



RAMIRO SÁNCHEZ DE LERÍN GARCÍA-OVIES
*General Secretary and
Secretary to the Board of Directors*
TELEFÓNICA, S.A.

TELEFÓNICA, S.A., as provided in article 82 of the Spanish Stock Market Act (*Ley del Mercado de Valores*), hereby reports the following

SIGNIFICANT EVENT

Upon completion of the acceptance period of the Tender Offer (the "Offer") launched on September 11th through its wholly-owned subsidiary INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING, LTDA. to acquire all of the outstanding shares of COMPAÑÍA DE TELECOMUNICACIONES DE CHILE, S.A. ("CTC"), TELEFÓNICA announces that a total of 458,071,586 Serie A shares and 38,270,113 Serie B shares issued by CTC have been tendered, representing 94.11% of the shares to which the Offer related and 51.86% of CTC's share capital.

After settlement of the transaction, TELEFÓNICA's indirect ownership in CTC's share capital will increase from 44.9% to 96.75%

The transaction has represented a total investment of approximately 542 billion Chilean pesos (approximately 640 million Euros, in accordance with the Exchange Rate prevailing when the transaction closed).

Madrid, November 3rd, 2008

**SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID-**