Debt indenture including form of Debt Securities of Telefónica Emisiones, S.A.U. and guarantees relating thereto between Telefónica Emisiones, S.A.U., Telefónica, S.A., as Guarantor, and The Bank of New York Mellon as trustee.
4.2**	Deposit Agreement of Telefónica, S.A. (formerly Telefónica de España, S.A.) and Citibank, N.A., as depositary, and holders of American Depositary Receipts (previously filed as Exhibit 99.(a)(v) to the Registration Statement on Form F-6 filed on May 22, 2012, Registration No. 333-181584).
4.3**	Amendment No. 1 to Deposit Agreement of Telefónica, S.A. and Citibank, N.A., as depositary, and holders from time to time of American Depositary Receipts (previously filed as Exhibit 99.(a)(iv) to the Registration Statement on Form F-6 filed on May 22, 2012, Registration No. 333-181584).
4.4**	Amendment No. 2 to Deposit Agreement of Telefónica, S.A. and Citibank, N.A., as depositary, and all holders of American Depositary Receipts (previously filed as Exhibit 99.(a)(iii) to the Registration Statement on Form F-6 filed on May 22, 2012, Registration No. 333-181584).
4.5**	Amendment No. 3 to Deposit Agreement of Telefónica, S.A. and Citibank, N.A., as depositary, and all holders of American Depositary Receipts (previously filed as Exhibit 99.(a)(ii) to the Registration Statement on Form F-6 filed on May 22, 2012, Registration No. 333-181584).
4.6**	Form of American Depositary Receipt (previously filed as Exhibit 99.(a)(i) to the Registration Statement on Form F-6 filed on May 22, 2012, Registration No. 333-181584).
5.1	Opinion of Davis Polk & Wardwell LLP.
5.2	Opinion of Uría Menéndez Abogados, S.L.P.
12.1	Statement regarding the computation of consolidated ratios of earnings to fixed charges.
23.1	Consent of PricewaterhouseCoopers Auditores, S.L., independent registered public accounting firm.
23.2	Consent of Ernst & Young, S.L., independent registered public accounting firm.
23.3	Consent of Davis Polk & Wardwell LLP (included in its opinion filed as Exhibit 5.1).
23.4	Consent of Uría Menéndez Abogados, S.L.P. (included in its opinion filed as Exhibit 5.2).
24.1	Powers of Attorney of the registrants (included on the signature pages).
25.1	Statement of eligibility of The Bank of New York Mellon, as trustee, under the Trust Indenture Act of 1939 on Form T-1 relating to the debt indenture.

* To be filed by Telefónica, S.A. on a Form 6-K depending on the nature of the offering, if any, pursuant to this registration statement.

** Incorporated by reference.



Item 10. Undertakings

Each of the undersigned registrants hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any plan of distribution or any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs 1(i), 1(ii) and 1(iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by Telefónica pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Act need not be furnished, provided that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Securities Act of 1933 or Rule 3-19 of Regulation S-X if such financial statements and information are contained in periodic reports filed with or furnished to the Commission by Telefónica pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(5) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by a registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and



(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which the prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(6) That, for the purpose of determining liability of a registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, each undersigned registrant undertakes that in a primary offering of securities of an undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of an undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of an undersigned registrant or used or referred to by an undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about an undersigned registrant or its securities provided by or on behalf of an undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by an undersigned registrant to the purchaser.

(7) That, for purposes of determining any liability under the Securities Act of 1933, each filing of Telefónica's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(8) To file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Trust Indenture Act.

(9) In the event that the securities being registered are to be offered to existing security holders pursuant to warrants or rights and any securities not taken by security holders are to be re-offered to the public, to supplement the prospectus, upon the expiration of the subscription period, in order to set forth the results of the subscription offer, the transactions by the underwriters during the subscription period, the amount of unsubscribed securities to be purchased by the underwriters, and the terms of any subsequent re-offering thereof. The registrants further undertake that if any public offering by the underwriters is to be made on terms differing from those set forth on the cover page of the prospectus, the registrants shall file a post-effective amendment to set forth the terms of such offering.



Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of each registrant pursuant to the foregoing provisions, or otherwise, each registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by a registrant of expenses incurred or paid by a director, officer or controlling person of a registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, that registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.



SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Telefónica, S.A. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Madrid, Spain, on April 20, 2018.

TELEFÓNICA, S.A.

By: /s/ Laura Abasolo García de Baquedano
 Name: Laura Abasolo García de Baquedano
 Title: Chief Finance and Control Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS that each of the individuals whose signature appears below (whether as a member of the Board of Directors or officer of Telefónica, S.A., as authorized representative of Telefónica, S.A. or otherwise) constitutes and appoints Laura Abasolo García de Baquedano, Jesús Romero Albarracín and Eduardo José Álvarez Gómez, and each of them (with full power to each of them to act alone), his or her true and lawful attorneys-in-fact and agent, with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) and supplements to this registration statement or any registration statement in connection herewith that is to be effective upon filing pursuant to Rule 462 (b) under the Securities Act of 1933, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ José María Álvarez-Pallete López</u> José María Álvarez-Pallete López	Chairman of the Board of Directors and Chief Executive Officer	April 20, 2018
<u>/s/ Laura Abasolo García de Baquedano</u> Laura Abasolo García de Baquedano	Chief Finance and Control Officer	April 20, 2018
<u>/s/ Francisco Javier Ariza Garrote</u> Francisco Javier Ariza Garrote	Chief Accounting Officer	April 20, 2018
<u>/s/ José María Abril Pérez</u> José María Abril Pérez	Vice Chairman of the Board of Directors	April 20, 2018
<u>/s/ Ángel Vilá Boix</u> Ángel Vilá Boix	Director	April 20, 2018
<u>/s/ Laura Abasolo García de Baquedano</u> Ignacio Moreno Martínez	Director	April 20, 2018



<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ José Javier Echenique Landiribar</u> José Javier Echenique Landiribar	Director	April 20, 2018
<u>/s/ Peter Erskine</u> Peter Erskine	Director	April 20, 2018
<u>/s/ Carmen García de Andrés</u> Carmen García de Andrés	Director	April 20, 2018
<u>/s/ Jordi Gual Solé</u> Jordi Gual Solé	Director	April 20, 2018
<u>/s/ Francisco Javier de Paz Mancho</u> Francisco Javier de Paz Mancho	Director	April 20, 2018
<u>/s/ Donald J. Puglisi</u> Donald J. Puglisi	Authorized Representative of Telefónica, S.A. in the United States	April 20, 2018



SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Telefónica Emisiones, S.A.U. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Madrid, Spain, on April 20, 2018.

TELEFÓNICA EMISIONES, S.A.U.

By: /s/ Eduardo José Álvarez Gómez
 Name: Eduardo José Álvarez Gómez
 Title: Authorized Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS that each of the individuals whose signature appears below (whether as a Director or officer of Telefónica Emisiones, S.A.U. as authorized representative of Telefónica Emisiones, S.A.U. or otherwise) constitutes and appoints Eduardo José Álvarez Gómez and Francisco Javier Ariza Garrote and each of them (with full power to each of them to act alone), his true and lawful attorneys-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) and supplements to this registration statement or any registration statement in connection herewith that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Eduardo José Álvarez Gómez</u> Eduardo José Álvarez Gómez	Director	April 20, 2018
<u>/s/ Francisco Javier Ariza Garrote</u> Francisco Javier Ariza Garrote	Director	April 20, 2018
<u>/s/ Donald J. Puglisi</u> Donald J. Puglisi	Authorized Representative of Telefónica Emisiones, S.A.U. in the United States	April 20, 2018



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INDENTURE

among

TELEFÓNICA EMISIONES, S.A.U.,
as Issuer,

TELEFÓNICA, S.A.,
as Guarantor

and

The Bank of New York Mellon,
as Trustee

April 20, 2018



Reconciliation and tie between certain sections of this
Indenture and certain provisions of the Trust Indenture Act of 1939

<u>Trust Indenture Act Section</u>	<u>Indenture Section</u>
310(a)(1)	6.9
310(a)(2)	6.9
310(a)(3)	Not applicable
310(a)(4)	Not applicable
310(a)(5)	6.9
310(b)	6.8, 6.10
310(c)	Not applicable
311(a)	6.13
311(b)	6.13
311(c)	Not applicable
312(a)	7.1, 7.2(a)
312(b)	7.2(b)
312(c)	7.2(c)
313(a)	7.3
313(b)	7.3
313(c)	7.3
313(d)	7.3
314(a)	7.4
314(a)(4)	10.5
314(b)	Not applicable
314(c)(1)	1.2
314(c)(2)	1.2
314(c)(3)	Not applicable
314(d)	Not applicable
314(e)	1.2
315(a)	6.1(a)
315(b)	6.2, 7.3(a)
315(c)	6.1(b)
315(d)	6.3
315(e)	5.14
316(a)(1)(A)	5.12
316(a)(1)(B)	5.2, 5.13
316(a)(2)	Not applicable
316(b)	5.8
316(c)	1.4
317(a)(1)	5.3
317(a)(2)	5.4
317(b)	6.6
318(a)	1.8



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EXHIBIT A *Form of Security Certificate* A-1
EXHIBIT B *Form of Guarantee* B-1



THIS INDENTURE, dated as of April 20, 2018, among Telefónica Emisiones, S.A.U., a sociedad anónima unipersonal incorporated under the laws of the Kingdom of Spain (the “**Issuer**”), Telefónica, S.A., a sociedad anónima incorporated under the laws of the Kingdom of Spain (the “**Guarantor**”), and The Bank of New York Mellon, a New York banking corporation organized and existing under the laws of the State of New York, as trustee (the “**Trustee**”);

WITNESSETH:

WHEREAS, the Issuer desires to provide for the issuance from time to time of its unsecured debentures, notes or other evidences of indebtedness (herein called the “**Securities**”), to be issued in one or more series as set forth in this Indenture;

WHEREAS, the Guarantor desires to provide for the execution and delivery of the Guarantees (as defined below) by it with respect to the Securities as set forth in this Indenture; and

WHEREAS, all things necessary to make this Indenture a valid agreement of the Issuer and the Guarantor, in accordance with its terms, have been done;

NOW, THEREFORE, for and in consideration of the premises and the purchases of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of Securities, as follows:

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.1. *Definitions.* For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;
- (b) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles”, or “GAAP”, with respect to any computation required or permitted hereunder shall mean (i) in the case of the Issuer’s and the Guarantor’s unconsolidated financial statements, the accounting principles generally accepted in the Kingdom of Spain and (ii) in the case of the Guarantor’s consolidated financial statements, International Financial Reporting Standards (“**IFRS**”) as adopted by the European Union, in each case as in effect at the date of such computation and as applied by the Issuer or the Guarantor, as the case may be;
- (d) unless the context otherwise requires, any reference to an “**Article**” or a “**Section**” refers to an Article or a Section, as the case may be, of this Indenture; and



(e) the words “**herein**”, “**hereof**” and “**hereunder**” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

“**Act**”, when used with respect to any Holder, has the meaning specified in Section 1.4.

“**Additional Amounts**” means additional amounts payable pursuant to Section 10.4.

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Agent**” means any Registrar or Paying Agent.

“**Applicable Procedures**” means, with respect to any transfer or exchange of, and any payment to be made, notice to be provided or action to be taken with respect to, any beneficial interests in any Security represented by a Global Certificate, the rules and procedures of the Depositary and any other applicable clearing agency that apply to such transfer, exchange, payment, notice or action.

“**Authenticating Agent**” means any Person authorized by the Trustee pursuant to Section 6.14 to act on behalf of the Trustee to authenticate Securities of one or more series.

“**Authentication Order**” has the meaning specified in Section 2.3.

“**Beneficial Owner**” means an owner of a beneficial interest in any Security of any series.

“**Board of Directors**”, when used with reference to the Issuer or the Guarantor, means the body of Directors (*Administradores Solidarios*) of the Issuer or the board of directors (*Consejo de Administración*) of the Guarantor, as the case may be, or any committee thereof duly authorized to act for such body.

“**Board Resolution**”, when used with reference to the Issuer, means a copy of a resolution certified by any Director (*Administrador Solidario*) or, with reference to the Guarantor, means a copy of a resolution certified by any member of the Board of Directors or the secretary or the assistant secretary of the Guarantor, or, in each case, any person duly appointed by a Director (*Administrador Solidario*) or the Board of Directors, as the case may be, to have been duly adopted by a Director (*Administrador Solidario*) or the Board of Directors, as the case may be, and to be in full force and effect on the date of such certification, and in each case delivered to the Trustee.

“**Business Day**”, with respect to the Securities of any series, means, except as otherwise provided for the Securities of such series pursuant to Section 2.1, a day other than a Saturday, a Sunday or any other day on which banking institutions in New York, New York, London, England or the city of Madrid, Spain are authorized or required by law or executive order to close.

“**Certificated Security**” means any Security that is not represented by a Global Certificate.



“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Commission**” means the United States Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

“**Consolidated Net Tangible Assets of the Guarantor**” means, in accordance with generally accepted accounting principles, the total amount of assets of the Guarantor and its consolidated Subsidiaries, including investments in unconsolidated Subsidiaries, after deduction of (i) goodwill, (ii) intangible assets, and (iii) amounts due from stockholders for uncalled capital. Solely for purposes of this definition, “**Subsidiary**” means any company in respect of which the Guarantor owns, directly or indirectly, more than half of the voting rights of the shares of such company, or when the Guarantor owns half or less of the voting power but controls such company, i.e. has the power to govern the financial and operating policies of such company so as to obtain benefits from its activities.

“**Corporate Trust Office**” means the principal office of the Trustee at which at any time its corporate trust business shall be principally administered, which office at the date hereof is located at 101 Barclay Street, 4E, New York, NY 10286, Attention: International Corporate Trust, or such other address as the Trustee may designate from time to time by notice to the Holders, the Issuer and the Guarantor, or the principal corporate trust office of any successor Trustee (or such other address as a successor Trustee may designate from time to time by notice to the Holders, the Issuer and the Guarantor).

“**Covenant Defeasance**” has the meaning specified in Section 10.8.

“**Defaulted Interest**” has the meaning specified in Section 2.8.

“**Defeasance**” has the meaning specified in Section 4.3.

“**Definitive Certificate**” means a certificate representing one or more Certificated Securities.

“**Depository**” means, with respect to Securities of any series represented by one or more Global Certificates, a clearing agency registered or granted exemption from registration under the Exchange Act that is designated to act as Depository for such Securities as contemplated by Section 2.1.

“**DTC**” means The Depository Trust Company or its nominee.

“**Encumbrance**” means any mortgage, pledge, security interest or lien.

“**Event of Default**” has the meaning specified in Section 5.1.

“**Exchange Act**” means the United States Securities Exchange Act of 1934 and any statute successor thereto, in each case as amended from time to time.

“**Expiration Date**” has the meaning specified in Section 1.4(e).

“**Global Certificate**” means, with respect to any series of Securities, a single certificate deposited with, and registered in the name of, the Depository, or its agent or nominee,



representing the entire issue of Securities of such series, or if the rules of the Depository or any other clearing agency, or the applicable securities laws, rules or regulations of any jurisdiction limit the maximum principal amount of the Securities of such series represented by any Global Certificate, each of the minimum number of Global Certificates so deposited and registered that are required to comply with such laws, rules and regulations while representing, in the aggregate, the entire issue of Securities of such series.

“**Global Certificate Legend**” means the legend set forth in Section 2.5(l), which is required to be placed on all Global Certificates executed, delivered and authenticated under this Indenture.

“**Guarantee**” means, with respect to any series of Securities, any guarantee of the Guarantor endorsed on Securities of such series authenticated and delivered pursuant to this Indenture, which shall be substantially in the form set forth on Exhibit B hereto.

“**Guarantor**” means the Person named as the “Guarantor” in the first paragraph of this Indenture until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Guarantor” shall mean such successor Person.

“**Holder**” means a Person in whose name a Security is registered in the Register.

“**Indenture**” means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument, and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively. With respect to a particular series of Securities the term “Indenture” shall also include the terms of such series of Securities, established as contemplated by Section 2.1.

“**Interest**”, when used with respect to an Original Issue Discount Security, which by its terms pays interest only upon Maturity, means interest payable upon Maturity. All references in this Indenture to “interest” payable or to be paid in respect of any series of Securities, except as otherwise expressly provided or where the context otherwise requires, shall be deemed to include any accrued and unpaid premium and any Additional Amounts payable in respect of such series of Securities.

“**Interest Payment Date**”, when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

“**Investment Company Act**” means the United States Investment Company Act of 1940 and any statute successor thereto, in each case as amended from time to time.

“**Issuer**” means the Person named as “Issuer” in the first paragraph of this Indenture until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Issuer” shall mean such successor Person. The term “Issuer” shall also mean any new issuer of Securities under this Indenture as contemplated by Section 9.1 (a).

“**Maturity**”, when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.



“**OECD**” has the meaning assigned to it in Section 8.1(a).

“**Officer’s Certificate**” when used with reference to the Issuer, means a certificate signed by a Director (*Administrador Solidario*) of the Issuer or, with reference to the Guarantor, means a certificate signed by any member of the Board of Directors (*Consejo de Administración*) or the secretary or, in each case, any person duly appointed in a Board Resolution of the Issuer or the Guarantor, as the case may be, and in each case delivered to the Trustee. Any Person signing an Officer’s Certificate given pursuant to Section 10.5 shall be the principal executive officer of the Issuer or the principal executive, financial or accounting officer of the Guarantor, as the case may be.

“**Opinion of Counsel**” means a written opinion of counsel reasonably acceptable to the Trustee, who may be counsel for the Issuer or the Guarantor, or other counsel.

“**Order**” means (i) with respect to the Issuer, a written request or order signed in the name of the Issuer by a Director (*Administrador Solidario*) of the Issuer and (ii) with respect to the Guarantor, a written request or order signed in the name of the Guarantor by any member of the Board of Directors or the secretary of the Guarantor or, in each case, any person duly appointed in a Board Resolution of the Issuer or the Guarantor, as the case may be, and in each case delivered to the Trustee.

“**Original Issue Discount Security**” means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.2.

“**Outstanding**”, when used with respect to the Securities of a series, means, as of the date of determination, all Securities of such series represented by a Global Certificate or Definitive Certificate theretofore authenticated and delivered under this Indenture, except:

- (a) Securities of such series theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (b) Securities of such series for whose payment or redemption money in the necessary amount to pay all principal, premium, if any, and interest thereon has been theretofore deposited with the Trustee or any Paying Agent (other than the Issuer) in trust or set aside and segregated in trust by the Issuer (if the Issuer shall act as its own Paying Agent) for the Holders of such Securities; *provided* that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Securities of such series as to which Defeasance has been effected pursuant to Section 4.3; and
- (d) Securities of such series which have been paid pursuant to Section 2.8 or Securities of such series represented by a Global Certificate or Definitive Certificate in exchange for or in lieu of which one or more other Global Certificates or Definitive Certificates have been authenticated and delivered pursuant to this Indenture, other than



any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a protected purchaser is whose hands such Securities are valid obligations of the Issuer;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities of a series have given any request, demand, authorization, direction, notice, consent or waiver hereunder, (i) the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof pursuant to Section 5.2, (ii) the principal amount of a Security denominated in one or more foreign currencies or currency units shall be the U.S. dollar equivalent, determined in the manner provided as contemplated by Section 2.1 on the date of original issuance of such Security, of the principal amount (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent on the date of original issuance of such Security of the amount determined as provided in (i) above) of such Security, (iii) if the principal amount payable at Stated Maturity of any Security is not determinable upon original issuance, the principal amount of such Security that shall be deemed to be Outstanding shall be the amount as specified or determined as contemplated by Section 2.1, and (iv) Securities owned by the Issuer, the Guarantor or any other obligor upon the Securities or any Affiliate of the Issuer, the Guarantor or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good turn may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Issuer, the Guarantor or any other obligor upon the Securities or any Affiliate of the Issuer, the Guarantor or of such other obligor.

"Participant" means a Person who has an account with the Depository.

"Paying Agent" means any Person authorized by the Issuer to pay the principal of or any premium or interest on any Securities on its behalf.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment", with respect to the Securities of a series, means the place or places where the principal of, any premium and interest on, and any Additional Amounts in respect of, the Securities of such series are payable as contemplated by Section 2.1.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Securities represented by a Security Certificate authenticated and delivered under Section 2.7 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security Certificate shall be deemed to evidence the same debt as Securities represented by the mutilated, destroyed, lost or stolen Security Certificate.



“**Redemption Date**”, when used with respect to any Security of a series to be redeemed, means the date fixed for such redemption pursuant to Section 2.1.

