



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

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

SIGNIFICANT EVENT

In relation to the Significant Event filed on 25 March 2015 under registration number 220679, regarding a share capital increase of Telefónica, S.A., it is informed that on the present day the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores) ("CNMV") has registered in its official records the corresponding securities note, which includes the terms and conditions of the share capital increase and the subscription and disbursement proceeding of the new shares (the "Securities Note").

The publication of the notice of the share capital increase in the Official Commercial Registry Gazette (BORME) is expected for 27 March 2015. The pre-emptive subscription period for shareholders and acquirers of the pre-emptive subscription rights shall commence on the day following said publication, i.e. 28 March 2015 and shall have a term of 16 calendar days, thus ending on 12 April 2015.

The Spanish prospectus related to the share capital increase composed of the Securities Note and the Registration Document of Telefónica, S.A., registered in the official records of the CNMV on 21 October 2014, is available to the public at the registered office of Telefónica and, in electronic form, both on the CNMV website (www.cnmv.es) and the Telefónica corporate website (www.telefonica.com).

Furthermore, regarding the share capital increase, Telefónica, S.A. informs that a Prospectus Supplement has been filed with the US Securities and Exchange Commission (SEC), which, in addition to the terms of the share capital increase, includes a pro forma financial information section derived from the agreement reached between Telefónica and Hutchinson Whampoa Group for the acquisition by the latter of Telefónica's operations in the United Kingdom (O2 UK), available to the public on the website of the SEC at the following address:

<http://edgar.sec.gov/Archives/edgar/data/814052/000119312515106994/d894525d424b2.htm>

Additionally, Telefónica, S.A. has filed a report on Form 6-K with the SEC that contains the complete wording of the underwriting agreement as an exhibit, also available to the public on the website of the SEC at the following address:

<http://www.sec.gov/Archives/edgar/data/814052/000119312515107165/0001193125-15-107165-index.htm>

In Madrid, March 26, 2015.

**SPANISH NATIONAL SECURITIES MARKET COMMISSION
MADRID**



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

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This document may not be considered as a prospectus and is not an offer or a solicitation to buy, sell, subscribe or exchange the securities issued or to be issued by Telefónica, S.A. No such offer in relation to said securities shall be conducted in any jurisdiction in which said offer is illegal.

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Telefónica, S.A. has filed a registration statement (including a prospectus), with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents Telefónica, S.A. has filed with the SEC for more complete information about Telefónica, S.A. and this offering. You may get these documents for free by visiting the SEC web site (www.sec.gov).

This announcement is not a prospectus but an advertisement and investors should not subscribe for any securities referred to in this announcement except on the basis of the information contained in the prospectus.

The authorization to make a public offer of the New Shares in the Republic of Argentina has been requested to the Argentinean National Securities Commission (Comisión Nacional de Valores) ("CNV") on 11 March 2015, in compliance with the applicable laws and, for the time being, it has not been yet granted. This document is not an offer to sale nor an invitation to conduct an offer to buy, and no purchases or sales of the transferable securities referred to herein may be carried out until the public offer has been authorized by the CNV.

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