



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

SIGNIFICANT EVENT

Yesterday, TELEFÓNICA, S.A., through its wholly-owned subsidiary TELEFÓNICA EMISIONES, S.A.U., under its US Debt Registered Program filed with the United States Securities and Exchange Commission (SEC) on May 13, 2015, priced an issue of Notes guaranteed by TELEFÓNICA, S.A. in an aggregate principal amount of 2,000 million US dollars.

This issue was split into two tranches. The first tranche, amounting up to 750 million US dollars, due on March 6, 2038, with a coupon of 4.665%, payable semi-annually, was issued at par. The second tranche, amounting up to 1,250 million US dollar, due on March 6, 2048, with a coupon of 4.895%, payable semi-annually, was also issued at par.

The settlement date is scheduled to be on March 6, 2018.

Madrid, February 28, 2018

SPANISH NATIONAL SECURITIES MARKET COMMISSION - MADRID -

This document is not a prospectus and is not an offer or a solicitation to buy, sell, subscribe or exchange any securities issued or to be issued by TELEFÓNICA, S.A. or TELEFÓNICA EMISIONES, S.A.U. No such offer in relation to securities shall be conducted in any jurisdiction in which said offer is not made in conformity with the applicable legislation. In relation with the offering, TELEFÓNICA, S.A. and TELEFÓNICA EMISIONES, S.A.U. have filed a registration statement (including a prospectus), and a prospectus supplement with the SEC. Investors should read the prospectus and prospectus supplement included in that registration statement and the other documents TELEFÓNICA, S.A. and/or TELEFÓNICA EMISIONES, S.A.U. has filed with the SEC for more complete information about TELEFÓNICA, S.A., TELEFÓNICA EMISIONES, S.A.U. and the offering.