



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

Further to the relevant event announced on 13 March 2018 (registered under number 262853) it is hereby announced that on the date hereof the two issuances of Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities of TELEFÓNICA EUROPE B.V., with the subordinated guarantee of Telefónica, have been issued and paid-up, for an aggregate nominal amount of 1,250 million euros in the case of the 5.7 Year Non-call Securities (exercisable from December 4, 2023) and 1,000 million euros in the case of the 8.5 Year Non-call Securities (exercisable from September 22, 2026).

Madrid, 22 March 2018.

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 (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, any state of the United States and the District of Columbia) (the "United States")-

*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.*