



Important Notice
The Depository Trust Company

B #:	0278-13
Date:	March 7, 2013
To:	All Participants
Category:	Dividends
From:	International Services
Attention:	Operations, Reorg & Dividend Managers, Partners & Cashiers
Subject:	Country: Spain, Telefonica Emisiones, S.A.U. CUSIP: VARIOUS CUSIPs

DTCC has been notified by Telefonica Emisiones, S.A.U. ("Issuer") of the following information.

Important Legal Information: *The Depository Trust Company ("DTC") does not represent or warrant the accuracy, adequacy, timeliness, completeness or fitness for any particular purpose of the information contained in this communication, which is based in part on information obtained from third parties and not independently verified by DTC and which is provided as is. The information contained in this communication is not intended to be a substitute for obtaining tax advice from an appropriate professional advisor. In providing this communication, DTC shall not be liable for (1) any loss resulting directly or indirectly from mistakes, errors, omissions, interruptions, delays or defects in such communication, unless caused directly by gross negligence or willful misconduct on the part of DTC, and (2) any special, consequential, exemplary, incidental or punitive damages.*

To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that: (a) any discussion of federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code; and (b) as a matter of policy, DTC does not provide tax, legal or accounting advice and accordingly, you should consult your own tax, legal and accounting advisor before engaging in any transaction.

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Non-Confidential

TELEFONICA EMISIONES, S.A.U.

**CUSIPs: 87938WAB9, 87938WAC7, 87938WAE3, 87938WAF0, 87938WAG8,
87938WAH6, 87938WAJ2, 87938WAK9, 87938WAL7, 87938WAM5, 87938WAN3
and 87938WAP8**

Please be advised that on 1 August 2011, Royal Decree 1145/2011, of 29 July ("RD 1145/2011") came into force. RD 1145/2011 amended specific provisions of Royal Decree 1065/2007. Among other articles, RD 1145/2011 modified article 44 of Royal Decree 1065/2007, that sets out the reporting obligations applicable to preference shares and debt instruments issued under additional provision two of Law 13/1985 ("Additional Provision").

The new procedures apply to interest deriving from preference shares and debt instruments to which the Additional Provision refers.

In the case of securities originally registered in clearing systems located outside of Spain that are recognized by the Spanish law or by the law of another OECD country, the paying agent appointed by the issuer must submit a statement, in accordance with the form attached as annex to RD 1145/2011, with, among other, the following information:

- a) Identification of the securities; and
- b) Total amount of the income corresponding to each clearing house located outside of Spain.

Therefore, if such statement is provided in a timely manner, income derived by all investors from securities originally registered with the entities that manage clearing systems located outside of Spain, that are recognized by Spanish law or by the law of another OECD country (such as DTC, Euroclear or Clearstream), as in the case of the securities to which this notice refers, will be paid free of Spanish withholding tax.

On the contrary, the failure to timely submit a duly executed and completed statement will result in the issuer or its authorized paying agent being liable to pay the corresponding interest net of the applicable Spanish withholding tax (currently at the rate of 21%). Notwithstanding the foregoing, if on or before the tenth day of the month following the month in which the interest is payable, the relevant entity submits a duly executed and completed statement, the issuer or its authorized paying agent will refund the amount withheld in excess, as soon as it receives the statement.

In summary, according to RD 1145/2011 participants in DTC are no longer required to request exemption from Spanish Non-Resident Income Tax or from withholding on account of Spanish Corporate Income Tax via DTC's Elective Dividend Service (EDS/Tax Relief SM).

Please note this important notice is for general information purposes only and is not intended to be, nor shall it be deemed to, constitute legal advice.