



TELEFÓNICA, S.A. in compliance with the Securities Market legislation, hereby communicates the following:

OTHER RELEVANT INFORMATION

In relation to the shareholder compensation of Telefónica, S.A., the Board of Directors has adopted the following resolutions:

➤ Second tranche of the scrip dividend (€0.20 per share)

With respect to the second tranche of the scrip dividend, which was approved by the Annual General Shareholders' Meeting of Telefónica, S.A. held on June 12, 2020, the Board of Directors has agreed for the Executive Commission, at the meeting to be held on December 4, 2020, to take the appropriate corporate resolutions to carry out the execution of the fully-paid capital increase related to the shareholder compensation through the referred scrip dividend payment ("Telefónica's Flexible Dividend"). As such, the five trading sessions prior to December 4, 2020 will determine the market price that will apply to the formulae for determining the purchase price of the free allotment rights and the provisional number of shares to be issued.

In this regard, it is expected for the announcement of the capital increase to be published in the Official Companies Registry Gazette (*Boletín Oficial del Registro Mercantil*) (BORME) on December 10, 2020, which would hence be the last trading date for the shares of Telefónica to have the right to participate in the scrip dividend. The period for trading the free allotment rights would begin on December 11, 2020 and the shares would trade ex-date as of such date.

➤ Redemption of treasury shares representing 1.5% of the capital

In addition, the Board has agreed to submit for the approval of the General Shareholders Meeting of the Company (the date of which will be announced at the appropriate time) the adoption of the appropriate corporate resolutions to execute a capital reduction by means of a redemption of treasury shares representing 1.5% of the share capital.

Madrid, October 29, 2020.

SPANISH NATIONAL SECURITIES MARKET COMMISSION
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