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*General Secretary and Secretary
to the Board of Directors*
TELEFÓNICA, S.A.

Further to the communication filed on 3 August 2007 (Significant Event number 82,731), as provided in article 82 of the Spanish Stock Market Act (*Ley del Mercado de Valores*), TELEFÓNICA S.A. hereby reports the following

SIGNIFICANT EVENT

In accordance with the terms of a sale and purchase agreement entered into on 2 August 2007, the corresponding administrative authorisations having been obtained, yesterday, 3 April 2008, VIVO PARTICIPAÇÕES, S.A. (“VIVO”), a Brazilian company controlled by BRASILCEL NV - jointly controlled by TELEFÓNICA, S.A. and PORTUGAL TELECOM SGPS - completed acquisition of 53.90% of the voting stock (ON) and 4.27% of the preferred stock (PN) of TELEMIG CELULAR PARTICIPAÇÕES S.A., the controlling shareholder of TELEMIG CELULAR S.A., a mobile telephony operator in the State of Minas Gerais (Brazil).

According to the terms of the sale and purchase agreement, the total purchase price was 1,163 million Reais (approximately 429 million euros*). VIVO also acquired the right held by the seller, TELPART PARTICIPAÇÕES S.A. (“TELPART”) to subscribe in the future for paid up shares in TELEMIG CELULAR PARTICIPAÇÕES S.A. for a price of approximately 70 million Reais (26 million euros*).

Further, in accordance with Brazilian securities market legislation, VIVO will launch a mandatory tender offer for all the voting stock in TELEMIG CELULAR PARTICIPAÇÕES S.A. and in its subsidiary company TELEMIG CELULAR S.A., with a price per share of 80% of the purchase price of the voting stock in TELEMIG CELULAR PARTICIPAÇÕES S.A. and TELEMIG CELULAR S.A. VIVO has also notified its intention to launch voluntary tender offer for shares representing up to one third of the free float represented by the preferred stock in TELEMIG CELULAR PARTICIPAÇÕES S.A. and TELEMIG CELULAR S.A.

* Considering a R\$/€Exchange ratio of 2.709.



At the same time, in relation to the other company originally contemplated in the sale and purchase agreement,, TELE NORTE CELULAR PARTICIPAÇÕES S.A. (controlling company of AMAZÔNIA CELULAR S.A.), on 20 December 2007 VIVO entered into an agreement with TNL PCS S.A. (TELEMAR GROUP) undertaking, subject to prior approval by ANATEL, to sell the shares in TELE NORTE CELULAR PARTICIPAÇÕES S.A. which TELPART undertook to sell to VIVO, on similar terms and conditions to those on which VIVO undertook to purchase those shares. The corresponding administrative authorisation having been obtained, that sale was completed yesterday, simultaneously with acquisition of TELEMIG CELULAR PARTICIPAÇÕES S.A.

Madrid, 4 April 2008.

SPANISH NATIONAL SECURITIES MARKET COMMISSION
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