“**Redemption Price**”, when used with respect to any Security of a series to be redeemed, means the price at which such Security is to be redeemed fixed pursuant to Section 2.1.

“**Register**” and “**Registrar**” have the respective meanings specified in Section 2.6.

“**Regular Record Date**” for the interest payable on any Interest Payment Date on the Securities of a series means the date specified for that purpose as contemplated by Section 2.1.

“**Relevant Indebtedness**” means any obligation for the payment of borrowed money which is in the form of, or represented or evidenced by, a certificate of indebtedness or in the form of, or represented or evidenced by, bonds, notes or other securities which, in any of the above cases, is or are, or is or are capable of being, quoted, listed, dealt in or traded on a stock exchange or other recognized securities market. For the avoidance of doubt, any “obligation for the payment of borrowed money” as used in this definition of Relevant Indebtedness does not include obligations of the Issuer or the Guarantor which, pursuant to the requirements of law and accounting principles generally accepted in the Kingdom of Spain need not, and are not, reflected in the balance sheet of the Issuer or the Guarantor, as the case may be.

“**Responsible Officer**” shall mean, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee having direct responsibility for the administration of this Indenture or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject.

“**Securities**” has the meaning assigned to it in the preamble to this Indenture.

“**Security Certificate**” means each Global Certificate and each Definitive Certificate.

“**Special Record Date**” for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 2.8.

“**Stated Maturity**”, when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in a Security Certificate representing such Security as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

“**Subsidiary**” means, in relation to any Person, any other Person (whether or not now existing) which is controlled directly or indirectly, or more than 50% of whose issued equity share capital (or equivalent) is then held or beneficially owned by, the first Person and/or any one or more of the first Person’s Subsidiaries, and “control” means the power to appoint the majority of the members of the governing body or management of, or otherwise to control the affairs and policies of, that Person.

“**Trustee**” means the Person named as the “Trustee” in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, “Trustee” as used with respect to the Securities of a series shall mean the Trustee with respect to Securities of such series.



“**Trust Indenture Act**” means the United States Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed (except as provided in Section 9.5); *provided*, however, that in the event the Trust Indenture Act of 1939 is amended after such date, “Trust Indenture Act” means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

“**United States**” means the United States of America (including the states and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

“**U.S. Government Obligations**” means securities which are (i) direct obligations of the United States for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which, in either case, are not callable or redeemable at the option of the issuer thereof and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

SECTION 1.2. *Compliance Certificates and Opinions.*

(a) Upon any application or request by the Issuer or the Guarantor to the Trustee to take any action under any provision of this Indenture, the Issuer or Guarantor, as the case may be, shall furnish to the Trustee such certificates and opinions as may be required under the Trust Indenture Act. Each such certificate or opinion shall be given in the form of an Officer’s Certificate, if to be given by the Issuer or the Guarantor, or an Opinion of Counsel, if to be given by counsel, and shall comply with the requirements of the Trust Indenture Act and any other requirements set forth in this Indenture.

(b) Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such individual, they have made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.



SECTION 1.3. *Form of Documents Delivered to Trustee.*

- (a) In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.
- (b) Any certificate or opinion of an officer of the Issuer or the Guarantor may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Issuer or the Guarantor stating that the information with respect to such factual matters is in the possession of the Issuer or the Guarantor, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.
- (c) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 1.4. *Acts of Holders of Securities; Meetings; Record Dates.*

- (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of Securities of any series may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Issuer and the Guarantor. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “**Act**” of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1) conclusive in favor of the Trustee and the Issuer and the Guarantor, if made in the manner provided in this Section.
- (b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner, which the Trustee deems sufficient.



(c) The Issuer and the Guarantor may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of a series entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders of Securities of such series; *provided* that the Issuer and the Guarantor may not set a record date for, and the provisions of this paragraph shall not apply with respect to, the giving or making of any notice, declaration, request or direction referred to in the next paragraph. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of the relevant series on such record date, and no other Holders, shall be entitled to take the relevant action, whether or not such Holders remain Holders after such record date; *provided* that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date (as defined below) by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Issuer or the Guarantor from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Issuer and the Guarantor, at their own expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Trustee in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 1.6.

(d) The Trustee may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to join in the giving or making of: (i) any declaration of acceleration referred to in Section 5.2; (ii) any request to institute proceedings referred to in Section 5.7(a); or (iii) any direction referred to in Section 5.12, in each case with respect to Securities of such series. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of such series on such record date, and no other Holders, shall be entitled to join in such notice, declaration, request or direction, whether or not such Holders remain Holders after such record date; *provided* that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Trustee from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Trustee, at the expense of the Issuer and the Guarantor, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Issuer and the Guarantor in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 1.6.



(e) With respect to any record date set pursuant to this Section with respect to the Securities of a series, the party or parties hereto which set such record date may designate any day as the “**Expiration Date**” and from time to time may change the Expiration Date to any earlier or later day; *provided* that no such change shall be effective unless notice of the proposed new Expiration Date is given to the other party or parties hereto in writing, and to each Holder of Securities of the relevant series in the manner set form in Section 1.6, on or prior to the first Business Day following the existing Expiration Date. Notwithstanding the foregoing, no Expiration Date shall be designated later than the 180th day after the applicable record date and, if an Expiration Date is not designated, with respect to any record date set pursuant to this Section, the party or parties hereto which set such record date shall be deemed to have designated the 180th day after such record date as the Expiration Date with respect thereto.

(f) Without limiting the foregoing, a Holder entitled hereunder to take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

(g) The ownership of Securities of a series shall be proved by the applicable Register.

(h) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, the Issuer or the Guarantor in reliance thereon, whether or not notation of such action is made upon such Security.

SECTION 1.5. *Notices, Etc., to Trustee, Issuer and Guarantor.* Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided for or permitted, by this Indenture to be made upon, given or furnished to, or filed with,

(a) the Trustee by any Holder or by the Issuer or the Guarantor shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing (or sent by facsimile and confirmed in writing) to or with the Trustee at its Corporate Trust Office; or

(b) the Issuer or the Guarantor by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed (or sent by facsimile and confirmed in writing), in the case of the Issuer, international air mail postage prepaid and addressed to: Telefónica Emisiones, S.A.U., c/o Telefónica, S.A., Distrito Telefónica, Ronda de la Comunicación, s/n, 28050 Madrid, Spain, Attention: Mr. Carlos David Maroto Sobrado, or at any other address previously furnished in writing to the Trustee by the Issuer and, in the case of the Guarantor, international air mail postage prepaid and addressed to: Telefónica, S.A., Distrito Telefónica, Ronda de la Comunicación, s/n, 28050 Madrid, Spain, Attention: Carlos David Maroto Sobrado, or at any other address previously furnished in writing to the Trustee by the Guarantor.



The Trustee may rely upon and comply with instructions or directions sent by an authorized representative of the Issuer or the Guarantor via unsecured facsimile or email transmission and the Trustee shall not be liable for any loss, liability or expense of any kind incurred by the Issuer or the Guarantor due to the Trustee's reliance upon and compliance with instructions or directions given by unsecured facsimile or email transmission, provided, however, that such losses have not arisen from the negligence or willful misconduct of the Trustee. The Trustee may request that each of the Company and the Guarantor delivers a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture.

SECTION 1.6. *Notice to Holders; Waiver.*

- (a) Notices to Holders will be deemed to be validly given if mailed to them at their respective addresses as recorded in the Register and will be deemed to have been validly given on the seventh day after the date of such mailing.
- (b) In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice, so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders.
- (c) In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.
- (d) Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 1.7. *Language of Notices, Etc.* Any request, demand, authorization, direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

SECTION 1.8. *Conflict with Trust Indenture Act.* If any provision hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act that is required under such Act to be a part of and govern this Indenture, the provision of the Trust Indenture Act shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the provision of the Trust Indenture Act shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

SECTION 1.9. *Effect of Headings and Table of Contents.* The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.10. *Successors and Assigns.* All covenants and agreements in this Indenture by the Issuer or the Guarantor shall bind their respective successors and assigns, whether so expressed or not.



SECTION 1.11. *Separability Clause.* In case any provision in this Indenture or in the Securities or the Guarantees shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.12. *Benefits of Indenture.* Nothing in this Indenture, the Securities or the Guarantees, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.13. *Governing Law.* Pursuant to Section 5-1401 of the General Obligations Law of the State of New York, this Indenture, the Securities and the Guarantees shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 1.14. *Saturdays, Sundays and Legal Holidays.* Except as otherwise provided pursuant to Section 2.1, in any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities (other than a provision of any Security which specifically states that such provision shall apply in lieu of this Section)) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity.

SECTION 1.15. *Submission to Jurisdiction; Appointment of Agent for Service.*

(a) The Issuer and the Guarantor irrevocably submit to the exclusive jurisdiction of any federal or state court in the Borough of Manhattan, the City of New York, and any appellate court from any such court thereof, with respect to any legal suit, action or proceeding based on or arising under the Securities or this Indenture and agree that all claims in respect of such suit or proceeding shall be determined in any such court. The Issuer and the Guarantor irrevocably waive to the fullest extent permitted by law, any objection to any such suit, including actions, suits or proceedings relating to the securities laws of the United States of America or any state thereof, in such courts whether on the grounds of venue, residence or domicile or the defense of an inconvenient forum or objections to personal jurisdiction with respect to the maintenance of such legal suit, action or proceeding. The Issuer and the Guarantor agree that the final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the Issuer or the Guarantor, as applicable, and may be enforced in any court in the jurisdiction of which the Issuer or the Guarantor, as applicable, is subject by a suit upon such judgment. To the extent permitted by law, the Issuer and the Guarantor hereby waive any objections to the enforcement by any competent court in Spain of any judgment validly obtained in any such court in New York on the basis of any such legal suit, action or proceeding.

(b) To the extent either the Issuer or the Guarantor has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution or otherwise) with respect to itself or its property, such party hereby irrevocably waives such immunity in respect of its respective obligations under the Indenture and the Securities of each series to the fullest extent permitted by law.



(c) By the execution and delivery of this Indenture, each of the Issuer and the Guarantor hereby appoints CT Corporation System as its agent upon which process may be served in any legal action or proceeding which may be instituted in any federal or state court in the Borough of Manhattan, the City of New York arising out of or relating to the Securities, the Guarantees or this Indenture, but for that purpose only. Service of process upon such agent at the office of CT Corporation System at 111 Eighth Avenue #13, New York, New York 10011, and written notice of said service to the Issuer or the Guarantor by the Person servicing the same addressed as provided by Section 1.5, shall be deemed in every respect effective service of process upon the Issuer or the Guarantor, respectively, in any such legal action or proceeding. Such appointment shall be irrevocable so long as the Holders of Securities shall have any rights pursuant to the terms thereof or of this Indenture until the appointment of a successor by the Issuer or the Guarantor with the consent of the Trustee and such successor's acceptance of such appointment. Each of the Issuer and the Guarantor further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment of such agent or successor.

SECTION 1.16. *Waiver of Jury Trial.* EACH OF THE ISSUER, THE GUARANTOR, THE TRUSTEE AND EACH HOLDER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE SECURITIES, ANY GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 1.17. *Execution in Counterparts.* This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE 2 THE SECURITIES

SECTION 2.1. *Forms of Security Certificates; Amount Unlimited; Status of the Securities; Issuable in Series; Denominations.*

(a) Security Certificates representing the Securities of each series shall be substantially in the form set forth in Exhibit A or in such other form as shall be established by or pursuant to a Board Resolution of the Issuer or in one or more supplemental indentures hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by applicable law or this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with applicable law or the rules of any securities exchange or Depositary therefor or as may, consistently herewith, be determined by the officers executing such Security Certificates, as evidenced by their execution thereof. If the form of Security Certificates representing the Securities of any series is established by action taken pursuant to a Board Resolution of



the Issuer, a copy of an appropriate record of such action shall be certified by any Director (*Administrador Solidario*) of the Issuer delivered to the Trustee at or prior to the delivery of the Authentication Order contemplated by Section 2.3.

(b) The aggregate principal amount of Securities represented by Security Certificates which may be authenticated and delivered under this Indenture is unlimited subject to appropriate authorization of any issuance of Securities pursuant to one or more Board Resolutions.

(c) The Securities of a series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and (subject to any applicable statutory exceptions) the payment obligations of the Issuer under the Securities of such series will rank at least *pari passu* with all other unsecured and unsubordinated indebtedness, present and future, of the Issuer, except as the obligations of the Issuer may be limited by Spanish bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors' rights generally in the Kingdom of Spain.

(d) The Securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution of the Issuer or pursuant to other appropriate corporate authorization, and, subject to Section 2.3, set forth, or determined in the manner provided, in an Officer's Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series:

(i) the title of the Securities of the series (which shall distinguish the Securities of the series from Securities of any other series);

(ii) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 2.4, 2.5, 2.7, 9.6 or 11.7 and except for any Securities which, pursuant to Section 2.3, are deemed never to have been authenticated and delivered hereunder);

(iii) any stock exchange on which the Securities of the series will be listed;

(iv) the Person to whom any interest on a Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;

(v) the date or dates on which the principal of the Securities of the series is payable;

(vi) the rate or rates at which the Securities of the series shall bear interest, if any, the date or dates from which such interest shall accrue, the Interest Payment Dates on which any such interest shall be payable and the Regular Record Date for any interest payable on any Interest Payment Date;

(vii) the place or places where, subject to the provisions of Section 10.2, the principal of, and any premium and interest on, Securities of the series shall be payable, Security Certificates representing the Securities of the series may be surrendered for exchange or conversion of the Securities represented thereby and notices and demands to or upon the Issuer or the Guarantor in respect of the Securities of the series and this Indenture may be served;



(viii) the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Issuer or the Guarantor and, if other than by a Board Resolution, the manner in which any election by the Issuer or the Guarantor to redeem the Securities shall be evidenced;

(ix) the obligation, if any, of the Issuer to redeem or purchase any Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(x) the denominations in which any Securities of the series shall be issuable;

(xi) the currency, currencies, composite currency, composite currencies or currency units in which payment of the principal of, and any premium and interest on, any Securities of the series shall be payable if other than the currency of the United States of America and the manner of determining the equivalent thereof in the currency of the United States of America for purposes of the definition of "Outstanding" in Section 1.1;

(xii) if the amount of principal of, or any premium or interest on, any Securities of the series may be determined with reference to an index, the manner in which such amounts shall be determined;

(xiii) if the principal of, or any premium or interest on, any Securities of the series is to be payable, at the election of the Issuer, the Guarantor or a Holder thereof, in one or more currencies, currency units, composite currency or composite currency units other than that or those in which the Securities of such series are stated to be payable, the currency, currencies or currency units in which the principal of, and any premium and interest on, Securities of such series as to which such election is made shall be payable, and the periods within which and the terms and conditions upon which such election is to be made and the amount so payable (or the manner in which such amount shall be determined);

(xiv) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 5.2;

(xv) whether Section 4.3 and Section 10.8 will be applicable to the Securities of the series;

(xvi) whether and to what extent Additional Amounts will not be payable by the Issuer or the Guarantor in respect of the Securities of such series;

(xvii) if the principal amount payable at the Stated Maturity of any Securities of the series is not determinable upon original issuance thereof, the amount which shall be deemed to be the principal amount of such Securities for any other purpose hereunder, including the principal amount thereof which shall be due and payable upon any Maturity other than the Stated Maturity or which shall be deemed to be Outstanding as of any date (or, in any such case, the manner in which such principal amount shall be determined);



(xviii) if applicable, that any Securities of the series shall be represented by one or more Global Certificates and, in such case, the respective Depositories for such Global Certificates, the form of any legend or legends which shall be borne by any such Global Certificate in addition to or in lieu of that set forth in Section 2.5(l) and, if different from those set forth in Section 2.5(b), any circumstances in which Securities issued upon any exchange may be registered in the name or names of Persons other than the Depository for such Global Certificate or a nominee thereof;

(xix) any addition to or change in the Events of Default which applies to any Securities of the series and any change in the right of the Trustee or the requisite Holders of such Securities to declare the principal amount thereof due and payable pursuant to Section 5.2;

(xx) any addition to or change in the covenants set forth in Article 10 which applies to Securities of the series;

(xxi) if applicable, any procedures for the collection of documentation or information, including a duly executed and completed payment statement from the Paying Agent, if applicable, relating to the Securities of such series that may be required pursuant to Spanish law or regulations in order to avoid the withholding of Spanish withholding taxes from any income (including any interest or premium) payable in respect of such Securities;

(xxii) any addition to or change in the provisions contained in this Indenture (including any modification of Section 11.8), as necessary, pursuant to a modification in the tax regime applicable to the Securities or the issuance of the Securities which becomes effective on or after the date hereof; and

(xxiii) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture, except as permitted by Section 9.1(f)).

(e) All Securities of any one series shall be substantially identical except as otherwise expressly provided herein, and except as may otherwise be provided in or pursuant to the Board Resolution for such series of Securities and (subject to Section 2.3) set forth, or determined in the manner provided, in the applicable Officer's Certificate or in any applicable indenture supplemental hereto.

(f) Unless otherwise provided pursuant to Section 2.1 for a series of Securities, the Issuer may from time to time, without the consent of the Holders of Securities of such series, create and issue further securities having the same terms and conditions as the previously issued Securities of such series in all respects (or in all respects except for the issue date, the first payment of interest thereon and/or issue price), so that such further issue shall be consolidated and form a single series with the outstanding Securities of such series; *provided, however*, that any such further issuance will only be made if either such additional securities are issued with no more than *de minimis* original issue discount for U.S. federal income tax purposes or such further issuance is a "qualified reopening" as such term is defined under Treasury Regulations Section 1.1275-2(k)(3) promulgated under the Code.



(g) If any of the terms of the Securities of a series or the Guarantees in respect thereof are established by action taken pursuant to a Board Resolution of the Issuer or the Guarantor, a copy of an appropriate record of such action shall be certified by a Director (*Administrador Solidario*) of the Issuer or, with reference to the Guarantor, by any member of the Board of Directors (*Consejo de Administración*) or the secretary or, in each case, any person duly appointed by a Director (*Administrador Solidario*) of the Issuer or member of the Board of Directors of the Guarantor, , as the case may be, each delivered to the Trustee at or prior to the delivery of the Officer’s Certificate setting forth the terms of the series or the guarantees thereof.

SECTION 2.2. *Form of Trustee’s Certificate of Authentication.* The Trustee’s certificates of authentication shall be substantially in the following form:

CERTIFICATE OF AUTHENTICATION

This is one of the Security Certificates representing the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon,
as Trustee

manually

By: _____
Authorized Officer

SECTION 2.3. *Execution, Authentication, Delivery and Dating.*

- (a) Security Certificates representing the Securities of each series shall be executed manually or by facsimile, imprint or other reproduction on behalf of the Issuer by an authorized representative of the Issuer who shall be a Director (*Administrador Solidario*) of the Issuer and shall have endorsed thereon a Guarantee by the Guarantor. Each Guarantee shall be executed on behalf of the Guarantor by an authorized representative of the Guarantor. The signature of any such authorized representative of the Guarantor may be manual or facsimile.
- (b) Security Certificates or Guarantees bearing the manual or facsimile signatures of individuals who were at the time the authorized representatives of the Issuer or the Guarantor, as the case may be, shall bind the Issuer or the Guarantor, as the case may be, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Security Certificates or Guarantees.
- (c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver each Security Certificate representing the Securities of any series executed by the Issuer and if applicable, having endorsed thereon a Guarantee of the Guarantor to the Trustee for authentication, together with an Order for the authentication and delivery of such Security Certificates (the “**Authentication Order**”), and the Trustee in accordance with the Authentication Order shall authenticate and deliver such Security Certificates having such Guarantees endorsed thereon.



(d) If the forms or terms of the Securities of a series and the applicable Guarantee have been established in or pursuant to one or more Board Resolutions as permitted by Article 3 and Section 2.1, in authenticating each Security Certificate representing the Securities of such series, and accepting the additional responsibilities under this Indenture in relation to the Securities of such series and the applicable Guarantee, the Trustee shall receive, and (subject to Section 6.1) shall be fully protected in relying upon, an Opinion of Counsel and Officer's Certificate stating:

(i) that such forms or terms have been established in conformity with the provisions of this Indenture; and

(ii) that such Securities and the applicable Guarantee, when each Security Certificate representing such Securities is authenticated and delivered by the Trustee and such Securities are issued by the Issuer and the Guarantee is executed and delivered by the Guarantor in the manner and subject to any conditions specified in such Opinion of Counsel, such Securities and the applicable Guarantee will constitute valid and legally binding obligations of the Issuer or the Guarantor, as applicable, enforceable in accordance with their terms, subject to such exceptions as such counsel shall specify.

