



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

Telefónica, S.A. announces that, the Annual General Shareholders' Meeting at its meeting held today, has agreed a dividend distribution in cash charged to Unrestricted Reserves, by means of a payment of a fixed gross amount of 0.40 euros during 2018 payable in two tranches, for each existing Company share and carrying entitlement to this distribution on the following dates:

- The first payment in cash of a gross amount of 0.20 euros per share will be on June 15, 2018.
- The second payment in cash of a gross amount of 0.20 euros per share will be on December 20, 2018.

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.U.*), 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 12, 2018	December 17, 2018
The date from which the security is traded on the market without dividend rights (<i>ex date</i>)	June 13, 2018	December 18, 2018
Date of determination of the holders to be used for payment of the dividend (<i>record date</i>)	June 14, 2018	December 19, 2018
Date on which the dividend is paid (<i>payment date</i>)	June 15, 2018	December 20, 2018

Madrid, June 8, 2018

**SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID -**