



TELEFÓNICA, S.A. ("Telefónica" or the "Company") in compliance with the Securities Market legislation, hereby communicates the following

INSIDE INFORMATION

Telefónica has been notified of a resolution issued by the Tribunal Económico-Administrativo Central partially upholding the claims filed against the assessments regarding 2008-2011 Corporate Income Tax Audit. Final execution on this resolution will most likely lead to a tax refund related to overpayments made by the company in those tax years. This resolution is not final.

At this point in time, it is not possible to the exact amount of the expected refunds since, as pointed out by the Central Economic-Administrative Court's resolution, the final amount shall only be settled once the resolution is duly executed by the Spanish Tax Authorities, both regarding to the taxes overpaid and to the late-payment interest to which Telefónica is entitled.

Madrid, January 23, 2019

SPANISH NATIONAL SECURITIES MARKET COMMISSION

-MADRID-