(e) The Trustee shall have the right to decline to authenticate and deliver any Security Certificate under this Section 2.3 if the Trustee, being advised in writing by counsel, determines that such action may not lawfully be taken or if the Trustee in good faith shall determine that such action would expose the Trustee to personal liability based upon the advice of counsel.

(f) The Trustee shall not be required to authenticate any Security Certificate if the issue of the Securities represented by such Security Certificate pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under such Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

(g) Notwithstanding the provisions of Section 2.1 and of paragraph (f) above, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officer's Certificate otherwise required pursuant to Section 2.1 or the Opinion of Counsel and Officer's Certificate required pursuant to paragraph (d) above at or prior to the time of authentication of each Security Certificate representing the Securities of such series so long as such Opinion of Counsel and Officer's Certificate (with appropriate modifications) are delivered at or prior to the authentication of each applicable Security Certificate upon original issuance of the first Security of such series to be issued and reasonably contemplate the subsequent issuance of such Securities of such series.

(h) Each Security Certificate shall be dated the date of its authentication.

(i) No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on the Security Certificate representing such Security a certificate of authentication substantially in the form provided in Section 2.2 executed by the Trustee by manual signature, and such certificate of authentication



upon any Security Certificate shall be conclusive evidence, and the only evidence, that such Security Certificate has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security Certificate shall have been authenticated and delivered hereunder but the Securities represented by such Security Certificate shall have never been issued and sold by the Issuer, and the Issuer shall deliver such Security Certificate to the Trustee for cancellation as provided in Section 2.10, for all purposes of this Indenture such Security Certificate shall be deemed never to have been authenticated and delivered hereunder and the Securities represented by such Security Certificate shall never be entitled to the benefits of this Indenture.

(j) The delivery of any Security Certificate by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantee endorsed thereon on behalf of the Guarantor, if applicable.

SECTION 2.4. *Temporary Security Certificates.*

(a) Pending the preparation of definitive Security Certificates representing the Securities of any series, the Issuer may execute, and upon Order the Trustee shall authenticate and deliver, temporary Security Certificates which are printed, lithographed, typewritten, mimeographed or *otherwise* produced, in any authorized denomination, substantially of the tenor of the definitive Securities and, if applicable, having endorsed thereon Guarantees or the Guarantor substantially of the tenor of definitive Guarantees in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities. The temporary Securities may be in global form.

(b) If temporary Security Certificates representing Securities of any series are issued, the Issuer will cause definitive Security Certificates representing Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Security Certificates representing Securities of such series, the temporary Security Certificates representing Securities of such series shall be exchangeable for definitive Security Certificates representing Securities of such series upon surrender of the temporary Security Certificates representing Securities of such series at the office or agency of the Issuer in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Security Certificates representing Securities of any series, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor one or more definitive Security Certificates representing Securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor which have endorsed thereon the Guarantees of the Guarantor. Until so exchanged, the temporary Security Certificates representing Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Security Certificates representing Securities of such series and tenor.

SECTION 2.5. *Exchange and Transfer.*

(a) Except as set forth below, Securities of any series represented by a Global Certificate may be transferred, in whole and not in part, only: (i) by the Depositary to a



nominee of the Depositary, (ii) by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or (iii) by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

(b) Beneficial interests in Securities represented by a Global Certificate will be exchangeable for Certificated Securities of such series only if: (i) the Depositary notifies the Issuer that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Issuer within 120 days after the date of such notice from the Depositary, (ii) the Issuer notifies the Trustee in writing that it has reasonably elected to cause the issuance of Certificated Securities of such series or (iii) there shall have occurred and be continuing an Event of Default with respect to the Securities of such series and the Securities of such series will be accelerated in accordance with their terms and the terms of the Indenture.

(c) Upon the occurrence of any of the events specified in (b)(i), (b)(ii) or (b)(iii) above, Certificated Securities of such series shall be (i) delivered by the Trustee in exchange for beneficial interest in Securities of such series represented by Global Certificates executed by the Issuer and, if applicable, with a Guarantee by the Guarantor endorsed on each applicable Definitive Certificate and (ii) registered in such names, and issued in such authorized denominations, as shall be requested by or on behalf of the Depositary in accordance with its customary procedures.

(d) In connection with all transfers and exchanges of beneficial interests in Securities of any series represented by Global Certificates that are not subject to Section 2.5(h) below, in addition to the requirements of any other applicable paragraphs of this Section 2.5, the transferor of, or the Person exchanging, such beneficial interest must deliver to the Registrar, the Trustee and the applicable Paying Agent either: (i) in cases of exchanges or transfers of beneficial interests in Securities of any series represented by a Global Certificate for beneficial interests in Securities of such series represented by any other Global Certificate, (1) a written order from a Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to (x) credit or cause to be credited a beneficial interest in Securities of such series represented by the Global Certificate into which such beneficial interest is being exchanged or transferred, in an amount equal to the beneficial interest to be transferred or exchanged and (y) debit or cause to be debited, a beneficial interest in the Securities of such series represented by the Global Certificate from which such beneficial interest is being exchanged or transferred, in an amount equal to the beneficial interest being transferred; and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase and the Participant account to be debited with such decrease, as applicable; or (ii) in cases of exchanges or transfers of beneficial interests in Securities of a series represented by a Global Certificate for Certificated Securities of such series, (1) a written order from a Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued one or more Certificated Securities of such series in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Certificated Security or Certificated Securities shall be registered to effect the transfer or exchange referred to in (ii)(1) above.



- (e) Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Securities of a series represented by one or more Global Certificates contained in this Indenture or under applicable laws, the Registrar shall register, if applicable, the transfer or exchange, the Trustee shall cancel each applicable Certificated Security of such series and adjust, or shall cause to be adjusted, the principal amount of the Securities of such series represented by each relevant Global Certificate pursuant to Section 2.5(n) hereof and the applicable Paying Agent shall cause each relevant Participant account to be credited or debited, as the case may be, with the applicable amount.
- (f) In connection with all transfers or exchanges of Certificated Securities of any series for beneficial interests in Securities represented by a Global Certificate, in addition to the requirements of any other applicable paragraphs of this Section 2.5, the transferor of, or the Person exchanging Certificated Securities of such series, must (i) deliver or present to the Registrar the Definitive Certificate representing such Certificated Security for purposes of registration of exchange or transfer and cancellation duly endorsed or accompanied by a written instruction of transfer in a form satisfactory to the Registrar, and duly executed by the applicable Holder or by his or her attorney, duly authorized in writing; and (ii) deliver to the Registrar, the Trustee and the applicable Paying Agent (1) a request that such Certificated Securities be exchanged for a beneficial interest in one or more Securities of such series represented by a Global Certificate, and (2) information specifying the Participant account to be credited with the amount equal to the principal amount of the Certificated Security surrendered for cancellation and registration of transfer or exchange.
- (g) Upon satisfaction of all of the requirements for transfer or exchange of Certificated Securities of a series for beneficial interests in Securities of such series represented by one or more Global Certificates contained in this Indenture or under applicable laws, the Registrar shall register the exchange and transfer of the applicable Securities, the Trustee shall cancel each applicable Certificated Security of such series and adjust, or cause to be adjusted, the principal amount of Securities of such series represented by each applicable Global Certificate and the applicable Paying Agent shall cause each applicable Participant account to be credited with an amount equal to the principal amount of the Certificated Security so exchanged or transferred.
- (h) The transfer and exchange of beneficial interests in Securities a series represented by a Global Certificate shall be effected through the Depository, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in any Securities of a series represented by a Global Certificate may be transferred to Persons who take delivery thereof in the form of a beneficial interest in Securities of such series represented by a Global Certificate. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.5(h).
- (i) In limited circumstances specified in Section 2.5(b), any holder of a beneficial interest in any Securities of a series represented by a Global Certificate may exchange such beneficial interest for one or more Certificated Securities of such series or transfer



such beneficial interest to a Person who takes delivery thereof in the form of one or more Certificated Securities of such series, if such exchange or transfer complies with the provisions of Section 2.5(b).

(j) A Holder of a Certificated Security of a series may exchange such Certificated Security for a beneficial interest in any Securities of such series represented by a Global Certificate or transfer such Certificated Security to a Person who takes delivery thereof in the form of a beneficial interest in any Securities of such series represented by a Global Certificate at any time if such exchange or transfer complies with the provisions of Section 2.5(f). If any such exchange or transfer from a Certificated Security of a series to a beneficial interest in any Securities of such series represented by a Global Certificate is effected at a time when the applicable Global Certificate has not yet been executed, authenticated and delivered, the Issuer shall execute, if applicable, the Guarantor shall endorse a Guarantee on, and, upon receipt of an Authentication Order in accordance with Section 2.2 hereof, the Trustee shall authenticate and deliver one or more Global Certificates representing Securities of the applicable Series in an aggregate principal amount equal to the principal amount of Certificated Securities of such series so exchanged or transferred.

(k) Upon request by a Holder of any Certificated Securities of a series and such Holder's compliance with the provisions of this Section 2.5(k), the Registrar shall register the transfer or exchange of such Certificated Securities for other Certificated Securities of such series. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the applicable Certificated Securities duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by his or her attorney, duly authorized in writing.

(l) Unless otherwise specified pursuant to Section 2.1, each Global Certificate representing Securities of a series shall bear a legend in substantially the following form:

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR DEFINITIVE CERTIFICATES, THIS GLOBAL CERTIFICATE MAY BE TRANSFERRED, IN WHOLE AND NOT IN PART, ONLY: (I) BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY, (II) BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR TO ANOTHER NOMINEE OF THE DEPOSITARY, OR (III) BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY, AND TRANSFERS OF THE SECURITIES REPRESENTED BY THIS GLOBAL CERTIFICATE AND ANY BENEFICIAL INTERESTS IN ANY SECURITIES REPRESENTED BY THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO BELOW.

(m) Unless otherwise specified pursuant to Section 2.1, each Global Certificate representing Securities of a series deposited with DTC will bear a legend in substantially the following form:

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK



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CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(n) At such time as all beneficial interests in the Securities of a series represented by a Global Certificate have been exchanged for Certificated Securities of such series or the Securities of a series represented by a particular Global Certificate have been redeemed or cancelled, in whole and not in part, each such Global Certificate representing Securities of such series shall be returned to or retained and cancelled by the Trustee in accordance with Section 2.10 hereof. At any time prior to the cancellation referred to above, if any beneficial interest in Securities of a series represented by a Global Certificate is exchanged for or transferred to a Person who shall take delivery thereof in the form of a beneficial interest in another Security of such series represented by a Global Certificate or for Certificated Securities of such series, the principal amount of Securities of such series represented by such Security represented by a Global Certificate from which such beneficial interest is being transferred shall be reduced accordingly and an endorsement shall be made on such Global Certificate by the Trustee or by the Depository at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who shall take delivery thereof in the form of a beneficial interest in a Security of such series represented by another Global Certificate, the principal amount of Securities of such series represented by such other Global Certificate shall be increased accordingly and an endorsement shall be made on such Global Certificate by the Trustee or by the Depository at the direction of the Trustee to reflect such increase. At any time prior to the cancellation referred to above, if any Certificated Security of a series is exchanged for or transferred to a Person who shall take delivery thereof in the form of a beneficial interest in Securities of such series represented by a Global Certificate, the principal amount of Securities of such series represented by such Global Certificate shall be increased accordingly and an endorsement shall be made on such Global Certificate by the Trustee or by the Depository at the direction of the Trustee to reflect such increase.

SECTION 2.6. *Registration, Registration of Transfer and Exchange.*

(a) With respect to each series of Securities, the Issuer shall cause to be kept at the Corporate Trust Office of the Trustee a register (a “**Register**”) in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Securities of such series and of transfers of Securities of such series. The Trustee is hereby appointed “**Registrar**” for the purpose of registering Securities of each series and transfers of Securities of each series as herein provided.

(b) To permit registrations of transfers and exchanges of Securities of each series, the Issuer shall execute, if applicable, the Guarantor shall endorse a Guarantee on and the Trustee shall authenticate and deliver Security Certificates representing Securities of such series upon the Issuer’s Order or at the Registrar’s request.



- (c) No service charge shall be made to a holder of a beneficial interest in Securities of any series represented by a Global Certificate or to a Holder of Certificated Securities of any series for any registration of transfer or exchange, but the Issuer or the Trustee may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.4, 9.4 and 11.7).
- (d) The Registrar shall not be required to register the transfer of or exchange any Security selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.
- (e) Securities represented by any Security Certificate executed, authenticated and delivered upon any registration of transfer or exchange of any Securities shall be valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture as the other Securities duly issued hereunder.
- (f) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to Section 2.5 to effect a registration of transfer or exchange may be submitted by facsimile with the original to follow by first class mail.
- (g) The Issuer shall not be required (i) to issue, register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities of that series selected for redemption under Section 11.3 and ending at the close of business on the day of such mailing or (ii) to register the transfer of or exchange any Security so selected for redemption, in whole or in part, except the unredeemed portion of any Security being redeemed in part.

SECTION 2.7. *Mutilated, Destroyed, Lost and Stolen Security Certificates.*

- (a) If any mutilated Security Certificate is surrendered to the Trustee, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security Certificate representing Securities of the same series and of like tenor and principal amount having endorsed thereon a Guarantee and bearing a number not contemporaneously outstanding.
- (b) If there shall be delivered to the Issuer, the Guarantor and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security Certificate and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Issuer, the Guarantor or the Trustee that Securities of such series represented by such Security Certificate have been acquired by a protected purchaser, the Issuer shall execute, if applicable, the Guarantor shall endorse a Guarantee on and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security Certificate, a new Security Certificate representing Securities of the same series and of like tenor and principal amount bearing a number not contemporaneously outstanding.
- (c) In case any such Securities of a series represented by a mutilated, destroyed, lost or stolen Security Certificate have become or are about to become due and payable, the Issuer in its discretion may, instead of issuing a new Security Certificate, pay such Securities.



- (d) Upon the issuance of any new Security Certificate under this Section, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.
- (e) Every new Security Certificate representing Securities of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security Certificate representing Securities shall constitute an original additional contractual obligation of the Issuer and the Guarantor, whether or not the destroyed, lost or stolen Security Certificate representing Securities shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.
- (f) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Security Certificates.

SECTION 2.8. *Payment of Interest: Interest Rights Preserved.*

- (a) Except as otherwise provided or as contemplated by Section 2.1, with respect to any series of Securities, interest or premium, if any, on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date (or any Redemption Date) shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest and, in the case of premium, if any, the date on which such premium may become payable.
- (b) Any interest on any Security of any series which is payable other than at Maturity, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called “**Defaulted Interest**”) shall forthwith cease to be payable to the applicable Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Issuer, at its election in each case in conformance with the requirements of current Spanish law and regulations, as provided in paragraph (i) or (ii) below:
 - (i) The Issuer may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to



such Defaulted Interest as in this Subsection provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given to each Holder of Securities of such series the Issuer in the manner set forth in Section 1.6, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Subsection (ii).

(ii) The Issuer may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Issuer to the Trustee of the proposed payment pursuant to this Subsection, such manner of payment shall be deemed practicable by the Trustee.

(c) Subject to the foregoing provisions of this Section and Section 2.5, each Security of any series delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 2.9. *Persons Deemed Owners.* Prior to due presentment of a Security Certificate for registration of transfer of a Security represented thereby, the Issuer, the Guarantor, the Trustee and any agent of the Issuer, the Guarantor or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of and any premium and (subject to Section 2.8) any interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Issuer, the Guarantor, the Trustee nor any agent of the Issuer, the Guarantor or the Trustee shall be affected by notice to the contrary.

SECTION 2.10. *Cancellation.* All Security Certificates surrendered for payment, redemption, registration of transfer of any Securities represented thereby or exchange or for credit against any sinking fund payment shall, if the applicable Security Certificate is surrendered to any Person other than the Trustee, be delivered to the Trustee and the Securities represented thereby shall be promptly cancelled by it. The Issuer or the Guarantor may at any time deliver to the Trustee one or more Security Certificates previously authenticated and delivered hereunder for cancellation of any Securities represented thereby which the Issuer or the Guarantor may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) one or more Security Certificates previously authenticated and delivered hereunder for cancellation of any Securities represented thereby which the Issuer has not issued and sold, and all Securities represented by any Security Certificate so delivered shall be promptly cancelled by the Trustee. No Security Certificate shall



be authenticated in lieu of or in exchange for any Security Certificate representing Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All Security Certificates representing cancelled Securities held by the Trustee shall be disposed of in its customary manner or shall otherwise be returned to the Issuer if directed by an Order.

SECTION 2.11. *Purchase of Securities.* The Issuer, the Guarantor or any of the Guarantor's other Subsidiaries may at any time purchase Securities of any series in the open market or otherwise at any price. If purchases are made by tender, tenders must be available to all Holders of Securities of the applicable series alike.

SECTION 2.12. *CUSIP and ISIN Numbers.* The Issuer in issuing the Securities may use "CUSIP" and "ISIN" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" and "ISIN" numbers in notices, including notices of redemption as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Security Certificates representing the Securities of the applicable series or as contained in any notice and that reliance may be placed only on the other identification numbers printed on the Security Certificates representing the Securities of the applicable series, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer shall promptly notify the Trustee in writing of any change in the "CUSIP" and "ISIN" numbers.

ARTICLE 3 THE GUARANTEES

SECTION 3.1. *The Guarantees.*

- (a) The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Securities of each series on an unsubordinated and unconditional basis.
- (b) A Guarantee to be endorsed on each Security Certificate representing the Securities of a series shall be substantially in the form of Exhibit B hereto.
- (c) Amounts to be paid by the Guarantor under the Guarantees shall be paid as provided in Section 10.4.
- (d) The obligations of the Guarantor under a Guarantee are unaffected by any invalidity, irregularity or unenforceability of the Securities of the applicable series or this Indenture, any failure to enforce the provisions of such Securities or this Indenture, or any waivers, modification or indulgence granted to the Issuer in respect thereof by the Holders of such series of Securities or the Trustee, or any other circumstance which may otherwise constitute a legal or equitable discharge of a surety or the Guarantor.
- (e) The obligations of the Guarantor under the Guarantee in respect of the Securities of a series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and will rank *pari passu* without any preference among such obligations of the Guarantor under the Guarantee in respect of the Securities of such series and at least *pari passu* with all other unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future; *provided that* the obligations of the Guarantor under the Guarantee in respect



of the Securities of each series will be effectively subordinated to those obligations that are preferred under Law 22/2003 (*Ley Concursal*) dated July 9, 2003 regulating insolvency proceedings in Spain.

ARTICLE 4
SATISFACTION AND DISCHARGE

SECTION 4.1. *Satisfaction and Discharge of Indenture.*

(a) This Indenture shall upon Order of the Issuer cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for, and any right to receive Additional Amounts) with respect to a series of Securities, and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect of such series of Securities, when:

(i) either

(1) all Securities of such series theretofore authenticated (other than (A) Securities represented by Security Certificates which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.7, and (B) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer or the Guarantor and thereafter repaid to the Issuer or the Guarantor, as the case may be, or discharged from such trust, as provided in Section 10.3) have been delivered to the Trustee for cancellation; or

(2) all such Securities of such series not theretofore delivered to the Trustee for cancellation:

(A) have become due and payable; or

(B) will become due and payable at their Stated Maturity within one year; or

(C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer;

and the Issuer or the Guarantor, in the case of clause (2) (A), (B) or (C) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for this purpose money in an amount sufficient to pay and discharge the entire indebtedness on such Securities of such series not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(ii) the Issuer or the Guarantor has paid or caused to be paid all other sums payable hereunder by the Issuer; and

(iii) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to their satisfaction and discharge of this Indenture have been complied with.



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(b) Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Issuer and the Guarantor to the Trustee under Section 6.7, the obligations of the Issuer to any Authenticating Agent under Section 6.14 and, if money shall have been deposited with the Trustee pursuant to Section 4.3 below or Subsection (i)(B) above, the obligations of the Trustee under Section 4.2 and Section 10.3(e) shall survive such satisfaction and discharge.

SECTION 4.2. *Application of Trust Money.* Subject to provisions of Section 10.3(e), all money deposited with the Trustee pursuant to Section 4.1, Section 4.3 or Section 10.9 shall be held in trust (without liability for interest or investment) and applied by it, in accordance with the provisions of the applicable series of Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer or the Guarantor acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and any premium and interest for whose payment such money has been deposited with or received by the Trustee.

