



TELEFÓNICA, S.A. as provided in article 228 of the Spanish Stock Market Act (*Ley del Mercado de Valores*), hereby reports the following

SIGNIFICANT EVENT

Today, Telefónica, S.A. ("Telefónica") has executed a syndicated facility agreement (the "Facility Agreement") with several domestic and international financial entities for a maximum aggregate amount of five thousand and five hundred (5,500) million euros, which unifies and replaces two existing revolving credit facilities: a revolving credit facility for three thousand (3,000) million euros with maturity in February 2021, and a credit facility of two thousand five hundred (2,500) million euros with maturity in February 2022.

This Facility Agreement is composed of a five-year single tranche revolving credit facility in an aggregate amount of up to five thousand and five hundred (5,500) million euros with two annual extension options, at the request of Telefónica, for a maximum maturity of 7 years.

Madrid, March 15, 2018.

**SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID -**