



RAMIRO SÁNCHEZ DE LERÍN GARCÍA-OVIES
Secretario General y
del Consejo de Administración
TELEFÓNICA, S.A.

TELEFÓNICA, S.A. (en adelante, Telefónica) de conformidad con lo establecido en el artículo 228 de la Ley del Mercado de Valores, procede por medio del presente escrito a comunicar el siguiente

HECHO RELEVANTE

En el día de hoy, Telefónica ha suscrito un acuerdo de canje con Koninklijke KPN NV (en adelante, KPN), mediante el cual Telefónica entrega 72,0 millones de acciones de su autocartera (representativas del 1,43% de su capital social), a cambio de 178,5 millones de acciones de su filial Telefónica Deutschland Holding AG, representativas de un 6,0% del capital de dicha sociedad. La ecuación de canje corresponde a la media de los respectivos precios medios ponderados de las 5 últimas sesiones bursátiles.

La ejecución de este acuerdo no está sujeta a condiciones y su liquidación está prevista mañana.

Como resultado de este acuerdo, Telefónica aumenta del 63,2% al 69,2% su participación accionarial en Telefónica Deutschland, una de las empresas que mayor crecimiento aporta al Grupo en términos de generación de caja, incrementando así, consecuentemente, su participación en dividendos.

En virtud de este acuerdo, KPN se ha comprometido, entre otras obligaciones, a asumir ciertas restricciones que, en caso de transmisión de las referidas acciones de Telefónica, garanticen una venta ordenada de las mismas. En este sentido, y en cumplimiento del artículo 531 de la Ley de Sociedades de Capital, se acompaña como anexo al presente hecho relevante, la transcripción literal de la cláusula 2.4 del acuerdo suscrito entre Telefónica y KPN.

En Madrid, a 13 de marzo de 2017.

COMISIÓN NACIONAL DEL MERCADO DE VALORES
- MADRID -



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TRANSCRIPCIÓN LITERAL DE LA CLÁUSULA 2.4 DEL ACUERDO SUSCRITO ENTRE TELEFÓNICA Y KPN

2.4. KPN's Commitments. KPN acknowledges it is in the interests of KPN and Telefónica to execute any sale of the Telefónica Swap Shares in an orderly manner.

2.4.1 KPN commits:

- a) Not to Sell any Telefónica Swap Shares in any private transaction to any entity which to the best knowledge of KPN is a telecommunication service provider or an Affiliate thereof. For the purposes of this Article 2.4.1 (a), to the best knowledge of KPN means the knowledge of KPN after due and careful due diligence.
- b) Not to Sell any Telefónica Swap Shares during seven (7) calendar days prior to and including any date on which Telefónica is expected to publish its quarterly results in accordance with the financial calendar published on Telefónica's website.
- c) Not to Sell on any single day and on any market where the Telefónica Shares are traded an aggregate amount of Telefónica Swap Shares in excess of 15% of the Relevant Total Daily Trading Volume on such day ("Daily Volume Limit"). Within such Daily Volume Limit, a maximum of 25% of the Daily Volume Limit may be sold in that day's closing auction and a maximum of 30,000 Telefónica Swap Shares may be sold in that day's open auction.
- d) Not to Sell, directly or indirectly through any other entity, any Telefónica Swap Shares via an Accelerated Bookbuilt Transaction.

2.4.2 Notwithstanding paragraph 2.4.1. (c) above, KPN will be entitled to sell Telefónica Swap Shares in certain Off-Exchange Transactions always provided that: (x) the price of the Telefónica Swap Shares under any such transaction is as close as possible to, or higher than, the daily VWAP at the time of such transaction, but in no event shall the price of such transactions be lower than the relevant VWAP minus 0.15%, and (y) the total amount of Telefónica Swap Shares sold per day in such Off-Exchange Transactions in aggregate does not exceed the higher of (i) 20% of the Relevant Total Daily Trading Volume on such date, and (ii) 20% of the lowest Relevant Total Daily Trading Volume on any single day during a period of 5 consecutive trading days ending on (and including) the trading day immediately preceding the relevant day.



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For the purposes of this Article 2.4, the following terms shall have the meanings described below:

"Accelerated Bookbuilt Transaction" means a publicly announced offering of Telefónica Swap Shares conducted by way of an accelerated bookbuilt offering to institutional investors conducted by a financial intermediary on KPN's behalf, whether by way of a backstopped transaction, bought deal or a conventional best efforts bookbuilt offering.

"Not to Sell" means not to, directly or indirectly, offer, pledge, sell, contract to sell, lend or otherwise transfer or dispose of (including, but not limited to, through any type of transactions regarding derivatives, options, swaps, futures, collaterals, securities lending or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of):

- (a) shares in Telefónica,
- (b) securities convertible into or exercisable or exchangeable for shares in Telefónica,
- (c) options, rights or warrants to purchase shares in Telefónica, or
- (d) participation certificates, depositary or other receipt instruments, rights or entitlement representing shares in Telefónica,

irrespective whether any of those transactions is to be settled by delivery of shares in Telefónica or such other securities, in cash or otherwise.

"Off-Exchange Transactions" means the sale of Telefónica Swap Shares via bilateral transactions or over the counter sales.

"Relevant Total Daily Trading Volume" means the aggregate volume of shares traded under ticker <TEF SM> determined from Bloomberg page <TEF SM Equity HP> with the Market field set to "VWAP Vol" for volume, as at market close on the relevant day. For the avoidance of doubt, the aggregate volume defined herein comprises all on-exchange <TEF SM> market volumes excluding block trades and cross trades.

"VWAP" for Telefónica means the volume weighted average market price determined from the Bloomberg page <TEF SM Equity HP> with the Market field set to "VWAP" (Weighted Average Line) for price.