SECTION 4.3. *Defeasance and Discharge of Securities of any Series.* Except as otherwise provided as contemplated by Section 2.1 with respect to a series of Securities, the Issuer and the Guarantor shall be deemed to have paid and discharged the entire indebtedness on all the Outstanding Securities of any series and the provisions of this Indenture as it relates to such Outstanding Securities shall no longer be in effect (“**Defeasance**”), and the Trustee, at the expense of the Issuer, shall, upon the Order of the Issuer or the Guarantor, execute proper instruments acknowledging the same, when:

(a) the Issuer or the Guarantor has deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 6.9), irrevocably (irrespective of whether the conditions in paragraphs (b), (c), (d), (e), (f) and (g) below have been satisfied, but subject to the provisions of Section 4.2 and Section 10.3(e)), as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Securities of that series with reference to this Section 4.3, in the case of a series of Securities denominated in United States dollars, United States money or U.S. Government Obligations, and in the case of a series of Securities denominated in a currency other than U.S. dollars, funds in such currency, in each case in an amount which, through the payment of interest and principal in respect thereof in accordance with their terms, in an amount which will provide not later than the opening of business on the due date of any payment referred to in subparagraph (i), (ii) or (iii) of this paragraph (a), in the case of a series of Securities denominated in United States dollars, United States money or U.S. Government Obligations, and in the case of a series of Securities demonstrated in a currency other than U.S. dollars, funds in such currency, in an amount sufficient, in the opinion of an internationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge (i) the principal of (and premium, if any), (ii) interest on and (iii) Additional Amounts, if any, on such Outstanding Securities on the day on which such payments are due and payable in accordance with the terms of this Indenture and of such Securities; and



- (b) no Event of Default with respect to the Securities of that series has occurred and is continuing on the date of such deposit and no Event of Default under Section 5.1(e), Section 5.1(f) or Section 5.1(h) is in occurrence and continues on a date which is six months after the date of such deposit; and
- (c) the Issuer or the Guarantor has delivered to the Trustee an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters to the effect that Holders of the Securities of that series will not recognize income, gain or loss for United States federal income tax purposes as a result of such deposit, Defeasance and discharge and will be subject to United States federal income tax on the same amount and in the same manner and at the same times, as would have been the case if such deposit, Defeasance and discharge had not occurred; and
- (d) such Defeasance shall not cause the Trustee to have a conflicting interest within the meaning of the Trust Indenture Act (assuming all Securities of that series are in default within the meaning of the Trust Indenture Act); and
- (e) such Defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act; and
- (f) if the Securities of that series are then listed on any securities exchange, the Issuer or the Guarantor has delivered to the Trustee an Opinion of Counsel to the effect that such deposit, Defeasance and discharge will not cause such Securities of that series to be delisted from such exchange; and
- (g) the Issuer or the Guarantor has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to the Defeasance and discharge of the entire indebtedness on all Outstanding Securities of that series as contemplated by this Section have been complied with;

provided, however, that a Defeasance described in this Section 4.3 shall not impair or affect (1) the rights of Holders of Securities of that series to receive, from the trust funds described in paragraph (a) above, payment of the principal of (and premium, if any) and any installment of principal of (and premium, if any), interest on or Additional Amounts, if any, on such Securities on the Stated Maturity of such principal or installment of principal of (and premium, if any) or interest, or any mandatory sinking fund payments or analogous payments applicable to the Securities of that series on the day on which such payments are due and payable in accordance with the terms of this Indenture and of such Securities, (2) the Issuer's and the Guarantor's obligations with respect to such Securities and Guarantees, respectively, under Sections 2.4, 2.5, 2.6, 2.7, 10.2 and 10.3, (3) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (4) the provisions of Section 4.2 and this Section 4.3.

SECTION 4.4. *Reinstatement.* If the Trustee or any Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with this Article 4 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the obligations of the Issuer or the Guarantor, as the case may be, under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to this Article 4 until such time as the



Trustee or such Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with this Article 4; provided, however, that, if the Issuer or the Guarantor, as the case may be, has made any payment of principal of or interest on any Securities because of the reinstatement of its obligations, the Issuer or the Guarantor, as the case may be, shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money or U.S. Government Obligations held by the Trustee or such Paying Agent.

ARTICLE 5
REMEDIES

SECTION 5.1. *Events of Default*. “**Event of Default**”, wherever used herein with respect to Securities of any series of the Issuer, means any one of the following events which occurs and is continuing:

- (a) the Issuer fails to pay, and the Guarantor fails to honor the Guarantee with respect to payments of, principal of, interest due on or any Additional Amounts in respect of the Securities of that series for a period of 21 days from the Stated Maturity of such principal or interest payment;
- (b) the Issuer fails to perform any other obligation arising from the Securities of that series or the Guarantor fails to perform any other obligation arising under the Guarantee of the Securities of such series and in each case, such failure continues for more than 60 days (90 days if the failure to perform relates to an obligation of the Issuer or the Guarantor arising under Article 8 hereof) after there has been given, by the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of such series, a written notice to the Issuer specifying such failure and requiring it to be remedied, and stating that such notice is a “Notice of Default” hereunder;
- (c) the Issuer or the Guarantor fails (taking into account any applicable grace periods) to fulfill any payment obligation in excess of €100,000,000 or its equivalent in any other currency under any Relevant Indebtedness or under any guarantees or suretyships provided for under any Relevant Indebtedness of others, and this failure remains uncured for 30 days;
- (d) the holders of any other Relevant Indebtedness of the Issuer or the Guarantor accelerate any payment obligation in excess of €100,000,000 or its equivalent in any other currency as a result of the Issuer or the Guarantor entering into a transaction described and in accordance with the conditions set forth under Article 8 hereof, which transaction constitutes an event of default in respect of such other Relevant Indebtedness;
- (e) the Issuer or the Guarantor announces its inability to meet its financial obligations;
- (f) a court, at the request of any creditor, commences insolvency proceedings (*concurso*) against the Issuer or the Guarantor and any such proceeding is not discharged or dismissed within 60 days;



- (g) the Issuer or the Guarantor goes into liquidation unless it is done as a result of the Issuer or the Guarantor entering into a transaction described and in accordance with the conditions set forth under Article 8 hereof;
- (h) the Issuer or the Guarantor makes a filing seeking relief under any applicable bankruptcy or insolvency (*concurso*) laws; or
- (i) the Guarantee ceases to be valid or legally binding for any reason.

SECTION 5.2. *Acceleration of Maturity; Rescission and Annulment.*

- (a) If any Event of Default shall occur in relation to the Securities of a series (taking into account any applicable grace period), the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of such series may, by written notice to the Issuer, at the Corporate Trust Office (and to the Trustee if given by the Holders), declare that the Securities of such series, including principal, any premium thereon and all interest then accrued and unpaid on the Securities of such series, as the case may be, shall be immediately due and payable, whereupon the same shall, to the extent permitted by applicable law, become immediately due and payable, at their principal amount together with all interest, if any, accrued and unpaid thereon and premium, if any, payable in respect thereof without presentment, demand, protest or other notice of any kind, all of which the Issuer or the Guarantor, as the case may be, will expressly waive, unless, prior thereto, all Events of Default in respect of such Securities of such series shall have been cured.
- (b) Such declarations of acceleration may be rescinded and past defaults may be waived, except defaults in payment of principal of, interest on or premium, if any, by Holders of a majority of the outstanding principal amount on the Securities of such series pursuant to the procedures and under the conditions described in Section 9.2 of this Indenture; *provided, however,* that the amounts due to the Trustee under Section 6.7 hereof have been paid.

SECTION 5.3. *Collection of Indebtedness and Suits for Enforcement by Trustee.*

- (a) The Issuer covenants that if default is made in the payment of any principal of, interest or Additional Amounts on, any Security of any series and such default continues for a period of 21 days, the Issuer will upon demand of the Trustee, pay to it, for the benefit of the Holders of the Securities of such series, the whole amount then due and payable on all Securities of such series for principal and any premium and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium and on any overdue interest, at the rate or rates prescribed therefor in each Security Certificate representing the Securities of such series, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents counsel, and all amounts due the Trustee under Section 6.7.
- (b) If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial



proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 5.4. *Trustee May File Proof of Claim.*

(a) In case of any judicial proceeding relative to the Issuer, the Guarantor or any other obligor upon the Securities of a series or the property of the Issuer, the Guarantor or of such other creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Act in order to have claims of the Holders of Securities of such series and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder of the Securities of such series to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders of Securities of such series, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 6.7.

(b) No provision of this Indenture shall be deemed to authorize the Trustee to authorize, consent to or accept or adopt on behalf of any Holder of the Securities of a series, any plan of reorganization, arrangement, adjustment or composition affecting such Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any such Holder in any such proceeding; *provided*, however, that, to the extent permitted under the applicable law, the Trustee may, on behalf of such Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

SECTION 5.5. *Trustee May Enforce Claims Without Possession of Securities.* All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Security Certificates representing any of the Securities of a series or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of Securities in respect of which such judgment has been recovered.

SECTION 5.6. *Application of Money Collected.* Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or any premium or interest, upon presentation of each Securities Certificate representing the applicable Securities and the notation thereon of the payment if the Securities represented thereby are only partially paid and upon surrender thereof if fully paid:

First: To the payment of all amounts due the Trustee under Section 6.7;



Second: To the payment of the amounts then due and unpaid for principal of, and any premium and interest on, and any Additional Amount on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and any premium, interest and Additional Amount, respectively (subject to Section 2.8); and

Third: To the payment of the balance, if any, to the Issuer.

SECTION 5.7. *Limitation on Suits.* No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, the applicable Guarantee, the Securities of such series or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

- (a) the Holder initiating the proceeding shall have given the Trustee written notice that an Event of Default has occurred and remains uncured with respect to the Securities of such series;
- (b) the Holders of not less than 25% in principal amount of the Outstanding Securities of such series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;
- (c) such Holder or Holders have offered to the Trustee reasonable indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding;
- (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

SECTION 5.8. *Unconditional Right of Holders to Receive Principal, Premium, Interest and Additional Amounts.* Notwithstanding any other provision in this Indenture, the Holder of any Security of any series shall have the right, which is absolute and unconditional, to receive payment of the principal of, any premium on, interest on and any Additional Amounts on such Security on the respective Stated Maturity or Maturities expressed in each Security Certificate representing such Securities (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 5.9. *Restoration of Rights and Remedies.* If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such



proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Issuer, the Guarantor, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 5.10. *Rights and Remedies Cumulative.* Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Security Certificates in Section 2.7(f), no right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Securities of any series is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.11. *Delay or Omission Not Waiver.* No delay or omission of the Trustee or of any Holder of Securities of any series to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to such Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by such Holders, as the case may be.

SECTION 5.12. *Control by Holders.* The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series; *provided that*

- (a) such direction shall not be in conflict with any rule of law or with this Indenture;
- (b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and
- (c) the Trustee need not follow any such direction if doing so would in its reasonable discretion either involve it in personal liability or be unduly prejudicial to Holders not joining in such direction;

provided, further, that the Trustee shall have no obligation to make any determination with respect to any such conflict, personal liability or undue prejudice.

SECTION 5.13. *Waiver of Past Defaults.*

- (a) The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series of Securities of the Issuer and its consequences, except a default:
 - (i) in the payment of the principal of, or any premium or interest on or Additional Amounts on, any Security of such series;

or



(ii) in respect of a covenant or provision hereof which under Article 9 cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected;

provided, however, that all amounts due to the Trustee under Section 6.7 hereof have been paid.

(b) Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 5.14. *Undertaking for Costs.* In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess reasonable costs (including legal fees and expenses) against any such party litigant, in the manner and to the extent provided in the Trust Indenture Act; *provided* that neither this Section nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Issuer or the Guarantor, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any series of the Issuer, or to any suit instituted by any Holder for the enforcement of the payment of the principal of, or any premium or interest on, or Additional Amounts on any Security of such series on or after the Stated Maturity or Maturities expressed in the Security Certificate representing such Security (or, in the case of redemption, on or after the Redemption Date).

SECTION 5.15. *Waiver of Stay or Extension Laws.* Each of the Issuer and the Guarantor covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture and each of the Issuer and the Guarantor (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 6
THE TRUSTEE

SECTION 6.1. *Certain Duties and Responsibilities.*

(a) Except during the continuance of an Event of Default:

(i) The Trustee undertakes to perform, such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read against the Trustee in this Indenture; and

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or



opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(b) In the case of an Event of Default which has occurred and is continuing with respect to Securities of any series, the Trustee shall, with respect to the Securities of such series, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from its liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph (c) shall not be construed to limit the effect of paragraph (a) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Securities of any series relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture with respect to Securities of such series; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights and powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 6.2. *Notice of Defaults.* If a default occurs hereunder with respect to Securities of any series, the Trustee shall give the Holders of Securities of such series notice of such default as and to the extent provided by the Trust Indenture Act; *provided*, however, that in the case of any default of the character specified in Section 5.1(b) with respect to such Securities, no such notice to such Holders shall be given until the applicable grace period has expired. For the purpose of this Section, the term "**Default**" means, with respect to the Securities of any series, any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series; *provided*, however, that except in the case of a default in the payment of principal of, premium, if any, interest or Additional Amounts, if any on any Security of such series, the Trustee shall be protected in withholding such notice if, and so long as, a trust committee of Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders.



SECTION 6.3. *Certain Rights of Trustee.*

Subject to the provisions of Section 6.1:

- (a) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper party or parties, whether such paper or document be delivered in original or by facsimile;
- (b) any request or direction of the Issuer or the Guarantor mentioned herein shall be sufficiently evidenced by an Order and any resolution of the Board of Directors of the Issuer or the Guarantor may be sufficiently evidenced by a Board Resolution;
- (c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;
- (d) the Trustee may consult with counsel of its selection and the advice of counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;
- (e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Securities of a series pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;
- (f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer or the Guarantor with reasonable prior notice, personally or by agent or attorney at the reasonable expense of the Issuer or the Guarantor and shall incur no liability of any kind by reason of such inquiry or investigation, *provided* that the Trustee shall not be entitled to such information which the Issuer or the Guarantor is prevented from disclosing as a matter of law or contract;
- (g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;



- (h) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be within the discretion, rights or powers conferred upon it by this Indenture;
- (i) the Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has received written notice of any event which is in fact such a default at the Corporate Trust Office of the Trustee, and such notice references the applicable series of Securities and this Indenture;
- (j) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder;
- (k) the permissive rights of the Trustee enumerated herein shall not be construed as duties of the Trustee;
- (l) under no circumstances will any party to this Indenture be liable to any other party to this Indenture for any special, indirect, punitive or consequential loss or damage (including, but not limited to, the loss of business, goodwill, opportunity or profit) whether or not foreseeable and even if advised of the possibility of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract, breach of trust, breach of fiduciary obligation or otherwise; and
- (m) the parties hereto shall not be responsible or liable to one another for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; it being understood that the parties hereto shall use their best efforts to resume performance as soon as practicable under the circumstances.



SECTION 6.4. *Not Responsible for Recitals or Issuance of Securities.* The recitals contained herein and in any Security Certificate, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer or the Guarantor, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities of any series. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Issuer of Securities of any series or the proceeds thereof.

SECTION 6.5. *May Hold Securities.* The Trustee, any Authenticating Agent, any Paying Agent, any Registrar or any other agent of the Issuer or the Guarantor, in its individual or any other capacity, may become the owner or pledgee of Securities of any series and, subject to Sections 6.8 and 6.13, may otherwise deal with the Issuer and the Guarantor with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Registrar or such other agent.

SECTION 6.6. *Money Held in Trust.* Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on or investment of any money received by it hereunder except as otherwise agreed with and for the exclusive benefit of the Issuer or the Guarantor, as the case may be.

SECTION 6.7. *Compensation and Reimbursement.*

(a) Each of the Issuer and the Guarantor jointly and severally agrees:

(i) to pay to the Trustee from time to time such compensation as shall be agreed upon in writing from time to time for all services rendered by it hereunder;

(ii) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except to the extent that any such expense, disbursement or advance shall have been caused by its negligence or willful misconduct; and

(iii) to fully indemnify the Trustee and any predecessor Trustee and their agents for, and to hold it harmless against, any and all loss, liability, damages, claims or expense arising out of or in connection with the acceptance or administration of the trust or trusts hereunder and the performance of its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent that any such loss, liability or expense may be attributable to its negligence or willful misconduct.

(b) The Trustee shall have a lien prior to the Holders of Securities of any series to payment of amounts due it under this Section 6.7 from funds held by the Trustee hereunder. "Trustee" for purposes hereof includes any predecessor Trustee, but the negligence or bad faith of any Trustee shall not affect the rights of any other Trustee hereunder.



(c) When the Trustee incurs expenses or renders services in connection with an Event of Default, the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable bankruptcy, insolvency or other similar law.

(d) The provisions of this Section shall survive the resignation or removal of the Trustee or the termination of this Indenture.

SECTION 6.8. *Conflicting Interests.* If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture. For this purpose the Trustee shall not be deemed to have a conflicting interest by reason of being Trustee for the Securities of any series and Trustee for the Securities of any other series.

SECTION 6.9. *Corporate Trustee Required; Eligibility.* There shall at all times be a Trustee hereunder with respect to the Securities of each series which shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least U.S.\$50,000,000 and its Corporate Trust Office in the Borough of Manhattan, The City of New York, New York. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section and to the extent permitted by the Trust Indenture Act, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee with respect to the Securities of any series shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 6.10. *Resignation and Removal; Appointment of Successor.*

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 6.11.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Issuer. If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition at the reasonable expense of the Issuer or the Guarantor any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Issuer and the Guarantor. If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to the Trustee within 30 days after its removal, the removed Trustee may petition at the reasonable expense of the Issuer or the Guarantor any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.



(d) If at any time:

(i) the Trustee shall fail to comply with Section 6.8 with respect to the Securities of any series after written request therefor by the Issuer or the Guarantor or by any Holder who has been a *bona fide* Holder of a Security of such series for at least six months;

(ii) the Trustee shall cease to be eligible under Section 6.9 and shall fail to resign after written request therefor by the Issuer or the Guarantor or by any Holder of a Security of any series; or

(iii) the Trustee with respect to the Securities of any series shall become incapable of acting or shall be adjudged bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (1) the Issuer by a Board Resolution may remove the Trustee with respect to the applicable or (if required) all, series of Securities, or (2) subject to Section 5.14, any Holder who has been a *bona fide* Holder of the applicable series of Securities for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee or Trustees with respect to such series of Securities.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Issuer, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series) and shall comply with the applicable requirements of Section 6.11. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of the applicable series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Issuer and the Guarantor and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 6.11, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Issuer. If no successor Trustee with respect to the Securities of the applicable series shall have been so appointed by the Issuer or the Holders of Securities of such series and accepted appointment in the manner required by Section 6.11, any Holder who has been a *bona fide* Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Issuer shall give notice of each resignation and each removal of the Trustee with respect to the Securities of the applicable series and each appointment of a successor Trustee with respect to the Securities of any series to all Holders of Securities of such



series in the manner provided in Section 1.6. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 6.11. *Acceptance of Appointment by Successor.*

(a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to each of the Issuer, the Guarantor and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee, but, upon the request of the Issuer, the Guarantor or the successor Trustee, such retiring Trustee shall, upon payment of its charges upon the terms of this Indenture, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series of the Issuer, the Guarantor, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series of the Issuer shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (i) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (ii) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (iii) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Issuer and the Guarantor or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Issuer and the Guarantor shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraphs (a) and (b) of this Section, as the case may be.



(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 6.12. *Merger, Conversion, Consolidation or Succession to Business.* Any Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Person succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder; *provided* such Person shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Security Certificate representing any Securities of a series shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Security Certificate so authenticated with the same effect as if such successor Trustee had itself authenticated such Security Certificate.

SECTION 6.13. *Preferential Collection of Claims Against Issuer or Guarantor.* The Trustee shall comply with the Trust Indenture Act, Section 311(a), excluding any creditor relationship listed in the Trust Indenture Act, Section 311(b). A Trustee who has resigned or been removed shall be subject to the Trust Indenture Act, Section 311(a) to the extent indicated therein.

SECTION 6.14. *Appointment of Authenticating Agent.*

(a) The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate each Security Certificate representing Securities of such series issued upon original issue and upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 2.7, and each Securities represented by a Security Certificate so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if such Security Certificate was authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Security Certificates by the Trustee or the Trustee's certificate of authentication such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Issuer and shall at all times be a Person organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agents, having a combined capital and surplus of not less than U.S.\$50,000,000 and subject to supervision or examination by federal or state authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes, of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.



