



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

TELEFÓNICA, S.A. Board of Directors, at its meeting held today, has resolved to adopt the following resolutions in connection with the composition of the Board of Directors of Telefónica, S.A. and its Committees:

- To reduce the number of members of the Board of Directors.
- To take formal note and record the voluntary resignations presented to their respective positions as members of the Board of Directors of Telefónica, S.A. by Mr. César Alierta Izuel, Mr. Gonzalo Hinojosa Fernández de Angulo and Mr. Pablo Isla Álvarez de Tejera, thanking them for their many years of work and collaboration with the Telefónica Group and, in particular, for the services rendered during their tenures.
- To appoint by co-optation Ms. Carmen García de Andrés and Mr. Francisco José Riberas Mera as Independent Directors, upon the proposal of the Nominating, Compensation and Corporate Governance Committee.
- To submit for approval of the shareholders at the General Shareholder's Meeting: (i) the re-election of Mr. José María Álvarez-Pallete López and Mr. Ignacio Moreno Martínez as Directors of the Company, (ii) the ratification and appointment of the new Independent Directors, Ms. Carmen García de Andrés and Mr. Francisco José Riberas Mera, and also (iii) the reduction of the number of members of the Board of Directors to seventeen, in accordance with the good governance recommendations and the international trends.
- Likewise, it was resolved to appoint: (i) Ms. Carmen García de Andrés, Independent Director, as member of the Audit and Control Committee and (ii) Mr. Jose Javier Echenique Landiribar and Mr. Luiz Fernando Furlán, all of whom are Independent Directors, as members of the Nominating, Compensation and Corporate Governance Committee.

Madrid, May 4, 2017

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