



#37812

DATE: NOVEMBER 13, 2015

SUBJECT: TELEFONICA, S.A. - STOCK DISTRIBUTION
OPTION SYMBOL: TEF
NEW OPTION SYMBOL: TEF1
DATE: 11/16/15

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 depository for TEF, has implemented a process that enables the ADS holders to instruct the Depository 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 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.

OPTIONS CONTRACT ADJUSTMENT

EFFECTIVE DATE: November 16, 2015

NEW MULTIPLIER: 100 (e.g., for premium extensions a premium of 1.50 equals \$150; a strike of 12.87 yields \$1,287.00).

CONTRACT MULTIPLIER: 1

STRIKE PRICES: No Change

OPTION SYMBOL: TEF changes to TEF1

DELIVERABLE PER CONTRACT:

- 1) Approximately 102 Telefonica, S.A. (TEF) American Depositary Shares
- 2) Cash in lieu of fractional shares, if any

CUSIP: 879382208

PRICING

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

$$\text{TEF1} = 1.0294117647 \text{ (TEF)}$$

DELAYED SETTLEMENT

OCC will delay settlement of the TEF component and cash portion of the TEF1 deliverable until the final distribution rate and cash in lieu amount, if any, are determined. Upon determination of the final distribution rate and cash in lieu amount, if any, OCC will require Put exercisers and Call assignees to deliver the appropriate cash amount.

DISCLAIMER

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by a panel of The OCC Securities Committee pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The adjustment panel is comprised of representatives from OCC and each exchange which trades the affected option. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

For questions regarding this memo, call Investor Services at 1-888-678-4667 or email investorservices@theocc.com. Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.