(b) Any Person into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any Person succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent; *provided* such corporation shall be otherwise eligible under this Section, without, the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

(c) An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Issuer. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Issuer. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Issuer and shall give notice of such appointment in the manner provided in Section 1.6 to all Holders of Securities of the series with respect to which such Authenticating Agent will serve. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

(d) If an appointment with respect to one or more series of Securities is made pursuant to this Section, each Security Certificate representing the Securities of each such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

This is one of the Security Certificate representing the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon,
As Trustee

manually

By: _____
As Authenticating Agent

If all of the Securities of a series may not be originally issued at one time, and if the Trustee does not have an office capable of authenticating each applicable Security Certificate upon original issuance located in a Place of Payment where the Issuer wishes to have each Security Certificate representing the Securities of such series authenticated upon original issuance, the Trustee, if so requested by the Issuer in writing (which writing need not comply with Section 1.2



and need not be accompanied by an Opinion of Counsel), shall appoint in accordance with this Section an Authenticating Agent having an office in a Place of Payment designated by such Issuer with respect of such series of Securities. The Issuer agrees to pay each Authenticating Agent from time to time reasonable compensation for its services and reimbursement for its reasonable expenses relating thereto.

SECTION 6.15. *Trustee's Application for Instructions from the Issuer.* Any application by the Trustee for written instructions from the Issuer or the Guarantor may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three Business Days after the date any officer of the Issuer or the Guarantor actually receives such application, unless any such officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an Omission), the Trustee shall have received written instructions in response to such application specifying the action to be taken or omitted.

SECTION 6.16. *Appointment of Co-Trustee.*

(a) For the purpose of meeting any legal requirement of any jurisdiction in which the Issuer may at the time be located in connection with the enforcement of any right or the taking of any action on behalf of the Holders of any Securities of a series issued hereunder, the Trustee shall have the power and may execute and deliver all instruments necessary to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, hereunder in respect of such series of Securities and to vest in such Person or Persons, in such capacity and for the benefit of the Holders of Securities of such series, such title hereunder, or any part hereof, and subject to the other provisions of this Section, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. Each co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.9. The Trustee shall promptly notify the Holders of each applicable series of Securities and the Issuer of the appointment of a co-trustee or separate trustee under this Section.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;



(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article 6. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection or rights (including the rights to compensation, reimbursement and indemnification hereunder) to, the Trustee. Every such instrument shall be filed with the Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name for the purpose of enforcing any rights or taking any other action on behalf of the Holders of any series of Securities issued hereunder.

ARTICLE 7

HOLDERS' LISTS AND REPORTS BY TRUSTEE, ISSUER AND GUARANTOR

SECTION 7.1. *Issuer and Guarantor to Furnish Trustee Names and Addresses of Holders.* Each of the Issuer and the Guarantor will furnish or cause to be furnished to the Trustee:

(a) semi-annually, not later than 15 days after each Regular Record Date in each year, a list, in such form as the Trustee may reasonably require, containing all the information in the possession or control of the Issuer or the Guarantor, or any of the Issuer's Paying Agents other than the Trustee, as to the names and addresses of the Holders of Securities of each series as of such Regular Record Date; and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Issuer or the Guarantor of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list names and addresses received by the Trustee in its capacity as Registrar for the Securities of such series.

SECTION 7.2. *Preservation of Information; Communications to Holders.*

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders of Securities of each series contained in the most recent list furnished to the Trustee as provided in Section 7.1 and the names and addresses of Holders of Securities of each series received by the Trustee in its capacity as Registrar for the Securities of such series. The Trustee may destroy any list furnished to it as provided in Section 7.1 upon receipt of a new list so furnished.



(b) The rights of the Holders of the Securities of such series to communicate with other Holders of the Securities of such series with respect to their rights under this Indenture or under the Securities of such series, and the corresponding rights and privileges of the Trustee, shall be as provided by the Trust Indenture Act.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Issuer, the Guarantor and the Trustee that none of the Issuer, the Guarantor nor the Trustee nor any agent of any of them shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

SECTION 7.3. *Reports by Trustee.*

(a) Within 60 days after May 15 of each year commencing with the first May 15 following the first issuance of Securities pursuant to Section 2.1, the Trustee shall transmit to Holders such reports, if any, dated as of such May 15, concerning the Trustee and its actions under this Indenture as may be required pursuant to Section 313(a) of the Trust Indenture Act in the manner provided pursuant to Section 313(c) thereof; the Trustee shall also transmit to Holders such reports, if any, as may be required pursuant to Section 313(b) of the Trust Indenture Act at the times and in the manner provided pursuant thereto and to Section 313(c) thereof. A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Issuer. The Issuer will notify the Trustee reasonably promptly when the Securities of any series are listed on any stock exchange or delisted therefrom.

SECTION 7.4. *Reports by Issuer and Guarantor.*

(a) Each of the Issuer and the Guarantor shall file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, including financial information and statements and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act; *provided* that any such information, documents or reports required to be filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 days after the same is filed with the Commission.

(b) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

SECTION 7.5. *Calculation of Original Issue Discount.* The Issuer shall file with the Trustee promptly at the end of each calendar year (i) a written notice specifying the amount of original issue discount (including daily rates and accrual periods) accrued on Outstanding Securities as of the end of such year and (ii) such other specific information relating to such original issue discount as may then be relevant under the Code and the Treasury regulations promulgated thereunder.



ARTICLE 8
CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE;
ASSUMPTION

SECTION 8.1. *Merger, Consolidation, Etc., Only on Certain Terms.* Neither the Issuer nor the Guarantor shall consolidate with or merge (which term shall include for the avoidance of doubt a scheme of arrangement) into any other Person or convey, transfer or lease all or substantially all of its assets to any Person, and neither the Issuer nor the Guarantor shall permit any Person to consolidate with or merge into the Issuer or the Guarantor, convey, transfer or lease all or substantially all of its assets to the Issuer or the Guarantor, unless:

- (a) in the case the Issuer or the Guarantor shall consolidate with or merge into another Person or convey, transfer or lease all or substantially all of its assets to any Person, the Person formed by such consolidation or into which the Issuer or the Guarantor is merged or the Person which acquires by conveyance or transfer, or which leases, all or substantially all of the assets of the Issuer or the Guarantor shall be a corporation, partnership or trust, shall be organized and validly existing, under the laws of the Kingdom of Spain or a member of the European Union or an Organization for Economic Cooperation and Development (“OECD”) country and shall expressly assume, by a supplemental indenture that complies with the Trust Indenture Act executed and delivered to the Trustee in form and substance reasonably satisfactory to the Trustee, the due and punctual payment of the principal of and any premium and interest (including all Additional Amounts and any additional sums payable pursuant to (b) below) (i) in the case of the Issuer, on all the Securities of each series and (ii) in the case of the Guarantor, under the Guarantees, and the performance or observance of every covenant of this Indenture relating thereto on the part of the Issuer to be performed or observed and, in the case of the Guarantor, the due and punctual payment of the principal of and any premium and interest (including all Additional Amounts and any additional sums payable pursuant to paragraph (b) below) on all the Securities of each series and the performance or observance of every covenant of this Indenture and the Guarantees relating thereto on the part of the Guarantor to be performed or observed;
- (b) if the Person formed by such consolidation or into which the Issuer or the Guarantor is merged or to whom the Issuer or the Guarantor has conveyed, transferred or leased its properties or assets is a Person organized and validly existing under the laws of a jurisdiction other than the Kingdom of Spain such Person agrees to indemnify the Holder of each Security of each series against (i) any tax, assessment or governmental charge imposed on any such Holder or required to be withheld or deducted from any payment to such Holder as a consequence of such consolidation, merger, conveyance, transfer or lease; and (ii) any costs or expenses of the act of such consolidation, merger, conveyance, transfer or lease;
- (c) immediately prior to the consummation of such transaction, no Event of Default with respect to a series of Securities shall have occurred;



- (d) the consummation of such transaction must not cause an Event of Default under the Securities of any series or the Guarantees which the Issuer or the Guarantor, as the case may be, does not reasonably believe can be cured within 90 days from the date of such transaction; and
- (e) the Issuer or the Guarantor has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, complies with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

SECTION 8.2. *Successor Substituted.* Upon any consolidation of the Issuer or the Guarantor with, or merger of the Issuer or the Guarantor into, any other Person or any conveyance, transfer or lease all or substantially all of the assets of the Issuer or the Guarantor in accordance with Section 8.1, the successor Person formed by such consolidation or into which the Issuer or the Guarantor is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer or the Guarantor, as the case may be, under this Indenture with the same effect as if such successor Person had been named as the Issuer or the Guarantor herein, as the case may be, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities of each series or Guarantees, as the case may be.

SECTION 8.3. *Assumption by Guarantor or Subsidiary of Issuer's Obligations.*

- (a) The Guarantor or any Subsidiary of the Guarantor may assume the obligations of the Issuer (or any Person which shall have previously assumed the obligations of the Issuer) for the due and punctual payment of the principal of (and premium, if any), interest on and any other payments with respect to the Securities of each series, and for the performance of every covenant of this Indenture and the Securities of each series on the part of the Issuer to be performed or observed, *provided* that:
 - (i) the Guarantor or such Subsidiary, as the case may be, shall expressly assume such obligations by an indenture supplemental hereto, in form reasonably satisfactory to the Trustee, executed and delivered to the Trustee and if such Subsidiary assumes such obligations, the Guarantor shall, by such supplemental indenture, confirm that each of its Guarantees shall apply to such Subsidiary's obligations under the applicable series of Securities and this Indenture, as modified by such supplemental indenture;
 - (ii) the Guarantor or such Subsidiary, as the case may be, shall agree in such supplemental indenture that the provisions in Section 10.4 shall apply *mutatis mutandis* to any withholding or deduction for or on account of any present or future taxes, assessments or governmental charges of whatever nature of any jurisdiction in which the Guarantor or such Subsidiary (or any successor Person to the Guarantor of such Subsidiary) is organized, or any political subdivision or taxing authority thereof or therein;



(iii) immediately after giving effect to such transaction, no Event of Default with respect to a series of Securities shall have occurred and be continuing; and

(iv) the Guarantor or such Subsidiary, as the case may be, shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such assumption and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

(b) Upon any such assumption, the Guarantor or such Subsidiary shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if the Guarantor or such Subsidiary had been named as an "Issuer" herein, and the Person named as an "Issuer" in the first paragraph of this instrument or any successor Person which shall theretofore have become such in the manner prescribed in this Article shall be released from its liability as obligor upon the Securities of such series.

ARTICLE 9 SUPPLEMENTAL INDENTURES

SECTION 9.1. *Supplemental Indentures Without Consent of Holders.* Without the consent of the Holders of a series of Securities, the Issuer, the Guarantor and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, to:

- (a) secure the Securities of such series;
- (b) evidence the succession of another person to the Issuer or the Guarantor and the assumption by any such successor of the covenants and agreements of the Issuer or the Guarantor herein and in the Securities of such series;
- (c) evidence or provide for the acceptance of appointment hereunder by a successor trustee with respect to the Securities of such series;
- (d) change the terms of the Securities of such series to correct a manifest error (for the avoidance of doubt, no other modification may be made to the terms of the Securities of such series);
- (e) cure any ambiguity or to correct or supplement any provision contained in this Indenture or any indenture supplemental hereto which may be defective or inconsistent with any other provision contained herein or in any indenture supplemental hereto;
- (f) to delete, amend or supplement any provision contained in this Indenture or in any indenture supplemental hereto, provided that no such amendment or supplement shall materially adversely affect the interests of the Holders of any Securities then Outstanding; or
- (g) to establish the form or terms of Securities of any series as permitted by Section 2.1.

SECTION 9.2. *Supplemental Indentures with Consent of Holders.*



(a) With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Issuer, the Guarantor and the Trustee, the Issuer, when authorized by a Board Resolution or other appropriate corporate authorization, the Guarantor, when authorized by a Board Resolution or other appropriate corporate authorization, and the Trustee may enter into one or more indentures supplemental hereto for the purpose of adding provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or waiving any past defaults with respect to the Securities of such series or this Indenture, or modifying the rights of the Holders of such series of Securities; *provided*, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

- (i) change the Stated Maturity of the principal or of any installment of the principal or of interest, if any, on any Security of such series;
- (ii) reduce the principal amount of any Security of such series;
- (iii) reduce the rate or extend the time of payment of interest on any Security of such series;
- (iv) reduce the amount payable on redemption of any Security of such series;
- (v) change the obligations of the Issuer or the Guarantor to pay Additional Amounts on any Security of such series;
- (vi) waive a default in the payment of principal of, or interest on, any Security of such series;
- (vii) change the currency in which the principal, premium, or interest on any Security of such series is payable;
- (viii) impair the right of any holder to take legal action to enforce the payment on the Securities of such series or the Guarantees relating to such series when due; or
- (ix) reduce the quorum requirements or the percentage of Securities of such series the consent of whose Holders is required for modification of this Indenture.

(b) It shall not be necessary under this Section 9.2 for Holders to approve the particular form of any proposed supplemental indenture.

(c) A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

SECTION 9.3. *Execution of Supplemental Indentures.*



(a) The Trustee shall execute any supplemental indenture authorized pursuant to this Section 9.3; *provided* that the Trustee may, but shall not be obligated to, execute any supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, in addition to the documents set forth in Section 1.2, an opinion of counsel stating that the execution of any supplemental indenture authorized pursuant to this Section 9.3 is authorized or permitted by this Indenture.

(b) Upon the execution of a supplemental indenture pursuant to this Section 9.3, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and each holder of Securities of the series so amended or supplemented theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.4. *Effect of Supplemental Indentures.* Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities of each applicable series represented by a Security Certificate affected thereby theretofore or thereafter authenticated and delivered hereunder shall be bound thereby, except as otherwise expressed therein.

SECTION 9.5. *Conformity with Trust Indenture Act.* Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as in effect at the time of the execution thereof.

SECTION 9.6. *Reference in Security Certificates to Supplemental Indentures.* Each Security Certificate representing the Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required, by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Issuer and the Guarantor shall so determine, one or more new Security Certificates representing Securities of any series so modified as to conform, in the opinion of the Trustee and the Issuer and the Guarantor, to any such supplemental indenture may be prepared and executed by the Issuer, the Guarantees of the Guarantor may be endorsed thereon and each such Security Certificate may be authenticated and delivered by the Trustee in exchange for each Security Certificate then representing the Outstanding Securities of such series.

ARTICLE 10 COVENANTS

SECTION 10.1. *Payment of Principal, Premium, Interest and Additional Amounts.* The Issuer covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of, and any premium, interest and Additional Amounts on, the Securities of that series in accordance with the terms of the Securities of that series and this Indenture.

SECTION 10.2. *Maintenance of Office or Agency.*

(a) The Issuer or the Guarantor will maintain in each Place of Payment for any series of Securities an office or agency where such Security Certificate representing the



Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Issuer in respect of the Securities of that series and this Indenture may be served.

(b) Each of the Issuer and the Guarantor will give prompt written notice to the Trustee of the location, and any change in the location, of any such office or agency. If at any time the Issuer or the Guarantor shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee and the Issuer and the Guarantor hereby appoint the same as its agent to receive all such presentations, surrenders, notices and demands.

(c) The Issuer may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided*, however, that no such designation or rescission shall in any manner relieve the Issuer of its obligation to maintain an office or agency in place of payment for Securities of any series for such purposes. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency upon receiving notice of any such change.

SECTION 10.3. Money for Securities Payments to Be Held in Trust.

(a) If the Issuer or the Guarantor shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of, or any premium or interest on, any of the Securities of that series, segregate and hold in trust, in a jurisdiction other than the Kingdom of Spain, for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

(b) The Issuer shall have one or more Paying Agents for any series of Securities. The Issuer or the Guarantor, as the case may be, will, on or prior to each due date of the principal of, or any premium or interest or Additional Amounts on, any Securities of that series, deposit with a Paying Agent a sum sufficient to pay such amount for the benefit of the Persons entitled thereto, such sum to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee) the Issuer or the Guarantor, as the case may be, will promptly notify the Trustee of its action or failure so to act. Upon the deposit with the Paying Agent for any series of Securities of a sum sufficient to pay the principal of, or any premium or interest or Additional Amounts on, any Securities of that series, the Issuer or the Guarantor, as the case may be, will have fully complied with its payment obligations under this Section 10.3(b) with respect to any such amount.

(c) The Issuer will cause each Paying Agent (unless such Paying Agent is the Trustee) for any series of Securities to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will (i) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent and (ii) during the continuance of any



default by the Issuer (or any other obligor upon the Securities of that series) in the making of any payment in respect of the Securities of that series, and upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

(d) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Issuer or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent, and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

(e) Any money deposited, with the Trustee or any Paying Agent, or then held by the Issuer or the Guarantor, in trust for the payment of the principal of or any premium or interest on any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Issuer automatically, or (if then held by the Issuer or the Guarantor) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an general creditor, look only to the Issuer or the Guarantor for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer or the Guarantor as trustee thereof, shall thereupon cease. Unless otherwise provided by applicable law, the right to receive payment of principal of any Security (whether at Maturity or otherwise) or interest there will become void at the end of three years after the due date thereof.

SECTION 10.4. *Additional Amounts.*

(a) All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Securities of a series and the related Guarantee by the Issuer or the Guarantor will be made free and clear of and 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 Kingdom of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In the event that such withholding or deduction is required by law, unless otherwise specified in any Board Resolution or other appropriate corporate authorization of the Issuer or the Guarantor establishing the terms of Securities of a series or the Guarantees relating thereto or in an indenture supplemental hereto or the matters relating thereto, in accordance with Section 2.1, the Issuer or the Guarantor shall pay such Additional Amounts as will result in receipt by the Holders of such series of Securities of such amounts as would have been received by them had no such withholding or deduction been required; provided, however, that the Issuer and the Guarantor will not be required to pay any Additional Amounts in respect of any Security of a series:

(i) in respect of which the Holder (or the Beneficial Owner for whose benefit it holds such Security) is liable for such taxes, duties, assessments or governmental charges in respect of such Security by reason of it (or the Beneficial



Owner for whose benefit it holds such Security) having some connection with the Kingdom of Spain other than (a) the mere holding of such Security (or such beneficial interest) or (b) the receipt of principal, redemption amount, interest or otherwise in respect of such Security;

(ii) in respect of which the Issuer or the Guarantor have not received such documentation or information as may be necessary to allow payments on such Security to be made free and clear of Spanish withholding tax or deduction on account of Spanish taxes, including a duly executed and completed payment statement from the Paying Agent, pursuant to Law 10/2014 of June 26 and Royal Decree 1065/2007 of July 27, each as amended, and any implementing legislation or regulation, or pursuant to any other law or regulation substituting or amending such law or regulation;

(iii) in relation to any estate, inheritance, gift, sales, transfer or similar taxes;

(iii) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below), except to the extent that the relevant Holder would have been entitled to such Additional Amounts on presenting the same for payment on the expiry of such period of 30 days;

(iv) presented for payment (where presentation is required) by or on behalf of a Holder (or Beneficial Owner) who would have been able to avoid such withholding or deduction by presenting the relevant Security to another paying agent;

(vi) in the event that such Security is redeemed pursuant to Section 11.8(b) hereof; or

(vii) in respect of any withholding or deduction that is imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations thereunder (“**FATCA**”), any intergovernmental agreement between the United States and any other jurisdiction implementing or relating to FATCA, any law, regulation, guidance or interpretations enacted or issued in any jurisdiction with respect thereto, or any agreements entered into in connection with the implementation thereof,

provided further that Additional Amounts in respect of the Securities of a series will also not be paid with respect to any payment to a Holder of any Securities of such series who is a fiduciary, a partnership, a limited liability company or other than the sole Beneficial Owner of that payment, to the extent that payment would be required by the laws of the Kingdom of Spain (or any political subdivision thereof or any authority or agency therein or thereof having power to tax) to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a Beneficial Owner who would not have been entitled to the Additional Amounts had it been the Holder.

For the purposes of Section 10.4(a)(iii) above, the “**Relevant Date**” means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Paying Agent on or prior to such due date, it



means the first date on which the full amount of such moneys having been so received and being available for payment to Holders, notice to that effect shall have been duly given to the Holders in accordance with this Indenture.

(b) The foregoing provisions shall apply *mutatis mutandis* to any withholding or deduction for or on account of any present or future taxes, assessments or governmental charges of whatever nature of any jurisdiction in which any successor Person to the Issuer or the Guarantor, as the case may be, is organized, or any political subdivision or taxing authority thereof or therein, subject to exceptions equivalent to those set forth in Section 10.4(a) above.

