



RAMIRO SÁNCHEZ DE LERÍN GARCÍA-OVIES
*General Secretary and
Secretary to the Board of Directors*
TELEFÓNICA, S.A.

TELEFÓNICA, S.A. as provided in article 82 of the Spanish Securities Market Act (*Ley del Mercado de Valores*), hereby reports the following

SIGNIFICANT EVENT

The Board of Directors of Telefónica has agreed, regarding the 2014 dividend, to determine the amount thereof at 0.75 euros per share, payable in two tranches:

- 0.35 euro per share by means of a "scrip dividend" in the fourth quarter of 2014.
- 0.40 euro per share in cash in the second quarter of 2015.

Regarding the 2013 dividend amounting to 0.75 euros per share, with a first tranche of 0.35 euros per share already paid in cash in November 2013, the Company confirms that the second tranche amounting to 0.40 euros per share will be paid in cash in the second quarter of 2014.

The adoption of the corresponding corporate resolutions will be proposed in due course.

Madrid, February 27, 2014

SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID -