



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 Stock Market Act (*Ley del Mercado de Valores*), hereby reports the following

SIGNIFICANT EVENT

The Board of Directors, at its meeting held today, and pursuant to the resolution adopted by the Shareholders' Meeting of Telefónica, SA, held on May 31, 2013, has set November 6, 2013 as the date for the dividend distribution charged to Unrestricted Reserves, of a fixed gross amount of 0.35 euro for each Company share issued, in circulation, and carrying entitlement to this distribution.

The payment of this dividend shall be executed from November 6, 2013 through the participating entities in IBERCLEAR, (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*), the Spanish securities registrar, clearing and settlement company.

This payment is part of the commitment announced by the Company of paying a dividend of 0.75 euro per share for 2013. The second tranche of this dividend will be paid in the second quarter of 2014.

Madrid, September 25th, 2013

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