



RAMIRO SÁNCHEZ DE LERÍN GARCÍA-OVIES

*General Secretary and
Secretary to the Board of Directors*
TELEFÓNICA, S.A.

TELEFÓNICA, S.A., pursuant to the provisions of Article 82 of the Securities Market Act, hereby notifies the following

SIGNIFICANT EVENT

Further to Relevant Event no. 210598 published yesterday in relation to the issue by Telefónica, S.A. (the "Company"), through its wholly-owned subsidiary Telefónica Participaciones, S.A.U., of notes (the "Notes") mandatorily convertible into new and/or existing shares of the Company (the "Shares"), we hereby announce that, upon conclusion of the bookbuilding process carried out by the Joint Bookrunners, the final terms of the Notes have been established as set forth below:

1. The final amount of the issue is 1,500 million euros.
2. The Notes, which have been issued at par value, will mature on 25 September 2017, and will be mandatorily converted into new and/or existing shares of the Company.
3. The Notes will accrue a nominal fixed interest rate of 4.9% per annum, payable annually.
4. The minimum conversion price of the Notes will be equal to 11.9000 euros per share and the maximum conversion price will be equal to 14.5775 euros per share, resulting in a premium equal to 22.5% over the minimum conversion price.

In relation with the accelerated bookbuilding process of shares of the Company conducted by the Joint Bookrunners on behalf of the subscribers of the Notes to hedge their position, without the involvement of the Company, and that was referred to in point 6° of the Relevant Event nº210598, we inform that the number of shares placed pursuant to such offering is 44,111,746, representing 0.97% of the share capital of the Company, and that the offering has been done at a price of 11.9000 euros per share.

Madrid, 11 September 2014.

THE SPANISH SECURITIES MARKET COMMISSION (COMISIÓN NACIONAL DEL MERCADO DE VALORES)
- MADRID -



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