

**ORDINARY GENERAL SHAREHOLDERS' MEETING
OF TELEFÓNICA S.A. - 2019 -**

**PROPOSED RESOLUTIONS SUBMITTED BY THE BOARD OF DIRECTORS
TO THE SHAREHOLDERS FOR DECISION AT THE GENERAL
SHAREHOLDERS' MEETING**

June 6/7, 2019

Proposal regarding Item I on the Agenda: Individual and consolidated Annual Accounts, consolidated non-financial information and management of the Board of Directors of Telefónica, S.A. during fiscal year 2018.

I.1 Approval of the Annual Accounts and of the Management Report of both Telefónica, S.A. and its Consolidated Group of Companies for fiscal year 2018.

To approve the Individual Annual Accounts (Balance Sheet, Income Statement, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes), the Consolidated Financial Statements -Consolidated Annual Accounts- (Statement of Financial Condition, Income Statement, Global Income Statement, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes to the Consolidated Financial Statements), and the Management Reports of Telefónica, S.A. and its Consolidated Group of Companies for the fiscal year ended on December 31, 2018, as finalized by the Board of Directors at its meeting of February 20, 2019.

In the Individual Annual Accounts, the Balance Sheet as of December 31, 2018 discloses assets, liabilities and shareholders' equity in the amount of 85,844 million euros each, and the Income Statement as of the end of the fiscal year shows a profit of 3,014 million euros.

In the Consolidated Financial Statements (Consolidated Annual Accounts), the Balance Sheet as of December 31, 2018 discloses assets, liabilities, and shareholders' equity in the amount of 114,047 million euros each, and the Income Statement as of the end of the fiscal year shows a profit attributable to the shareholders of the controlling Company in the amount of 3,331 million euros.

I.2 Approval of the Statement of Non-Financial Information of the Consolidated Group of Companies led by Telefónica, S.A. for fiscal year 2018 included in the Consolidated Management Report of Telefónica, S.A. and of its Group of Companies for such fiscal year.

To approve the Statement of Non-Financial Information of the Consolidated Group of Companies led by Telefónica, S.A. for fiscal year 2018 included in the Consolidated Management Report of Telefónica, S.A. and of its Group of Companies for such fiscal year.

I.3 Approval of the management of the Board of Directors of Telefónica, S.A. during fiscal year 2018.

To approve the corporate management of the Board of Directors of Telefónica, S.A. during fiscal year 2018.

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Proposal regarding Item II on the Agenda: Approval of the Proposed Allocation of the Profits/Losses of Telefónica, S.A. for fiscal year 2018.

To approve the following Proposed Allocation of the Profits/Losses of Telefónica, S.A. for the fiscal year ended December 31, 2018:

To allocate the profits posted by Telefónica, S.A. in fiscal year 2018, in the amount of 3,014,110,852.19 euros, to Voluntary Reserves.

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***Proposal regarding Item III on the Agenda: Shareholder compensation.
Distribution of dividends with a charge to unrestricted reserves.***

To approve a distribution of cash dividends with a charge to unrestricted reserves through the payment during 2019 of the fixed amount of 0.40 euro, payable in two tranches, to each of the existing shares of Telefónica, S.A. entitled to participate in such distribution on the following dates of payment:

- The first payment of 0.20 euro in cash per share will be made on June 20, 2019 through the participants in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR).

- The second payment of 0.20 euro in cash per share will be made on December 19, 2019, through the participants in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR).

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Proposal regarding Item IV on the Agenda: Delegation of powers to formalize, interpret, remedy and carry out the resolutions adopted by the shareholders at the General Shareholders' Meeting.

To authorize, on a several basis, the Executive Chairman of the Board of Directors, the Chief Operating Officer, the Secretary of the Board of Directors and the Deputy Secretary of the Board of Directors, such that, without prejudice to any other delegations included in the foregoing resolutions and any existing powers of attorney to convert resolutions into public instruments, any of them may formalize and implement the foregoing resolutions, with the power for such purpose to execute the public or private documents that may be necessary or appropriate (including documents for purposes of interpretation, clarification, further development, supplementation, correction of errors and curing of defects) for the most correct performance thereof and for the registration thereof, to the extent required, with the Commercial Registry or any other public registry, as well as to deposit the accounts of the Company and its Group.

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Proposal regarding Item V on the Agenda: Consultative vote on the 2018 Annual Report on Directors' Remuneration.

To approve, on a consultative basis, the Annual Report on Directors' Remuneration for fiscal year 2018.

It is hereby stated for the record that the full text of such Report has been made available to the shareholders, along with the other documentation relating to this General Shareholders' Meeting, since the date of the call to meeting.

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