



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

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

### **SIGNIFICANT EVENT**

Regarding the issue of unsecured debentures of Telefónica (ISIN code ES0278430998) subscribed for and paid on November 29, 2012 related to the purchase of preferred securities of Telefónica Finance USA LLC, Telefónica announces that pursuant its right to partially or fully redeem the Debentures at each interest payment date as provided for in the Securities Note approved and registered on the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores, CNMV*) on October 31, 2012, on May 29, 2014, it will carry out a total redemption of the 1,941,235 debentures issued of 300 euros nominal value each.

The redemption will be carried out at par and bear no expense, except for any tax withholding as required. Telefónica will pay 582,370,500 euros of principal (300 euros per debenture) and 6,091,595.43 euros of gross coupon to holders of the Debentures on the May 29, 2014 payment date, which coincides with the date for full redemption of the debentures. After the redemption, there will be no outstanding debentures of the aforementioned issue.

The redemption of the Debentures will be carried out in compliance with all legal obligations and the terms and conditions provided for in the Securities Note.

Madrid, April 28, 2014

**SPANISH NATIONAL SECURITIES MARKET COMMISSION  
- MADRID-**