



TELEFÓNICA, S.A., in compliance with the Securities Market legislation, hereby communicates the following

INSIDE INFORMATION

TELEFÓNICA EUROPE B.V. (the "**Issuer**"), the Dutch subsidiary of Telefónica, S.A., has today priced and closed the terms and conditions of an issuance of Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities, with the subordinated guarantee of Telefónica, S.A., for an aggregate nominal amount of 500 million euros subject to a call option exercisable by the Issuer from the eighth anniversary of the issuance date (the "**Securities**").

The main terms and conditions of the Securities are as follows:

The issue price of the Securities is fixed at 100% of the principal amount. The Securities will bear interest at a rate of 2.875% per annum from (and including) the issue date up to (but excluding) 24 September 2027.

From (and including) 24 September 2027, the Securities will bear a fixed rate of interest equal to the applicable 8 year swap rate plus a margin of:

- 3.071% per annum from 24 September 2027 up to (but excluding) 24 September 2029;
- 3.321% per annum from 24 September 2029 up to (but excluding) 24 September 2047; and
- 4.071% per annum from (and including) 24 September 2047.

The Securities will have a face value of 100,000 euros each and will be perpetual, although they will be subject to a call option exercisable by the Issuer on certain dates and at any time upon the occurrence of certain circumstances as set out in the terms and conditions of the Securities. The Issuer may defer payment of the interest accrued on the Securities at its sole discretion (the "**Deferred Interest**") without triggering an event of default. The Deferred Interest will in turn accrue interest and will be payable at the option of the Issuer at any time or on a mandatory basis in certain circumstances as set out in the terms and conditions of the Securities.

The Securities will be governed by English Law, and it is expected that they will be listed and admitted to trading on the regulated market of The Irish Stock Exchange plc, trading as Euronext Dublin.

The issue is addressed exclusively at professional investors and eligible counterparties. The Securities will be subscribed for and paid up on the closing date, which is envisaged to take place on or about 24 September 2019, subject to entering into a



subscription agreement with the joint bookrunners appointed for the issuance and the rest of the agreements relating to the issue, and subject to compliance with the conditions set out in the subscription agreement.

Madrid, 17 September 2019.

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

*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, its territories and possessions (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.*