



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

TELEFÓNICA S.A., (TELEFÓNICA) pursuant to article 228 of the Spanish Securities Market Act (*Ley del Mercado de Valores*), hereby reports the following

#### **SIGNIFICANT EVENT**

In relation to recent media reports regarding Telefónica's United Kingdom subsidiary (O2 UK), TELEFÓNICA announces that it is considering various strategic options with respect to the above-mentioned subsidiary (all of which would involve Telefónica maintaining a majority shareholding), including, among others, a potential Initial Public Offering. Preparatory work in connection with such strategic options has been initiated.

Madrid, September 5, 2016.

**SPANISH NATIONAL SECURITIES MARKET COMMISSION  
MADRID**