



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

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

SIGNIFICANT EVENT

Upon request of the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*), we announce in relation to the Significant Event registered today (registration number 255099) that the amount established in the arbitration award affecting Colombia Telecomunicaciones, SA, ESP ("**CoITel**") and other telecommunications operator in Colombia is 1,652,981 million of Colombian Pesos (approximately 469.5 million Euros) for **CoITel** (67.5% of which is owned by **TELEFÓNICA, S.A.** and 32.5% of which is owned by the Government of the Colombian Nation) and, therefore, out of this aggregate amount only 67.5% could be relevant for TELEFÓNICA, S.A.

The arbitration award was issued in the arbitration proceedings initiated by the Colombian Ministry of Information Technologies and Communications ("**ITC**") in connection with its intention to revert certain assets earmarked for the provisions of mobile voice services under former concessions.

As indicated in the aforementioned Significant Event, we reiterate that the arbitration award is subject to a potential procedure for clarifications and/or corrections at the request of either party and that Telefonica is currently assessing the implications of such award and the remedies available both at the domestic and international levels.

Madrid, July 27, 2017

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