

PRESS RELEASE

As proposed by the previous Executive Chairman, César Alierta, who maintains his connection to the Group as Executive Chairman of Telefónica Foundation and member of the Board of Directors of Telefónica

THE BOARD OF DIRECTORS OF TELEFÓNICA APPROVES THE APPOINTMENT OF JOSÉ MARÍA ÁLVAREZ-PALLETE AS EXECUTIVE CHAIRMAN

- In his first intervention as Chairman, José María Álvarez-Pallete ratified his commitment, and that of the Board of Directors, to the growth objectives announced by the company in February, which include maintaining an attractive remuneration policy with a dividend of 0.75 Euro per share for 2016.

Madrid, April 8, 2016.- In a meeting held this morning, the Telefónica Board of Directors have unanimously approved the appointment of José María Álvarez-Pallete as Executive Chairman of the Company and Chairman of the Board of Directors and of the Executive Commission.

During his first intervention as Chairman of the Board, Álvarez-Pallete ratified Telefónica's growth strategy and both the commercial and financial goals as were outlined during the month of February. These include a firm commitment to the Company's shareholders by way of an attractive remuneration policy, which in 2016 includes the payment of a dividend equal to 0.75 Euro per share.

José María Álvarez-Pallete steps-in as Executive Chairman of Telefónica following 17 years in several top executive positions ranging from Chief Financial Officer to COO of Telefónica S.A. and including the Executive Chairmanship of Telefónica Latin America and Telefónica Europe (including Spain).

In the words of his predecessor, César Alierta – to whom the Board of Directors and its new Chairman have thanked for his leadership and vision which have positioned Telefónica among the sector's global leading companies - José María Álvarez-Pallete is the best-prepared and most valuable executive to face the newest challenges of the digital market.

And he will do just that with a renewed Board, following the voluntary resignation of four of its members with a long history on the Company's main management body: Fernando de Almansa, Carlos Colomer, Santiago Fernández-Valbuena y Alfonso Ferrari. All of them have received the recognition and high praise for their contributions and the independence that informed their actions, which have always fostered constructive discussion.

Four new Independent Directors -nominated by co-optation by the Nominating, Compensation and Corporate Governance Committee and proposed for ratification to the General Shareholders Meeting-will join the Telefónica Board:

- **Ignacio Cirac:** Physicist and one of the leading authorities on Quantum Optics. Cirac is the Managing Director of the MAX PLANCK INSTITUTE for QUANTENOPTIK in Munich and a member of relevant Science and Quantum Advisory Boards, such as those of Russia, Tsinghua University

(China), the Spanish National Research Council and the Visiting Committee of the M.I.T. (Massachusetts Institute of Technology).

- **Javier Echenique** was General Manager of the BBVA Group, Board Member and General Manager of ALLIANZ-ERCOS and a member of numerous Boards of Directors, including TELEFÓNICA's. Javier is currently the Vice-chairman of BANCO SABADELL and a Board Member of REPSOL, ACS, ENCE and Telefónica Móviles México.
- **Sabina Fluxà**, co-Executive Vice-president and CEO of the Iberostar Group, founded by her father Miguel FLUXÀ. Sabina is a Board Member of ACS, a member of BBVA's Regional Advisory Council and a Trustee of the IBEROSTAR, ENDEAVOR and ACS Foundations.
- **Peter Löscher** has been President and CEO of the German SIEMENS Group, CEO of GENERAL ELECTRIC HEALTHCARE and President of HOECHST in Spain. Peter is currently the Chairman of SULZER A.G., Vice-chairman of RENOVA MANAGEMENT A.G. and a member of DEUTSCHE BANK's Advisory Board.

At the helm of the Board, José María Álvarez-Pallete takes on the challenge of capturing the full potential offered by the digital revolution to make Telefónica the leading *Onlife Telco* worldwide.

(*) Attached composition of the Board of Directors