



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

INSIDE INFORMATION

Today, Telefónica has reached an agreement for the sale of a portfolio of 11 Data Centers located in 7 jurisdictions (Spain, Brazil, USA, Mexico, Peru, Chile and Argentina) with a company controlled by Asterion Industrial Partners SGEIC for a total amount of 550 million euros.

The transaction is expected to generate capital gains before taxes and non-controlling interests of around 260 million euros.

The sale agreement includes the signing of a contract for the provision of housing services to the Telefónica Group, which guarantees that Telefónica will continue to provide services to its clients in those Data Centers with the same quality and the same conditions.

The closing of the transaction will take place in a period of approximately two months, except for four Data Centers where the effective transfer is subject to several authorizations and administrative procedures.

This transaction is part of the Telefónica Group's asset portfolio management policy based on a strategy of value creation, improving return on capital and strategic positioning. It also complements the objective of organic debt reduction and strengthening the balance sheet in a growing cash flow scenario, which allows us to maintain a sustainable and attractive shareholder remuneration.

Madrid, May 8, 2019

SPANISH NATIONAL SECURITIES MARKET COMMISSION

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