(c) Subject to the foregoing provisions, whenever in this Indenture there is mentioned, in any context, the payment of the principal of or any premium or interest on, or in respect of, any Security of any series or the net proceeds received on the sale or exchange of any Security of any series, such mention shall be deemed to include mention of the payment of Additional Amounts provided for in this Section to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the provisions of this Section and express mention of the payment of additional amounts (if applicable) in any provisions hereof shall not be construed as excluding additional amounts in those provisions hereof where such express mention is not made.

SECTION 10.5. *Statement by Officers as to Default.*

(a) For so long as any Securities of any series are Outstanding, each of the Guarantor and the Issuer will deliver to the Trustee, within 120 days after the end of each fiscal year of the Guarantor ending after the date hereof, an Officer's Certificate, stating whether or not to the knowledge of the signer or signers thereof the Issuer or the Guarantor, as the case may be, is in compliance with all conditions and covenants under this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Issuer or the Guarantor shall not be in compliance specifying all instances of noncompliance and the nature and status thereof of which they may have knowledge.

(b) Each of the Issuer and the Guarantor shall deliver to the Trustee, as soon as possible, and in any event within ten days after the Issuer or the Guarantor becomes aware of the occurrence of any Event of Default, an Officers' Certificate setting forth the details of such Event of Default or default and the action which the Issuer proposes to take with respect thereto.

SECTION 10.6. *Existence.* Subject to Article 8, the Issuer and the Guarantor each will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises; *provided*, however, that neither the Issuer nor the Guarantor shall be required to preserve any such right or franchise if its respective Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Issuer or the Guarantor, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Holders of any series of Securities.

SECTION 10.7. *Limitation on Liens.* So long as any of the Securities of a series remains Outstanding, neither the Issuer nor the Guarantor will create or will have outstanding any



Encumbrance upon the whole or any part of its present or future assets, in order to secure any Relevant Indebtedness issued or guaranteed by the Issuer, the Guarantor or by any other Person unless such Securities of a series are equally and ratably secured therewith, for as long as such Relevant Indebtedness shall be so secured; *provided*, however, that the foregoing restriction shall not apply to any Encumbrance securing Relevant Indebtedness issued or guaranteed by the Guarantor, the Issuer or any other Person if the Relevant Indebtedness so secured (a) was originally offered, distributed or sold primarily to the residents of the Kingdom of Spain; (b) by its terms matures within one year of its date of issue, or (c) if such Encumbrance affects assets of an entity which, when such Encumbrance was created, was unrelated to the Guarantor or the Issuer and which was subsequently acquired by the Guarantor or the Issuer; and *provided, further*, that nothing in this Section shall limit the ability of the Issuer or the Guarantor, as the case may be, to grant or permit to subsist Encumbrances over any or all of their respective present or future assets to secure Relevant Indebtedness issued or guaranteed by the Issuer, the Guarantor or any other Person, to the extent that the aggregate principal amounts so secured do not exceed 5% of the Consolidated Net Tangible Assets of the Guarantor, as reflected in the most recent balance sheet of the Guarantor (prepared in accordance with generally accepted accounting principles as in effect at the date of such computation and as applied by the Guarantor) prior to the time such Relevant Indebtedness was issued or guaranteed.

SECTION 10.8. *Covenant Defeasance of Securities of Any Series.*

(a) Except as otherwise provided as contemplated by Section 2.1 with respect to any series of Securities, the Issuer and the Guarantor may by Board Resolution elect to be released from their respective obligations under any specified provisions of this Indenture applicable to any series of Securities Outstanding, and the provisions so specified in such Board Resolution, as they relate to Outstanding Securities of such series, shall no longer be in effect (“**Covenant Defeasance**”), and the Trustee, at the expense of the Issuer, shall, upon the Order of the Issuer or the Guarantor, execute proper instruments acknowledging the same, when:

(i) the Issuer or the Guarantor has deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 6.9), irrevocably (irrespective of whether the conditions in subparagraphs (ii), (iii), (iv), (v), (vi), (vii) and (viii) below have been satisfied, but subject to the provisions of Section 4.2 and Section 10.3(e)), as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Securities of that series with reference to this Section 10.8, in the case of a series of Securities denominated in United States dollars, United States money or U.S. Government Obligations, and in the case of a series of Securities denominated in a currency other than U.S. dollars, funds in such currency, in each case in an amount which, through the payment of interest and principal in respect thereof in accordance with their terms, in an amount which will provide not later than the opening of business on the due date of any payment referred to in clause (1), (2) or (3) of this subparagraph (i), in the case of a Series of Securities denominated in United States dollars, United States money or U.S. Government Obligations, and in the case of a series of Securities denominated in a currency other than U.S. dollars, funds in such currency, in an amount sufficient, in the opinion of an internationally recognized firm of independent public accountants expressed in a



written certification thereof delivered to the Trustee, to pay and discharge (1) the principal of (and premium, if any), (2) interest on and (3) Additional Amounts, if any, on such Outstanding Securities on the day on which such payments are due and payable in accordance with the terms of this Indenture and of such Securities; and

(ii) such deposit does not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Issuer or the Guarantor is a party or by which either is bound; and

(iii) no Event of Default with respect to the Securities of that series has occurred and is continuing on the date of such deposit and no Event of Default under Section 5.1(e), Section 5.1(f) or Section 5.1(h) is in occurrence and continues on a date which is six months after the date of such deposit; and

(iv) the Issuer or the Guarantor has delivered to the Trustee an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters to the effect that the Holders of the Securities of that series will not recognize income, gain or loss for United States federal income tax purposes as a result of such deposit and Covenant Defeasance and will be subject to United States federal income tax on the same amount and in the same manner and at the same times, as would have been the case if such deposit and Covenant Defeasance had not occurred; and

(v) such Covenant Defeasance shall not cause the Trustee to have a conflicting interest within the meaning of the Trust Indenture Act (assuming all Securities are in default within the meaning of the Trust Indenture Act); and

(vi) such Covenant Defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act; and

(vii) if the Securities of that series are then listed on any securities exchange, the Issuer or the Guarantor has delivered to the Trustee an Opinion of Counsel of recognized standing to the effect that such deposit and Covenant Defeasance will not cause such Securities to be delisted from such exchange; and

(viii) the Issuer or the Guarantor has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel of recognized standing, each stating that all conditions precedent provided for relating to the Covenant Defeasance of the specified provisions of this Indenture as they relate to the Outstanding Securities of such series have been complied with as contemplated by this Section.

(b) From and after the date when the foregoing conditions have been met, the Issuer or the Guarantor, as the case may be, may omit to comply with, and shall have no liability in respect of, any term, covenant, condition or limitation set forth in any of the specified provisions of this Indenture with respect to which the Covenant Defeasance has taken place as contemplated herein, but the remainder of this Indenture and the Securities of any other series will be unaffected thereby.



ARTICLE 11
REDEMPTION OF SECURITIES

SECTION 11.1. *Applicability of Article.* Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 2.1 for Securities of any series) in accordance with this Article.

SECTION 11.2. *Election to Redeem: Notice to Trustee.* The election of the Issuer to redeem any Securities of any series shall be evidenced by a Board Resolution. In case of any redemption at the election of the Issuer of all or less than all the Securities of any series (including any such redemption affecting only a single Security), the Issuer shall, at least 60 days prior to the Redemption Date fixed by the Issuer (unless a shorter notice shall be reasonably satisfactory to the Trustee), notify the Trustee of such Redemption Date, of the principal amount of Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Issuer shall furnish the Trustee with an Officer's Certificate evidencing compliance with such restriction.

SECTION 11.3. *Selection by Trustee of Securities to Be Redeemed.*

- (a) If less than all the Securities of any series are to be redeemed (unless all of the Securities of such series and of a specified tenor are redeemed or unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of a portion of the principal amount of Securities of such series, *provided* that the unredeemed portion of the principal amount of any Security shall be in an authorized denomination which shall not be less than the minimum authorized denomination for such Security. If less than all of the Securities of such series and of a specified tenor are to be redeemed (unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series and specified tenor not previously called for redemption in accordance with the preceding sentence, and the Trustee shall promptly notify the Issuer in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amounts thereof to be redeemed.
- (b) The provisions of the preceding paragraph shall not apply with respect to any redemption affecting only a single Security of a series, whether such Security is to be redeemed in whole or in part. In the case of any such redemption in part, the unredeemed portion of the principal amount of such Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security.
- (c) For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities of a series shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities of such series which has been or is to be redeemed.



SECTION 11.4. *Notice of Redemption.*

(a) Notice of redemption shall be given by first-class mail postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date to each Holder of Securities of the applicable series to be redeemed at his or her address appearing in the Register. All notices of redemption shall state:

- (i) the Redemption Date;
- (ii) the Redemption Price;
- (iii) if less than all the Outstanding Securities of a series consisting of more than a single Security are to be redeemed, the identification (and, in the case of partial redemption of any Securities, the principal amounts) of the particular Securities of that series to be redeemed and if less than all the Outstanding Securities of any series consisting of a single Security are to be redeemed, the principal amount of the particular Securities of that series to be redeemed;
- (iv) that on the Redemption Date the Redemption Price, net of any withholding required by Spanish law and regulations, will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date;
- (v) the place or places where each such Security is to be surrendered for payment of the Redemption Price;
- (vi) that the redemption is for a sinking fund, if such is the case; and
- (vii) the CUSIP and ISIN number or numbers, if any, with respect to such Securities.

(b) Notice of redemption of a series of Securities to be redeemed at the election of the Issuer shall be given by the Issuer or, at the Issuer's request, by the Trustee in the name and at the expense of the Issuer and shall be irrevocable.

SECTION 11.5. *Deposit of Redemption Price.* On or prior to any Redemption Date, the Issuer or the Guarantor, as the case may be, shall deposit with the Trustee or with a Paying Agent (or, if the Issuer or the Guarantor is acting as its own Paying Agent, segregate and hold in trust as provided in Section 10.3) an amount of money sufficient to pay the Redemption Price of all the Securities of the series which are to be redeemed on that date. Upon the deposit with the Trustee or with a Paying Agent of a sum sufficient to pay the Redemption Price of all the Securities of the series which are to be redeemed on that date, the Issuer or the Guarantor, as the case may be, will have fully complied with its payment obligations under this Section 11.5 with respect to any such amount.

SECTION 11.6. *Securities Payable on Redemption Date.*



(a) Notice of redemption having been given as aforesaid, the Securities of any series so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Issuer at the Redemption Price; provided, however, that unless otherwise specified as contemplated by Section 2.1, installments of interest on Securities of a series whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Security, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 2.8.

(b) If any Security of any series called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

SECTION 11.7. *Securities Redeemed in Part.* Any Security of a series which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Issuer or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Issuer shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of principal of the Security so surrendered.

SECTION 11.8. *Early Redemption for Taxation Reasons.*

(a) If, in relation to the Securities of a series, (i) as a result of any change in the laws or regulations of the Kingdom of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issuance of the Securities of such series, (x) the Issuer or the Guarantor, as the case may be, is or would be required to pay any Additional Amounts (y) the Guarantor is or would be required to deduct or withhold tax on any payment to the Issuer to enable the Issuer to make any payment of principal, premium, if any, or interest on the Securities of such series, provided that such payment cannot with reasonable effort by the Guarantor be structured to avoid such deduction or withholding and (ii) such circumstances are evidenced by the delivery by the Issuer or the Guarantor, as the case may be, to the Trustee of a certificate signed by an authorized officer or director of the Issuer or the Guarantor, as the case may be, stating that such circumstances prevail and describing the facts leading to such circumstances, together with an opinion of independent legal advisers of recognized standing to the effect that such circumstances prevail, the Issuer or the Guarantor, as the case may be, may, at its option and upon proper notice as provided in this Indenture, redeem all of the Outstanding Securities at the applicable Redemption Price. No such notice of redemption may be given earlier than 90 days prior to the date on which the Issuer or the Guarantor would be obligated to pay such Additional Amounts were a payment in respect of the Securities then due.



(b) In addition, if so specified pursuant to Section 2.1 in respect of any series of Securities, if such series of Securities is not listed on a regulated market, multilateral trading facility or other organized market no later than 45 days prior to the first Interest Payment Date on such series of Securities, the Issuer or the Guarantor, as the case may be, may, at its respective option and having given no less than 15 days' notice (ending on a day which is no later than the Business Day immediately preceding such first Interest Payment Date) to the Holders of such series of Securities and upon proper notice as provided in this Indenture (which notice shall be irrevocable) redeem all of the outstanding Securities of such series at the applicable Redemption Price; *provided* that from and including the issue date of the Securities of such series to and including such Interest Payment Date, the Issuer will use its reasonable best efforts to obtain or maintain such listing, as applicable.

(c) In the case of any successor Person to the Issuer or the Guarantor, the foregoing provision shall apply *mutatis mutandis* with respect to any jurisdiction in which such successor Person to the Issuer or the Guarantor, as the case may be, is organized, or any political subdivision or taxing authority thereof or therein, except that the change of laws or regulations or interpretations or the administration thereof referred to in Section 11.8(a) above (other than if the relevant jurisdiction is Spain in which case the relevant date remains the date of issuance) must occur on or after the date the successor Person assumes the obligations of the Issuer or Guarantor, as the case may be.

ARTICLE 12 SINKING FUNDS

SECTION 12.1. *Sinking Funds*. Unless otherwise provided in a supplemental indenture for the applicable series of Securities as contemplated by or pursuant to Section 2.1, no series of Securities will be subject to, or credited to the benefit, of any sinking fund.

ARTICLE 13 USA PATRIOT ACT

SECTION 13.1. *USA Patriot Act*. The parties hereto acknowledge that, in accordance with Section 326 of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2011)) (as amended, modified or supplemented from time to time, the "**USA Patriot Act**"), the Trustee is required to obtain, verify and record information that identifies each person or legal entity that opens an account. The parties to this Indenture agree that they will provide the Trustee with such information as the Trustee may request in order for the Trustee to satisfy the requirements of the USA Patriot Act.



IN WITNESS WHEREOF, each of the parties hereto has caused this Indenture to be duly executed on its behalf as of the date first above written.

TELEFÓNICA EMISIONES, S.A.U.,
as Issuer

By: /s/ Eduardo José Álvarez Gómez
Name: Eduardo José Álvarez Gómez
Title: Authorized Officer

TELEFÓNICA, S.A.
as Guarantor

By: /s/ Carlos David Maroto Sobrado
Name: Carlos David Maroto Sobrado
Title: Authorized Officer

The Bank of New York Mellon,
as Trustee

By: /s/ Elizabeth Stern
Name: Elizabeth Stern
Title: Vice President



EXHIBIT A
FORM OF SECURITY CERTIFICATE

TELEFÓNICA EMISIONES, S.A.U.

[%] [Floating / Fixed Rate] Guaranteed [Notes] due

*Payment of Principal [Premium, if any.] and
Interest Fully and Unconditionally Guaranteed by*

TELEFÓNICA, S.A.

No.

CUSIP No.
ISIN No.

[If Global Certificate, insert - UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR DEFINITIVE CERTIFICATES, THIS GLOBAL CERTIFICATE MAY BE TRANSFERRED, IN WHOLE AND NOT IN PART, ONLY: (I) BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY, (II) BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR TO ANOTHER NOMINEE OF THE DEPOSITARY, OR (III) BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY, AND TRANSFERS OF THE SECURITIES REPRESENTED BY THIS GLOBAL CERTIFICATE AND ANY BENEFICIAL INTERESTS IN ANY SECURITIES REPRESENTED BY THIS GLOBAL CERTIFICATE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO BELOW.]

[If Global Certificate deposited with DTC, insert - UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

TELEFÓNICA EMISIONES, S.A.U., a *sociedad anónima unipersonal* incorporated under the laws of the Kingdom of Spain (herein called the “**Issuer**”, which term includes any successor Person under the Indenture referred to hereinafter), for value received, hereby promises to , or registered assigns, the principal sum of , as revised by the Schedule of Increases or Decreases attached hereto, on [If the Security is to bear interest prior to Maturity, insert- .] and to pay interest thereon from , or from the most recent Interest Payment Date to which interest has been paid or duly provided for, [in arrears on , and in each year], commencing , [If fixed rate securities, insert- at the rate of % per annum] [If floating rate securities, insert- formula for determining the interest rate] until the principal hereof is paid or made available for payment [if applicable, insert- provided, that any



principal and premium, and any such installment of interest, which is overdue shall bear interest at the rate of % per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand.] The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such Interest Payment Date, which shall be immediately preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

[If the Security is not to bear interest prior to Maturity, insert - The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption or at Stated Maturity, and in such case the overdue principal and any overdue premium shall bear interest at the rate of % per annum (to the extent that the payment of such interest shall be legally enforceable), from the date such amounts are due until they are paid or made available for payment. Interest on any overdue principal shall be payable on demand. Any such interest on any overdue principal or premium which is not so paid on demand shall bear interest at the rate of % per annum (to the extent that the payment of such interest on interest shall be legally enforceable), from the date of such demand until the amount so demanded is paid or made available for payment. Interest on overdue interest shall be payable on demand.]

[If the issuance is denominated in a currency different from Euro, insert - For informational purposes only, without any substantive effect whatsoever and solely in order to comply with Article 413, letter (d) of the Spanish Law on Corporations (*Ley de Sociedades de Capital*), approved by Royal Decree (*Real Decreto Legislativo*) 1/2010, of July 2, it is hereby noted that, as of the issue date of the Securities represented hereby the principal amount of this series of Securities is equivalent to € , based on the Noon Buying Rate for of \$ per €1.00. Amounts due under the Securities shall not under any circumstances whatsoever be payable in any currency other than or such coin or currency of as at the time of payment shall be legal tender for the payment of public and private debts.]

[shall act as Paying Agent with respect to the Securities of this series.]

Reference is hereby made to the further provisions of the Securities of this series set forth on the reverse of this Security Certificate, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof, directly or through an Authenticating Agent, by manual signature of an authorized signatory, the Securities represented by this Security Certificate shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.



[The public deed of issuance (*escritura de emisión*) related to the Securities represented hereby was executed on _____ before
, Notary Public of Madrid with the number _____ of the files.]



IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed manually [or in facsimile].

Dated: TELEFÓNICA EMISIONES, S.A.U.

By: _____
Name:
Title: Director (*Administrador Solidario*)

CERTIFICATE OF AUTHENTICATION

This is one of the Security Certificates representing the Securities of the series designated thereon referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Name:
Title:

This Security Certificate is unconditionally and irrevocably guaranteed by Telefónica, S.A. on the terms set forth in the within-mentioned Guarantee pursuant to the Indenture.

TELEFÓNICA, S.A.

By: _____
Name:
Title:



FORM OF REVERSE OF SECURITY

This Security Certificate is one of the Security Certificates representing a duly authorized issue of securities of the Issuer (herein called the “**Securities**”), issued and to be issued in one or more series under an Indenture, dated as of (herein called the “**Indenture**” which term shall have the meaning assigned to it in such instrument), among the Issuer, Telefónica, S.A., a sociedad anónima incorporated under the laws of the Kingdom of Spain (herein called the “**Guarantor**”, which term includes any successor Person under the Indenture referred to herein), and The Bank of New York Mellon, as Trustee (herein called the “**Trustee**”, which term includes any other successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Issuer, the Guarantor, the Trustee and the Holders of the Securities and of the terms upon which each Security Certificate representing the Securities is, and is to be, authenticated and delivered. This Security Certificate represents the Securities of the series designated on the face hereof [, limited in aggregate principal amount to [insert currency and amount]], as revised by the Schedule of Increases or Decreases attached hereto.

[If further issues are contemplated, insert - The Issuer may from time to time, without the consent of the Holders of Securities of this series, create and issue further securities having the same terms and conditions as the previously issued Securities of this series in all respects (or in all respects except for the issue date, the first payment of interest thereon and/or the issue price), so that such further issue shall be consolidated and form a single series with the outstanding Securities of this series; provided, however, that, for U.S. federal income tax purposes, any such further issuance will only be made if either such additional securities are issued with no more than de minimis original issue discount or any such further issuance is a “qualified reopening” as such term is defined under U.S. Treasury Regulations Section 1.1275-2(k)(3) promulgated under the U.S. Internal Revenue Code of 1986, as amended.]

[If applicable insert - The Securities of this series are subject to redemption upon not less than 30 and not more than 60 days’ notice by mail, at any time, as a whole or in part, at the election of the Issuer or the Guarantor at a Redemption Price which is equal to [Specify provisions for determining the Redemption Price].

