



**RAMIRO SÁNCHEZ DE LERÍN GARCÍA-OVIES**  
*General Secretary and  
Secretary to the Board of Directors*  
**TELEFÓNICA, S.A.**

TELEFÓNICA, S.A. (hereinafter "Telefónica"), as provided in article 228 of the Spanish Stock Market Act (Ley del Mercado de Valores), hereby reports the following

### **SIGNIFICANT EVENT**

Following the Significant Event published on March 24, 2015, (under registration number 220609) in relation to the definitive agreement reached between Telefónica and Hutchison Whampoa Group for the potential acquisition by the latter of the Telefónica subsidiary in the UK (O2 UK), Telefonica informs that the European Commission has announced its decision to prohibit the transaction under the European Union merger regulations.

Telefónica's guidance, leverage target and planned dividend policy remain unchanged.

Madrid, May 11, 2016

**SPANISH NATIONAL SECURITIES MARKET COMMISSION  
- MADRID-**