



RAMIRO SÁNCHEZ DE LERÍN GARCÍA-OVIES
*General Secretary and
Secretary to the Board of Directors*
TELEFÓNICA, S.A.

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

SIGNIFICANT EVENT

Further to the Significant Event released on March 29, 2017, (under registration number 250108), Telefónica, S.A. announces that, according to the shareholder remuneration policy, the Annual General Shareholders' Meeting at its meeting held today, has agreed a dividend distribution charged to unrestricted reserves, by means of a payment of a fixed gross amount of 0.40 euros during 2017 payable in two tranches, for each Company share issued, in circulation and carrying entitlement to this distribution on the following dates:

- The first payment of a gross amount of 0.20 euros in cash per share will be on June 16, 2017.
- The second payment of a gross amount of 0.20 euros in cash per share will be on December 14, 2017

Both payments shall be executed by Banco Bilbao Vizcaya Argentaria, S.A., through the participating entities in Iberclear (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*), the Spanish securities registrar, clearing and settlement company.

The relevant dates for each of the dividend payments in the Spanish securities market will be:

	JUNE Dividend	DECEMBER Dividend
The last trading date on which the security is traded with dividend rights (<i>last trading date</i>)	June 13, 2017	December 11, 2017
The date from which the security is traded on the market without dividend rights (<i>ex date</i>)	June 14, 2017	December 12, 2017
Date of determination of the holders to be used for payment of the dividend (<i>record date</i>)	June 15, 2017	December 13, 2017
Date on which the dividend is paid (<i>payment date</i>)	June 16, 2017	December 14, 2017

Madrid, June 9, 2017

SPANISH NATIONAL SECURITIES MARKET COMMISSION
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