



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

Further to the significant event announced on November 27, 2014 (registered under number 214634) it is hereby announced that on the date hereof the issuance of Undated Deeply Subordinated Reset Rate Guaranteed Securities of TELEFÓNICA EUROPE B.V., with the subordinated guarantee of TELEFÓNICA, S.A., has been issued and paid-up, with a face value of 850 million euros.

Madrid, December 4, 2014.

SPANISH NATIONAL SECURITIES MARKET COMMISSION

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Disclaimer

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of the securities referred to herein and shall not constitute an offer, solicitation nor sale in any jurisdiction in which such offer, solicitation or sale is unlawful - including but not limited to the United States, Australia, Canada or Japan.

*The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933 ("**Securities Act**"), as amended, or any state securities laws, and may not be offered or sold in the United States absent registration or pursuant to an exemption from the registration requirements of the Securities Act and in accordance with applicable state securities laws.*