



TELEFÓNICA, S.A. ("Telefónica" or the "Company") as provided in article 228 of the Spanish Stock Market Act (*Ley del Mercado de Valores*), hereby reports the following

SIGNIFICANT EVENT

As a result of its participation in the Principal Stage of the spectrum auction conducted in the United Kingdom, Telefónica UK Limited (hereinafter O2 UK) will be granted four blocks of 10 MHz in the 2.3 GHz spectrum band and eight blocks of 5MHz in the 3.4 GHz band.

The investment commitment for these new frequencies by O2 UK is 523,616,000 pounds sterling (approx. 600,000,000 euros).

Madrid, April 5, 2018

**SPANISH NATIONAL SECURITIES MARKET COMMISSION
– MADRID –**