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| B #: | 0986-13 |
| Date: | June 12, 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: 879385AD4 |

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.*

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TELEFONICA EUROPE, B.V.

CUSIP: 879385AD4

Spanish Royal Decree 1145/2011, of 29 July ("RD 1145/2011") modified article 44 of Spanish Royal Decree 1065/2007, which sets out the reporting obligations applicable to preference shares and debt instruments issued under additional provision two of Spanish Law 13/1985.

According to RD 1145/2011, certain information obligations apply to the above listed securities in relation to Spanish resident investors, although participants in DTC are no longer required to request exemption from Spanish Non Resident Income Tax or from withholding on account of Spanish Corporation Tax via DTC's Elective Dividend Service (EDS/Tax Relief SM).

In order to facilitate compliance with the above mentioned information obligations, Telefonica Europe, the issuer, has retained IssuerSolutions to conduct an independent beneficial owner information collection process in respect of individuals and legal entities resident in Spain for tax purposes and permanent establishments in Spain of taxpayers residing abroad, owning a beneficial interest in our debt securities listed above (each, a Spanish Holder and, collectively, the Spanish Holders), in compliance with the information obligations the debt securities are subject to under Spanish Royal Decree 1065/2007, as amended by RD 1145/2011.

The information collection process will commence on June 17, 2013 and covers payments since January 1st 2013. This notice constitutes an official authorization to release the requested Spanish Holders information regarding our debt security issues to IssuerSolutions.

For any questions regarding this notice, participants in DTC may contact Issuer Solutions, by calling Sandra Castellano on +44-203-008-5608 or by emailing her at projects@issuersolutions.com

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.