



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

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

SIGNIFICANT EVENT

Following the Significant Event distributed by Telefónica on August 5th, 2014 (registered under number 209614) about the offer for Global Village Telecom, S.A. (GVT) and in light of the request for public information made on the same day by the Italian Stock Market Regulator – CONSOB, Telefónica provides the following information:

- the potential acquisition by Vivendi, S.A. of up to 1,110 million ordinary shares of Telecom Italia, S.p.A. is a potential arrangement which Telefónica is offering to Vivendi, S.A.;
- the relevant terms of such opportunity are summarised in the Significant Event distributed by Telefónica. In particular, should Vivendi, S.A. be interested, Telefónica, S.A. would offer to Vivendi, S.A. the acquisition, in cash up to 1,110 million ordinary shares of Telecom Italia, S.p.A., currently representing a stake of 8.3% of Telecom Italia, S.p.A. voting share capital. The transfer of the shares would take place at closing of the transaction between Vivendi S.A. and Telefónica Brazil, S.A., directly (if the demerger of Telco S.p.A. has occurred) or, through a convertible instrument (should not this be the case), under conditions to be agreed between Telefónica, S.A. and Vivendi, S.A., and for a purchase price in cash based on the average market price of the shares of Telecom Italia S.p.A. over a certain period of time to be agreed between the parties. Should Vivendi, S.A. decide to acquire the shares of Telecom Italia S.p.A., it shall accept neither to sell nor to hedge any such shares before October 31st, 2014.

Madrid, August 6th, 2014

SPANISH NATIONAL SECURITIES MARKET COMMISSION

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