



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 Stock Market Act (*Ley del Mercado de Valores*), hereby reports the following

SIGNIFICANT EVENT

Following the Significant Event published on June 24, 2013, (under registration number 189704) related to the definitive agreement reached between Telefónica, S.A. (hereinafter, Telefónica) and Hutchison Whampoa Group for the sale of its 100% participation in Telefónica Ireland, Ltd, Telefónica informs that, once the relevant regulatory authorizations have been obtained, the transaction has been completed.

The value of the sale amounted to 850 million euros, including an initial cash consideration of 780 million euros received at closing of the transaction, and an additional deferred payment of 70 million euros based on the completion of agreed financial objectives. The corresponding debt reduction will be recorded in the third quarter 2014.

The closing of the transaction has no impact on the 2014 results.

Madrid, July 15, 2014.

SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID -