



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

SIGNIFICANT EVENT

In relation to recent press speculations regarding potential transactions that could involve its UK subsidiary, Telefónica states that it regularly analyses the evolution of the markets in which it operates, together with the different strategic options available to (i) create value for its shareholders and (ii) reinforce its financial position.

In this context, Telefónica informs that although conversations with British Telecom are taking place, those are at a highly preliminary stage and there can be no certainty that any transaction may occur with such company.

A further announcement will be made if and when appropriate.

Madrid, November 24, 2014

SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID-