NOTA DE PRENSA
PRESS RELEASE

Madrid, 10 de enero de 2017

Today Telefonica successfully executed a dual-tranche Euro benchmark bond deal

TELEFÓNICA STRENGTHENS ITS BALANCE SHEET WITH LONG-TERM FINANCING

- During the last three months, Telefonica raised €5.4bn of long-term debt financing, €3.4bn in the last 45 days.
- Maturities for the different transactions were 4, 8, 12, 15 and 35 years, the latter through a bond with the longest tenor in the Company´s history.
- On average, the entire €5.4bn amount had a fixed rate cost equivalent of 1.34% over 9.1 years, extending Telefonica´s average debt life by 8 months since early October and accounting for over half the maturities expected in 2017.

Madrid, January 10th 2017.- Today Telefonica successfully executed a dual-tranche Euro benchmark bond deal:

- 8-year €1.25bn issued at par with a 1.528% coupon
- 11.7-year (Oct 2028) €0.5bn issued at par with a 2.318% coupon

Investor demand exceeded €3bn, 2x the original internal target of €1.5bn, resulting in an increase of 17% in the final deal size to €1.75bn. The investor base was of high quality with close to 300 orders received, over 70% from international investors. It was the largest transaction in Euros by an European corporate since the US elections, also becoming the first to issue a tranche longer than 10 years in 2017.

Deal closed today follows another Euro dual-tranche transaction on October 17th 2016 for €2bn with 4 and 15 year tenors. Additionally, at the end of November a €1.5bn 8-year loan was signed with China Development Bank.

Finally, on December 28th 2016, Telefonica close a private debt placement of €150mn with a 35-year tenor and 4% coupon, the longest tenor in the Company´s history.

Post-closing and considering the entire €5.4bn, Telefonica extended its average debt life by 8 months since early October covering over half the maturities expected in 2017.

In summary, Telefonica continues to strengthen its balance sheet, in line with its stated objective of maintaining a solid investment grade rating.