Stock Distribution

November 16, 2015

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TELEFONICA, S.A. - STOCK DISTRIBUTION

Ex - Distribution Date: 11/16/2015

DESCRIPTION:

Telefonica, S.A. (TEF) announced a distribution of Rights to holders of Telefonica, S.A. Ordinary Shares. The Rights were not registered in the United States and will not be distributed to holders of TEF American Depositary Shares (ADSs).

At the request of Telefonica, S.A., Citibank N.A., as the depositary for TEF, has implemented a process that enables the ADS holders to instruct the Depositary to act with respect to the rights corresponding to the shares underlying their ADSs according to one of three options:

- Elect to receive newly issued Telefonica, S.A. (TEF) ADSs at a fixed conversion ratio of 34 Rights per new Telefonica ADS. The stock distribution ratio is anticipated to be approximately 2.94117647%. (This is the default/non-electing option).

- Elect to receive proceeds from the sale of rights to Telefonica, S.A. which will purchase the rights at the Fixed Price of EUR 0.345, subject to withholdings.

- Elect to receive proceeds from the sale of rights in the open market in Spain.

The TEF1 options deliverable will be adjusted to reflect the default/non-electing option.

The ADS record date is November 17, 2015. The payable date is to be determined. The New York Stock Exchange (NYSE) has set November 16, 2015, as the ex-distribution date.

Exercise Consideration - On November 16, 2015, TEF options will be become adjusted symbol TEF1. The deliverable for TEF1 will reflect the additional amount of stock distributed for the dividend to shareholders who failed to make a valid election. TEF Call option holders who do not wish to receive the Dividend in the form distributed for non-electing shareholders must exercise their options in sufficient time in advance of the contract adjustment and observe all conditions of the election. In all cases, it is the sole responsibility of persons holding call options seeking to participate in the election to determine when to exercise their options and to comply with all terms and conditions of the election.

Contract Adjustments:

Pursuant to the By-Laws of the Options Clearing Corporation ("OCC"), the below options will be adjusted as follows.

Adjustment Date:	11/16/2015
Option Symbol:	TEF becomes TEF1
Underlying Security:	TEF remains TEF
CUSIP:	879382208
Contract Multiplier:	1
Strike Divisor:	1
New Multiplier:	100
Strike Price:	Remains the same
New Deliverable:	Cash in lieu of fractional shares, if any Approximately 102 Telefonica, S.A. (TEF) American Depositary Shares

Pricing Considerations: Until the final distribution rate and cash in lieu amount, if any, are determined, the underlying price for TEF1 will be determined as follows:

TEF1 = 1.0294117647 (TEF)

Additional Exchange Info: On Friday November 13th, 2015, immediately after the BOX close, all resting orders for TEF in the order book were canceled by the BOX Market Operations Center. If a BOX Participant wishes to enter orders for the new TEF1 series, the BOX Participant will need to reenter the orders before the open on Monday November 16th, 2015.

Disclaimer:	This Information Memo summarizes corporate events affecting listed options. No warranty of accuracy or completeness is given with respect to the summary. Option series information is based on series existing at OCC at the time this Memo was generated.	
Contact Information:	Questions regarding this memo can be addressed to the BOX Market Operations Center at 617 235-2291 or toll free at 1-866-768-8845.	7-
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