



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

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

SIGNIFICANT EVENT

Telefónica S.A. (hereinafter, Telefónica) has reached an agreement with Hutchison Whampoa Group, for the sale of its 100% participation in Telefónica Ireland, Ltd.

The value of the sale totals 850 million euros, including an initial cash consideration of 780 million euros at closing of the transaction, and an additional deferred payment of 70 million euros based on the completion of agreed financial objectives.

The transaction is subject, among other conditions, to the relevant competition approvals.

It is expected that this agreement will positively impact the reduction of Telefónica's net debt position by approximately 780 million euros, without considering the additional deferred payment. Thus, accelerating Telefónica's deleveraging process and making closer the goal to reach a net debt level below 47,000 million euros in 2013.

This transaction is part of the policy of proactive management of the portfolio of assets of the Company and the initiatives to increase Telefonica's financial flexibility.

Madrid, 24 June 2013.

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