[If applicable, insert - The Securities of this series are subject to redemption upon not less than 30 and not more than 60 days’ notice by mail, [If applicable, insert - (1) on in any year commencing with this year and ending with the year through operation of the sinking fund for this series at a Redemption Price equal to [Insert formula for determining amount] (with the amount in excess of 100% of the principal amount being additional interest), and (2)] at any time [If applicable, insert - on or after], as a whole or in part, at the election of the Issuer, at the following Redemption Prices (expressed as percentages of the principal amount): If redeemed [If applicable, insert - on or before , %, and if redeemed] during the 12-month period beginning of the years indicated,

<u>Year</u>	<u>Redemption Price</u>	<u>Year</u>	<u>Redemption Price</u>
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and thereafter at a Redemption Price equal to % of the principal amount, together in the case of any such redemption [If applicable, insert - (whether through operation of the sinking fund or otherwise)] with accrued interest to the Redemption Date, but interest installments whose



Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[If applicable, insert - The Securities of this series are subject to redemption upon not less than 30 and not more than 60 days' notice by mail, (1) on in any year commencing with the year and ending with the year through operation of the sinking fund for this series at the Redemption Prices for redemption through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below, and (2) at any time [If applicable, insert - on or after], as a whole or in part, at the election of the Issuer, at the Redemption Prices for redemption otherwise than through operation of the sinking fund (expressed as percentages of the principal amount, with the amount in excess of 100% of the principal amount being additional interest) set forth in the table below: If redeemed during the 12-month period beginning of the years indicated,

<u>Year</u>	Redemption Price for Redemption Through Operation of the Sinking Fund	Redemption Price for Redemption Otherwise Than Through Operation of the Sinking Fund
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and thereafter at a Redemption Price equal to % of the principal amount, together in the case of any such redemption (whether through operation of the sinking fund or otherwise) with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[If applicable, insert - Notwithstanding the foregoing, the Issuer may not, prior to , redeem any Securities of this series as contemplated by [If applicable, insert - Clause (2) of] the preceding paragraph as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an interest cost to the Issuer (calculated in accordance with generally accepted financial practice) of less than % per annum.]

[If applicable, insert - The sinking fund for this series of Securities provides for the redemption on in each year beginning with the year and ending with the year of [If applicable, insert - not less than [insert currency and amounts] (“mandatory sinking fund”) and not more than [Insert currency and amount] aggregate principal amount of Securities of this series. Securities of this series acquired or redeemed by the Issuer otherwise than through [If applicable, insert - mandatory] sinking fund payments may be credited against subsequent [If applicable, insert - mandatory] sinking fund payments otherwise required to be made [If applicable, insert - in the inverse order in which they become due].]

[If applicable, insert - The Securities may be redeemed upon not less than 30 nor more than 60 days' notice given as provided in the Indenture, if (i) as a result of any change in the laws or regulations of the Kingdom of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issuance of the Securities, (x) the Issuer or the Guarantor, as the case may be, is or would be required to pay any



Additional Amounts (y) the Guarantor is or would be required to deduct or withhold tax on any payment to the Issuer to enable the Issuer to make any payment of principal, premium, if any, or interest on the Securities and such payment cannot with reasonable effort by the Guarantor be structured to avoid such deduction or withholding and (ii) such circumstances are evidenced by the delivery by the Issuer or the Guarantor, as the case may be, to the Trustee of a certificate signed by an authorized officer or director of the Issuer or the Guarantor, as the case may be, stating that such circumstances prevail and describing the facts leading to such circumstances, together with an opinion of independent legal advisers of recognized standing to the effect that such circumstances prevail, at a Redemption Price equal to [their principal amount, together with accrued interest, if any, thereon to but excluding the Redemption Date] [*insert other formula for determining Redemption Price*].]

[*If applicable, insert* - If this series of Securities is not listed on a regulated market, multilateral trading facility or other organized market no later than days prior to the first Interest Payment Date on this series of Securities, the Issuer or the Guarantor, as the case may be, may, at its respective option and having given no less than 15 days' notice (ending on a day which is no later than the Business Day immediately preceding such first Interest Payment Date) to the Holders of this series of Securities and upon proper notice as provided in the Indenture, (which notice shall be irrevocable), redeem all of the outstanding Securities of this series at their principal amount, together with accrued interest, if any, thereon to but not including the Redemption Date; *provided* that from and including the issue date of the Securities of this series to and including such Interest Payment Date, the Issuer will use its reasonable best efforts to obtain or maintain such listing, as applicable.]

[*If applicable, insert* - The Redemption Price of the Securities shall be equal to the applicable percentage of the principal amount at Stated Maturity set forth below:

If Redemption During the 12-Month Period Commencing

Redemption Price

together with, in each case (except if the Redemption Date shall be a _____), an amount equal to the applicable Redemption Price multiplied by a fraction the numerator of which is the number of days from but not including the preceding _____ to and including the Redemption Date multiplied by the difference between the Redemption Price applicable during the 12 months beginning on the following the Redemption Date (or, in the case of a Redemption Date after _____, 100%) and the Redemption Price applicable on the Redemption Date and the denominator of which is the total number of days from but not including the preceding the Redemption Date to and including the next succeeding _____. The Issuer will also pay to each eligible Holder, or make available for payment to each such Holder, on the Redemption Date any additional interest (as set forth [on the face hereof or] in the Guarantee endorsed hereon) resulting from the payment of such Redemption Price.]

[*If applicable, insert* - The Redemption Price of the Securities either in the event of certain changes in the tax treatment or in an event of default would include, in addition to the rate amount of the Security, an amount equal to the Original Issue Discount accrued since the issue date. Original Issue Discount (the difference between the Issue Price and the Principal Amount at Maturity of the Security), in the period during which a Security remains outstanding, shall accrue at _____ % per annum, on a semi-annual bond equivalent basis using a 360-day year composed of twelve 30-day months, commencing on the issue date of this Security.]



[If applicable, insert - Notice of redemption will be given by mail to Holders of Securities, not less than 30 nor more than 60 days prior to the date fixed for redemption, all as provided in the Indenture.]

[If the Security is subject to redemption of any kind, insert - In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.]

[If applicable, insert - The Indenture contains provisions for defeasance at any time of the entire indebtedness on this Security upon compliance by the Issuer or the Guarantor with certain conditions set forth thereon, which provisions apply to this Security.]

[If applicable, insert - Subject to and upon compliance with the provisions of the Indenture, the Holder of this Security is entitled, at his option, at any time after _____, to convert this Security into [describe Securities and conversion mechanics including, as applicable, the limitations(s), if any, necessitated by Spanish law and regulations governing the collection of Beneficial Owner Information and related withholding].]

[If applicable, insert - In the event of conversion of this Security in part only a new Security or Securities of this series and of like tenor for the unconverted portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof but subject to the constraints, if any, of Spanish law and regulations governing the collection of Beneficial Owner Information and related withholding.]

[If the Security is an Original Issue Discount Security, insert - If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.]

[If the Security is an Original Issue Discount Security, insert - If an Event of Default with respect to Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to - *insert formula for determining the amount*. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal, premium and interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Issuer's obligations in respect of the payment of the principal of and if any, on the Securities of this series shall terminate.]

[All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Securities of this series and the related Guarantee by the Issuer or the Guarantor will be made free and clear of and 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 Kingdom of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In the event that such withholding or deduction is required by law, the Issuer or the Guarantor shall pay such Additional Amounts as will result in receipt by the Holders of such series of Securities of such amounts as would have been received by them had no such withholding or deduction been required; *provided, however*, that the Issuer and the Guarantor will not be required to pay any Additional Amounts in respect of any Security of this series:



- (1) in respect of which the Holder (or the Beneficial Owner for whose benefit it holds such Security) is liable for such taxes, duties, assessments or governmental charges in respect of such Security by reason of it (or the Beneficial Owner for whose benefit it holds such Security) having some connection with the Kingdom of Spain other than the mere holding of such Security (or such beneficial interest);
- (2) in respect of which the Issuer or the Guarantor have not received such information as may be necessary to allow payments on such Security to be made free and clear of Spanish withholding tax or deduction on account of Spanish taxes, including a duly executed and completed payment statement from the Paying Agent, pursuant to Law 10/2014 of June 26 and Royal Decree 1065/2007 of July 27, each as amended, and any implementing legislation or regulation, or pursuant to any other law or regulation substituting or amending such law or regulation;
- (3) in relation to any estate, inheritance, gift, sales, transfer or similar taxes;
- (4) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below), except to the extent that the relevant Holder would have been entitled to such Additional Amounts on presenting the same for payment on the expiry of such period of 30 days;
- (5) presented for payment (where presentation is required) by or on behalf of a Holder (or Beneficial Owner) who would have been able to avoid such withholding or deduction by presenting the relevant Security to another paying agent;
- (6) in the event that such Security is redeemed pursuant to Section 11.8(b) of the Indenture; or
- (7) in respect of any withholding or deduction that is imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations thereunder ("FATCA"), any intergovernmental agreement between the United States and any other jurisdiction implementing or relating to FATCA, any law, regulation, guidance or interpretations enacted or issued in any jurisdiction with respect thereto, or any agreements entered into in connection with the implementation thereof,

provided further that Additional Amounts in respect of the Securities of this series will also not be paid with respect to any payment to a Holder of any Securities of such series who is a fiduciary, a partnership, a limited liability company or other than the sole Beneficial Owner of that payment, to the extent that payment would be required by the laws of the Kingdom of Spain (or any political subdivision thereof or any authority or agency therein or thereof having power to tax) to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a Beneficial Owner who would not have been entitled to the Additional Amounts had it been the Holder.

"Relevant Date" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by



the Paying Agent on or prior to such due date, it means the first date on which the full amount of such moneys having been so received and being available for payment to Holders, notice to that effect shall have been duly given to the Holders in accordance with the Indenture.

The foregoing provisions shall apply *mutatis mutandis* to any withholding or deduction for or on account of any present or future taxes, assessments or governmental charges of whatever nature of any jurisdiction in which any successor Person to the Issuer or the Guarantor, as the case may be, is organized, or any political subdivision or taxing authority thereof or therein.]

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the Guarantor and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Issuer, the Guarantor and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Issuer or the Guarantor with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange wherefore or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in the Indenture, the Issuer shall cause to be kept at the Corporate Trust Office of the Trustee a Register in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Securities of this series and of transfers of Securities of such series.

No service charge shall be made for any such registration of transfer or exchange, but the Issuer or the Trustee may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith other than as set forth in the Indenture.

Prior to due presentment of this Security Certificate for registration of transfer of a Security represented thereby, the Issuer, the Guarantor, the Trustee and any agent of the Issuer, the Guarantor or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of and any premium and (subject to Section 2.8 of the Indenture) any interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Issuer, the Guarantor, the Trustee nor any agent of the Issuer, the Guarantor or the Trustee shall be affected by notice to the contrary.

Pursuant to Section 5-1401 of the General Obligations Law of the State of New York, the Indenture, the Securities and the Guarantees shall be governed by, and construed in accordance with, the laws of the State of New York.

[The Securities will be deemed to have been issued in the State of New York.]

All terms used in this Security Certificate which are defined in the Indenture shall have the meanings assigned to them in the Indenture.



FORM OF SCHEDULE OF INCREASES OR DECREASES IN SECURITY CERTIFICATE

The initial principal amount of this Security Certificate is \$. The following increases or decreases in this Security Certificate have been made:

Date of Increase/Decrease	Amount of Decrease in Principal Amount of this Security Certificate	Amount of Increase in Principal Amount of this Security Certificate	Principal amount of this Security Certificate following such decrease or increase	Signature of authorized signatory of Trustee or Paying Agent



EXHIBIT B
FORM OF GUARANTEE

For value received, Telefónica, S.A., a *sociedad anónima* organized under the laws of the Kingdom of Spain, having its registered office at Distrito Telefónica, Ronda de la Comunicación, s/n, 28050 Madrid, Spain (herein called the “**Guarantor**” which term includes any successor Person under the Indenture referred to in the Security Certificate representing the Securities of any series upon which this Guarantee is endorsed), hereby unconditionally and irrevocably guarantees to the Holders of the Securities of any series represented by each Security Certificate upon which this Guarantee is endorsed and to the Trustee, in its individual and trust capacities, and on behalf of each such Holder, the due and punctual payment of the principal of, premium, if any, and interest and all other amounts due under the Indenture and the Securities of any such series and [*If applicable, insert - the due and punctual payment of the sinking fund or analogous payments referred to therein, if any,*] when and as the same shall become due and payable, whether at the Stated Maturity, by declaration of acceleration, call for redemption or otherwise, on an unsubordinated and unconditional basis according to the terms thereof and of the Indenture referred to therein. In case of the failure of Telefónica Emisiones, S.A.U. (the “**Issuer**”, which term includes any successor Person under such Indenture), punctually to make any such payment of principal, premium, if any, and interest and all other amounts due under the Indenture and on such Securities of any such series and [*If applicable, insert - and any sinking fund or analogous payment,*] the Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise, and as if such payment were made by the Issuer.

[*If not applicable delete -* The Guarantor hereby further agrees that any amounts to be payable by the Guarantor under this Guarantee (whether in respect of principal, redemption amount, interest or otherwise) will be made free and clear of and 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 Kingdom of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax shall at any time, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. Subject to the exceptions set forth in Section 10.4 of the Indenture, in the event that such withholding or deduction is required by law, the Guarantor shall pay such Additional Amounts as will result in receipt by Holders of the Securities of any such series of such amounts as would have been received by them had no such withholding or deduction been required.]

The Guarantor hereby agrees that its obligations hereunder shall be as if it were principal debtor and not merely surety, and shall be absolute, full and unconditional, irrespective of, and shall be unaffected by, any invalidity, irregularity or unenforceability of such Securities of any such series or the Indenture, any failure to enforce the provisions of such Securities of any such series or the Indenture, or any waivers, modification or indulgence granted to the Issuer in respect thereof by the Holders of such Securities of any such series or the Trustee or any other circumstance which may otherwise constitute a legal or equitable discharge of a surety or guarantor; *provided, however,* that, notwithstanding the foregoing, no such waiver, modification or indulgence shall, without the consent of the Guarantor, increase the principal amount of such Securities of any such series, or increase the interest rate thereon, or increase any premium



payable upon redemption thereof, or change the currency of payment thereon, or change the provisions relating to payments of Additional Amounts thereon, or alter the Stated Maturity thereof or increase the principal amount of any Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the maturity thereof pursuant to Section 5.2 of the Indenture. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Issuer, the benefits of *orden*, *división* and *excusión* under Spanish law, any right to require a proceeding first against the Issuer, protest or notice with respect to such Security or the indebtedness evidenced thereby [*If applicable, insert - or with respect to any sinking fund or analogous payment required under such Securities of any such series*] and all demands whatsoever, and covenants that this Guarantee will not be discharged except by payment in full of the principal of, premium, if any, and interest (including Additional Amounts, if any) on such Securities of any such series and the Guarantor shall have fully performed all its obligations in accordance with the provisions of the Securities of any such series, this Guarantee and the Indenture; after such time, this Guarantee shall not be valid or obligatory for any purpose.

The Guarantor shall be subrogated to all rights of the Holders of such Securities of any such series and the Trustee against the Issuer in respect of any amounts paid to such Holders by the Guarantor pursuant to the provisions of this Guarantee; *provided, however*, that the Guarantor shall not be entitled to enforce, or to receive any payments arising out of or based upon such right of subrogation until the principal of, premium, if any, and interest (including Additional Amounts, if any) on all Securities of any such series issued under the Indenture shall have been paid in full.

No reference herein to the Indenture and no provision of this Guarantee or of the Indenture shall alter or impair the guarantee of the Guarantor, which is absolute and unconditional, of the due and punctual payment of the principal of, premium on, if any, [*If applicable, insert - and interest (including Additional Amounts, if any) on, and any sinking fund or analogous payments with respect to,*] the Securities of any such series represented by each Security Certificate upon which this Guarantee is endorsed.

The obligations of the Guarantor under this Guarantee shall, without any further act or thing being required to be done or to occur, extend to the obligations of any successor Person who is not the Guarantor arising in respect of the Securities of any such series by virtue of a substitution pursuant to the Indenture.

The obligations of the Guarantor in respect of the Securities of any such series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and will rank *pari passu* without any preference among such obligations of the Guarantor in respect of the Securities of any such series and at least *pari passu* with all other unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future; *provided* that the obligations of the Guarantor in respect of the Securities of any such series will be effectively subordinated to those obligations that are preferred under Law 22/2003 (*Ley Concursal*) dated July 9, 2003 regulating insolvency proceedings in the Kingdom of Spain.

This Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication with respect to each Security Certificate representing the Securities of any such series on which this Guarantee has been endorsed shall have been manually executed by or on behalf of the Trustee under the Indenture.



All terms used in this Guarantee, which are defined in the Indenture, shall have the meanings assigned to them in the Indenture.

The Guarantee shall be governed by and construed in accordance with the laws of the State of New York.



Executed and dated as of the date hereof:

TELEFÓNICA, S.A.,

By: _____

Name:

Title:

Date:

B-4

**Exhibit 5.1**

New York	Paris
Northern California	Madrid
Washington DC	Tokyo
São Paulo	Beijing
London	Hong Kong

Davis Polk

Davis Polk & Wardwell LLP 91 768 9600 tel
Paseo de la Castellana, 41 91 768 9700 fax
28046 Madrid

April 20, 2018

Telefónica, S.A.
Distrito Telefónica, Ronda de la Comunicación, s/n
28050 Madrid
Spain

Telefónica Emisiones, S.A.U.
Distrito Telefónica, Ronda de la Comunicación, s/n
28050 Madrid
Spain

Ladies and Gentlemen:

Telefónica, S.A., a *sociedad anónima* organized under the laws of the Kingdom of Spain (“**Telefónica**”), and Telefónica Emisiones, S.A.U., a *sociedad anónima unipersonal* organized under the laws of the Kingdom of Spain (“**Telefónica Emisiones**”), are filing with the United States Securities and Exchange Commission a Registration Statement on Form F-3 (the “**Registration Statement**”) and the related Prospectus (the “**Prospectus**”) for the purpose of registering under the United States Securities Act of 1933, as amended (the “**Securities Act**”), an indeterminate amount of the following securities: (i) ordinary shares of Telefónica, including in the form of American Depositary Shares; (ii) rights to subscribe for ordinary shares of Telefónica; (iii) debt securities of Telefónica Emisiones (the “**Debt Securities**”), fully and unconditionally guaranteed by Telefónica, and which may be issued pursuant to an Indenture (the “**Indenture**”) dated April 20, 2018 among Telefónica Emisiones, Telefónica and The Bank of New York Mellon, as trustee (the “**Trustee**”); and (iv) the guarantee of each such series of Debt Securities by Telefónica (the “**Guarantee**”). The Guarantee may be issued under a separate guarantee, the form of which is included in the Indenture, to be entered into by Telefónica prior to the issuance of the respective Debt Securities.

We, as your special United States counsel, have examined originals or copies of such documents, corporate records, certificates of public officials and other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion.

In rendering the opinions expressed herein, we have, without independent inquiry or investigation, assumed that (i) all documents submitted to us as originals are authentic and complete, (ii) all documents submitted to us as copies conform to authentic, complete originals, (iii) all documents filed as exhibits to the Registration Statement that have not been executed will conform to the forms thereof, (iv) all signatures on all documents that we reviewed are genuine, (v) all natural persons executing documents had and have the legal capacity to do so, (vi) all



statements in certificates of public officials and officers of Telefónica Emisiones and Telefónica that we reviewed were and are accurate and (vii) all representations made by Telefónica Emisiones and Telefónica as to matters of fact in the documents that we reviewed were and are accurate.

Based upon the foregoing, and subject to the additional assumptions and qualifications set forth below, we advise you that, in our opinion, assuming that (i) the Indenture and any supplemental indenture to be entered into in connection with the issuance of any Debt Securities have been duly authorized, executed and delivered by Telefónica Emisiones, Telefónica and the Trustee; (ii) the specific terms of a particular series of Debt Securities and the related Guarantee have been duly authorized and established in accordance with the Indenture; and (iii) such Debt Securities and the related Guarantee have been duly authorized, executed, authenticated, issued and delivered in accordance with the Indenture and the applicable underwriting or other agreement against payment therefor, such Debt Securities will constitute valid and binding obligations of Telefónica Emisiones, and the related Guarantee will constitute valid and binding obligations of Telefónica, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability, and may be subject to possible judicial or regulatory actions giving effect to governmental actions or foreign laws affecting creditors' rights, provided that we express no opinion as to the validity, legally binding effect or enforceability of any provision that permits holders to collect any portion of stated principal amount upon acceleration of such Debt Securities to the extent determined to constitute unearned interest.

In connection with the opinion expressed above, we have assumed that at or prior to the time of the delivery of any Debt Securities or Guarantee, as the case may be, (i) the Board of Directors of Telefónica Emisiones and the Board of Directors of Telefónica, as the case may be, shall have duly established the terms of such Debt Securities and Guarantee, as the case may be, and duly authorized the issuance and sale of such Debt Securities and Guarantee, as the case may be, and such authorization shall not have been modified or rescinded; (ii) each of Telefónica Emisiones and Telefónica is, and shall remain, validly existing as a corporation under the laws of Spain; (iii) the Registration Statement shall have become effective and such effectiveness shall not have been terminated or rescinded; (iv) the Indenture, the Debt Securities and the Guarantee are each valid, binding and enforceable agreements of each party thereto (other than as expressly covered above in respect of Telefónica Emisiones and Telefónica); and (v) there shall not have occurred any change in law affecting the validity or enforceability of such Debt Securities and Guarantee, as the case may be. We have also assumed that the terms of any Debt Security or Guarantee which are established subsequent to the date hereof, and the issuance, execution, delivery and performance by Telefónica Emisiones of any such Debt Security and by Telefónica of any such Guarantee (a) require no action by or in respect of, or filing with, any governmental body, agency or official and (b) do not contravene, or constitute a default under, any provision of applicable law or public policy or regulation or any judgment, injunction, order or decree or any agreement or other instrument binding upon Telefónica Emisiones or Telefónica, as the case may be.

We are members of the Bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York and the federal laws of the United States. Insofar as the foregoing opinion involves matters governed by the laws of Spain, we have relied, without independent inquiry or investigation, on the opinion of Uría Menéndez Abogados, S.L.P. dated April 20, 2018, filed as Exhibit 5.2 to the Registration Statement.



We hereby consent to the filing of this opinion as an exhibit to the Registration Statement referred to above and further consent to the reference to our name under the caption "Legal Matters" in the Prospectus. In giving this consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act.

Very truly yours,

/s/ Davis Polk & Wardwell LLP



TELEFÓNICA, S.A.

Distrito Telefónica, Ronda de la Comunicación, S/N
28050 Madrid
Spain

TELEFÓNICA EMISIONES, S.A.U.

Distrito Telefónica, Ronda de la Comunicación, S/N
28050 Madrid
Spain

Madrid, April 20, 2018

Dear Sirs,

TELEFÓNICA EMISIONES, S.A.U. - TELEFÓNICA, S.A.

Registration Statement on form F-3

We have acted as Spanish counsel to Telefónica, S.A. (“**Telefónica**”) and Telefónica Emisiones, S.A.U. (“**Telefónica Emisiones**”), for purposes, among others, of issuing a legal opinion addressed to you in connection with the preparation and filing with the United States Securities and Exchange Commission (the “**Commission**”) under the United States Securities Act of 1933, as amended (the “**Securities Act**”), of Telefónica Emisiones’s and Telefónica’s registration statement on Form F-3 dated April 20, 2018 (the “**Registration Statement**”) relating to the offering from time to time, as set forth in the Registration Statement of: (i) Telefónica Emisiones’s unsecured, non-convertible debt securities (the “**Notes**”), which will be fully and unconditionally guaranteed by Telefónica; (ii) such guarantee by Telefónica of the Notes (the “**Guarantee**”); (iii) Telefónica’s ordinary shares (the “**Shares**”); and (iv) rights to subscribe for the Shares (the “**Rights**”).

A. Documents reviewed

In arriving at our opinions, we have reviewed the following documents:

- (a) a copy of the Registration Statement;
- (b) a copy of the indenture entered into by Telefónica Emisiones, Telefónica and Bank of New York Mellon on April 20, 2018 (the “**Indenture**”), which includes a form of Guarantee and a form of Note;



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- (c) the information publicly available on the website of the Spanish Central Commercial Registry (*www.rmc.es*) with respect to Telefónica Emisiones and Telefónica on April 20, 2018;
- (d) a copy of the articles of association (*estatutos*) of Telefónica, as publicly available at the web page of Telefónica (*www.telefonica.com*) on April 20, 2018;
- (e) a certification with respect to Telefónica regarding its due existence and the composition of its Board of Directors issued by the Commercial Registry of Madrid on February 12, 2018 and a literal certification with respect to Telefónica Emisiones issued by the Commercial Registry of Madrid on February 12, 2018;
- (f) a copy of a certification of certain resolutions passed by Telefónica as sole shareholder (*accionista único*) of Telefónica Emisiones on April 13, 2018;
- (g) a copy of a certification of certain resolutions approved by the General Shareholders' Meeting of Telefónica on June 9, 2017;
- (h) a copy of a certification of certain resolutions approved by the Board of Directors of Telefónica at its meeting held on June 9, 2017; and
- (i) a copy of a certification of certain resolutions approved by the Executive Commission of Telefónica at its meeting held on March 21, 2018.

The Registration Statement, the Indenture, the Notes and the Guarantee will be hereinafter collectively referred to as the “**Documents**”.

B. Assumptions

Our opinions are based on the following assumptions:

- (a) All signatures, stamps and seals on the documents reviewed are genuine.
- (b) The original documents we have received are authentic and complete. Any copies we have received are complete and correspond to the originals.
- (c) The draft documents reviewed are the same as the documents that were executed and approved.
- (d) All the parties to the Documents (other than Telefónica and Telefónica Emisiones) have been duly organized and validly exist under the laws of their respective countries of incorporation.
- (e) All the parties to each of the Documents (other than Telefónica and Telefónica Emisiones) have, or will have, as applicable, the corporate power and authority to validly and effectively perform the transactions contemplated therein and to be a party to the Documents, and the Documents have been signed, or will be signed, by an individual or individuals who have, or will have, as applicable, sufficient capacity to



validly and effectively bind the parties to the same and compliance with that established in the Documents is, or will be, within the legal capacity of each of the parties thereto (other than Telefónica and Telefónica Emisiones).

- (f) Each person who signed or signs the Documents on behalf of Telefónica or Telefónica Emisiones had, or will have, as applicable, the legal capacity (*capacidad de obrar*) to do so at the time, and were not, or will not be, legally disqualified from doing so.
- (g) The Documents have been, or will be, as applicable, executed and delivered by Mr. José María Álvarez-Pallete López, Mr. Pablo de Carvajal González, Ms. Laura Abasolo García de-Baquedano, Mr. Jesús Romero Albarracín, Ms. María Luz Medrano Aranguren, Mr. Eduardo José Álvarez Gómez, Mr. Carlos David Maroto Sobrado, Mr. Daniel Rodríguez-Malo García or Mr. Javier Campillo Díaz on behalf of Telefónica and by Mr. Eduardo José Álvarez Gómez or Mr. Francisco Javier Ariza Garrote, joint and several directors of Telefónica Emisiones (*administradores solidarios*), on behalf of Telefónica Emisiones, and by each of the other parties thereto, in the form conforming to the final draft reviewed by us.
- (h) All the documents that should have been filed with the Commercial Registry of Madrid by Telefónica and Telefónica Emisiones had been filed and registered on or before the date of our search, and subsequent to this no other documents that bear any relation to the opinions expressed in this legal opinion have been filed or registered.

The content of the certifications issued by the Commercial Registry of Madrid in relation to Telefónica and Telefónica Emisiones on February 12, 2018, and the online excerpts downloaded from the website of the Spanish Central Commercial Registry (www.rmc.es) in relation to Telefónica and Telefónica Emisiones on the date of this legal opinion accurately reflect the registered information about Telefónica and Telefónica Emisiones.

The information held at the Commercial Registry is assumed to be correct and valid pursuant to article 7 of the Commercial Registry Rules.

- (i) The certificates reviewed are true and accurate and correspond to resolutions that have been validly approved in duly convened, constituted and quorate meetings.
- (j) There are and there will be no contractual or other limitations that bind any of the parties and that are included in any document that we have not reviewed but that could affect this opinion, nor are there any agreements between the parties to the Documents which fully or partially annul, modify or supersede the content of such documents.
- (k) There are and there will be no decisions or resolutions of the governing bodies of Telefónica or Telefónica Emisiones that revoke or amend the decisions and resolutions reviewed.
- (l) There are and there will be no factual circumstances that have not been disclosed to us and that could affect this legal opinion.



- (m) The articles of association (*estatutos sociales*) of Telefónica and Telefónica Emisiones that we have reviewed are those in force on the date of this legal opinion.
- (n) The Documents create, or will create, legal, valid, binding and enforceable obligations for each party to the Documents under the laws of the State of New York and United States Federal law, as applicable, and the obligations of Telefónica under the Guarantee constitute, under the laws of the State of New York, an irrevocable and unconditional guarantee of Telefónica, and under the Guarantee the holders of the Notes may enforce the Guarantee directly against Telefónica, the obligations of Telefónica are independent of the obligations of Telefónica Emisiones and Telefónica shall be liable as principal and sole debtor (*garantía solidaria e irrevocable*).
- (o) The obligations deriving from the Documents that must be complied with in a jurisdiction other than Spain, or that could be affected in any way by the laws of such other jurisdiction, will not be invalid or ineffective by virtue of the said laws, or contrary to its public policy.
- (p) The proceeds of the issuance of any series of Notes, net of management and issuance costs, will be permanently invested with Telefónica and directly assigned to the risks and financial situation of Telefónica and its consolidated group.
- (q) The aggregate principal amount of Notes to be issued pursuant to the Indenture and any indenture supplemental thereto, does not exceed and will not exceed the maximum aggregate principal amount of Notes authorized to be issued and guaranteed by Telefónica Emisiones and Telefónica, respectively, pursuant to the resolutions referred to under A.(f) through A.(i) above.
- (r) The Notes and the Guarantee will be issued, executed and delivered pursuant to the terms of the Indenture.

Where we have not independently verified facts material to the opinions, we have examined and relied on certifications issued by duly authorized representatives of Telefónica and Telefónica Emisiones.

C. Opinion

We do not represent ourselves to be familiar with the laws of any jurisdiction other than Spain as they stand at present and therefore express no opinion on matters arising under any laws other than the laws of Spain currently in force. This legal opinion is issued on the basis that all related-matters will be governed by, and construed in accordance with Spanish law, and that all matters between the addressees of this legal opinion and ourselves (in particular, those regarding interpretation) will be brought before the Spanish courts.



Our involvement in the transaction described has been limited to our role as Spanish counsel to Telefónica and Telefónica Emisiones, and we therefore assume no obligation to advise any other party to the transaction. Furthermore, we assume no obligation to advise you or any other party of any changes to the law or facts that may occur after today's date, regardless of whether they affect the legal analysis or conclusions in this legal opinion.

Legal concepts are expressed in the documents in English terms and may not be identical or equivalent to the Spanish legal terms used.

Based on the above, and subject to the additional exceptions, limitations and qualifications set out below, it is our opinion that:

1. Valid existence

Each of Telefónica and Telefónica Emisiones were duly incorporated and validly exist as a "*sociedad anónima*" under the laws of Spain.

2. Corporate power

Telefónica Emisiones has the corporate power to issue the Notes.

Telefónica has the corporate power to issue the Shares and Rights and to execute the Guarantee.

3. Due authorization of the Notes and the Guarantee

The issue of the Notes has been duly authorized by Telefónica Emisiones.

The execution of the Guarantee has been duly authorized by Telefónica.

4. Due authorization and valid issuance of the Shares and the Rights

When (i) the General Shareholders' Meeting of Telefónica and, should it be the case, its Board of Directors, as requisite corporate action on the part of Telefónica, has resolved to increase the share capital of Telefónica; (ii) the disbursement of the Shares,



as resolved by the competent governing body of Telefónica and in compliance with any applicable securities law or regulations, has taken place; (iii) a capital increase public deed (*escritura de aumento de capital*) has been executed and registered with the Commercial Registry; and (iv) the Shares have been recorded with the Spanish Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR), the Shares will be duly authorized by Telefónica, fully paid, non-assessable and validly issued under the existing laws of Spain.

When (i) the General Shareholders' Meeting of Telefónica and, should it be the case, its Board of Directors, as requisite corporate action on the part of Telefónica, have resolved to issue new Shares; (ii) the shareholders of Telefónica have been entitled to exercise the right to subscribe a number of Shares proportional to the nominal value of the Shares which each of them own, in compliance with applicable securities law or regulations, except as otherwise excluded by the referred corporate resolutions and within such period as may be granted to them for such purpose by Telefónica's directors (which shall not be less than fifteen days from publication of the advertisement offering the new issue for subscription in the "Official Companies Registry Gazette"); and (iii) the Rights have been recorded with the Spanish Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR), the Rights will be duly authorized by Telefónica and validly issued and binding under the existing laws of Spain.

D. Qualifications

The opinions above are subject to the following:

- (a) Our opinions above are issued subject to: (i) the effects and outcome of transactions that may derive from insolvency, pre-insolvency mechanisms or any other similar proceedings that generally affect the rights of all or some creditors, including those that do not fall under judicial insolvency proceedings (in particular, but not limited to, transactions that may derive from articles 5 bis, 71 and 71 bis, and the fourth additional provision of Law 22/2003 of July 9, 2003 on Insolvency (the "**Insolvency Law**")); as well as to (ii) any principles of public policy (*orden público*).
- (b) Notwithstanding the general qualification set forth in the preceding paragraph, the credit rights of creditors that are considered "closely related" to the insolvent debtor will be subordinated pursuant to article 92.5 of the Insolvency Law (for example, because the creditor holds an interest in the insolvent debtor or is part of the same group, the creditor is a director of the insolvent debtor or may be considered a "de facto" director of the same, or the creditor is the assignee or successor of credit rights previously held by any of the foregoing).

After the amendment of the Insolvency Law pursuant to Royal Decree-Law 3/2009 of March 27, it has been clarified that credit rights against Telefónica Emisiones arising from the Notes benefiting of the Guarantee will not be classified as subordinated obligations, provided that the holders of the Notes are not especially related persons.



- (c) The above references to the legislation on insolvency proceedings and other similar proceedings are not exhaustive, and therefore there may be other similar rules that, in one way or another, have an impact on the transaction analyzed.
- (d) The term “non-assessable” in paragraph C.4 of this legal opinion means that the purchasers of the Shares will not have the obligation to make payments to Telefónica or its creditors (other than the purchase price for the Shares -i.e., the face value (*valor nominal*) and the share premium (*prima de emisión*)-) or contributions to Telefónica or its creditors solely for the acquisition of the Shares.
- (e) In Spanish procedural law, the rules on the burden of proof in judicial proceedings cannot be modified by agreement of the parties and, consequently, any provision of the Documents in which decisions, certificates, notifications, opinions or the like issued by the parties are deemed conclusive evidence in the absence of a manifest error, would not be upheld by a Spanish court. Any document that is not in Spanish must be accompanied by an official sworn translation into Spanish for it to be admissible by a Spanish court or authority.
- (f) The choice of the laws of the State of New York in the Documents will not restrict the application of the Spanish “overriding mandatory provisions”, as defined in Article 9.1 of Regulation (EC) No 593/2008 of the European Parliament and of the Council of June 17, 2008 on the law applicable to contractual obligations (Rome I). Furthermore, Spanish courts may refuse to apply a provision of the chosen law if such application is manifestly incompatible with Spanish public policy. Spanish courts may also give effect to the overriding mandatory provisions of the law of the country in which the obligations arising from the contract have been performed or must be performed.

This legal opinion is rendered to the addressees identified in this letter and in connection with the transactions described above. Notwithstanding the foregoing, we hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name under the caption “Legal matters” in the prospectus included in the Registration Statement. In giving this consent, we do not admit that we are experts under Section 7 of the Securities Act or the rules and regulations of the United States Securities and Exchange Commission issued thereunder with respect to any part of the Registration Statement, including this opinion.

This opinion shall be governed exclusively by Spanish law and the courts of the city of Madrid (Spain) shall have exclusive jurisdiction to settle any dispute relating to this opinion.

Yours faithfully,

/s/ Rafael Sebastián



Exhibit 12.1

STATEMENT REGARDING COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES⁽¹⁾

	Year ended December 31,				
	2013	2014	2015	2016	2017
	(millions of euro, except ratios)				
Earnings:					
Profit before tax from continuing operations	6,280	3,635	906	3,245	4,597
Share of (income) loss of investments accounted for by the equity method	304	510	10	5	(5)
Dividends from joint ventures and investments accounted for by the equity method	28	34	11	13	11
Fixed charges (see below)	3,629	3,511	4,417	4,476	3,363
Capitalized interest, net of amortization	—	—	—	—	—
Earnings	<u>10,241</u>	<u>7,690</u>	<u>5,344</u>	<u>7,739</u>	<u>7,966</u>
Fixed charges:					
Finance cost, including amortization of debt expense and similar charges	3,629	3,511	4,417	4,476	3,363
Capitalized interest	—	—	—	—	—
Total fixed charges	<u>3,629</u>	<u>3,511</u>	<u>4,417</u>	<u>4,476</u>	<u>3,363</u>
Ratio of earnings to fixed charges	2.8	2.2	1.2	1.7	2.4

- (1) For the purpose of calculating ratios of earnings to fixed charges, earnings consist of profit before tax from continuing operations, plus share of income or loss of investments accounted for by the equity method, dividends from joint ventures and investments accounted for by the equity method, fixed charges and capitalized interest net of amortization. Fixed charges consist of finance costs, including amortization of debt expense and similar charges, and capitalized interest.



Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form F-3 of our report dated February 22, 2018 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in Telefónica, S.A.'s Annual Report on Form 20-F for the year ended December 31, 2017. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers Auditores, S.L.
Madrid, Spain
April 20, 2018



Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under caption "Experts" in this Registration Statement (Form F-3) and related Prospectus of Telefónica, S.A. and Telefónica Emisiones, S.A.U. for the registration of ordinary shares of Telefónica, S.A. and the rights to subscribe to such ordinary shares and debt securities of Telefónica Emisiones, S.A.U. guaranteed by Telefónica, S.A. and such guarantees. We also consent to the incorporation by reference therein of our report dated February 23, 2017, with respect to the consolidated statement of financial position of Telefónica, S.A. and subsidiaries as of December 31, 2016, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the two years in the period ended December 31, 2016, before the effects of the retrospective adjustments related to the 2016 segment disclosures described in note 4 to the consolidated financial statements, included in its Annual Report (Form 20-F) for the year ended December 31, 2017, filed with the Securities and Exchange Commission.

/s/ Ernst & Young, S.L.
Madrid, Spain
April 20, 2018



**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM T-1

**STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE**

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)

THE BANK OF NEW YORK MELLON

(Exact name of trustee as specified in its charter)

New York
(Jurisdiction of incorporation
if not a U.S. national bank)

225 Liberty Street, New York, N.Y.
(Address of principal executive offices)

13-516038
(I.R.S. employer
identification no.)

10286
(Zip code)

TELEFÓNICA, EMISIONES, S.A.U.
(Exact name of obligor as specified in its charter)

The Kingdom of Spain
(State or other jurisdiction of
incorporation or organization)

Distrito Telefónica
Ronda de la Comunicación, s/n
28050 Madrid
(Address of principal executive offices)

N/A
(I.R.S. employer
identification no.)

N/A
(Zip code)



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Guaranteed Debt Securities

TELEFÓNICA, S.A.

(Exact name of obligor as specified in its charter)

The Kingdom of Spain
(State or other jurisdiction of
incorporation or organization)

N/A
(I.R.S. employer
identification no.)

Distrito Telefónica,
Ronda de la Comunicación, s/n
28050 Madrid
(Address of principal executive offices)

N/A
(Zip code)

Guarantee of the Debt Securities



1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of the Department of Financial Services of the State of New York	One State Street, New York, N.Y. 10004-1417, and Albany, N.Y. 12223
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045
Federal Deposit Insurance Corporation	550 17 th Street, NW Washington, D.C. 20429
The Clearing House Association L.L.C.	100 Broad Street New York, N.Y. 10004

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

- A copy of the Organization Certificate of The Bank of New York Mellon (formerly known as The Bank of New York, itself formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672, Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637, Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121195 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152735).



4. A copy of the existing By-laws of the Trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-207042).
6. The consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-188382).
7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.



SIGNATURE

Pursuant to the requirements of the Act, the trustee, The Bank of New York Mellon, a banking corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of New York, and State of New York, on the 20th day of April, 2018.

THE BANK OF NEW YORK MELLON

By: /s/ Elizabeth Stern
Name: Elizabeth Stern
Title: Vice President