



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

Telefónica informs that the Telco deed of demerger was executed today, and will become effective from the date when the deed is registered in the companies' register.

When such registration is fulfilled, the Telecom Italia ordinary shares held by Telco, S.p.A. – equal to 22.3% of the company's ordinary share capital – will be allocated as follows: 14.72% to the newco owned by Telefónica which shall be called Telco TE, S.p.A., 4.31% to the newco owned by the Generali group, and 1.64% to each of the newcos owned by Intesa Sanpaolo and Mediobanca respectively. Moreover, the shareholders' agreement in force between the shareholders in Telco, S.p.A. shall cease to have effect.

Madrid, June 17, 2015.

SPANISH NATIONAL SECURITIES MARKET COMMISSION
-MADRID-