



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

In accordance with Article 47 of Royal Decree 1362/2007 of October 19, and Article 82 of the Spanish Stock Market Act, (*Ley del Mercado de Valores*), TELEFÓNICA, S.A. hereby discloses the following

RELEVANT INFORMATION

In connection with the long-term incentive plan consisting in the granting of shares of Telefonía, S.A. - called *Performance & Investment Plan ("PIP")*- aimed at Telefonía Group Executives including Executive Directors of Telefonía, S.A., and approved by the Annual General Shareholders Meeting held on May 30, 2014, it is informed that the Board of Directors of Telefonía, S.A., following a relevant favorable report of the Nominating, Compensation and Corporate Governance Committee, has approved, with regard to the second cycle (2015-2018) of the aforementioned Plan, the amount of theoretical shares to be assigned to the Executive Board Members and Directors of the Company that are detailed in the Schedule attached, and the maximum possible number of shares to be received by them, in the event of fulfillment of the Co-investment requirement and of maximum achievement of the Total Shareholder Return (TSR) established on the aforementioned Plan.

The number of theoretical shares assigned to this second cycle (2015-2018) is the same as the one assigned in the first cycle (2014-2017) at this time last year.

Madrid, October 28, 2015.

SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID -

SCHEDULE I

List of Directors and Executives who are Beneficiaries of the *Performance & Investment Plan* (Second cycle / 2015-2018)

<u>First name and surname</u>	<u>Theoretical shares assigned (without co-investment)</u>	<u>% Share Capital</u>	<u>Maximum Number of Shares *</u>	<u>% Share Capital</u>
Mr. César Alierta Izuel	324,000	0.006	506,250	0.010
Mr. José María Álvarez-Pallete López	192,000	0.003	300,000	0.006
Mr. Ángel Vilá Boix	120,000	0.002	187,500	0.003
Mr. Guillermo Ansaldo Lutz	104,000	0.002	162,500	0.003
Mr. Ramiro Sánchez de Lerín García-Ovies	60,000	0.001	93,750	0.001
Mr. Eduardo Navarro de Carvalho	60,000	0.001	93,750	0.001

* Maximum number of shares to receive in case of fulfillment of the co-investment requirement and of maximum achievement of the TSR objective.