



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

In accordance with article 47 of Royal Decree 1362/2007 of October 19, and article 82 of the Spanish Securities Market Act (*Ley del Mercado de Valores*), TELEFÓNICA, S.A. hereby reports the following

RELEVANT INFORMATION

In accordance with the general terms and conditions of the “Performance Share Plan 2006”(PSP) authorised by the Annual General Shareholders’ Meeting of the Company held on June 21st, 2006, the Board of Directors of TELEFÓNICA, S.A, at its meeting held on July 28, 2010, has agreed to proceed with the delivery of the total number of shares allotted to the beneficiaries for the second cycle (2007-2010) of this Plan, as long as the Total Shareholder Return (TSR) on TELEFÓNICA, S.A. shares has been higher, during this second cycle, than the TSR of the companies that account for 75% of the Comparison Group’s stock market capitalisation.

In accordance with the above, it is attached as Schedule I the breakdown of shares to be delivered to the Directors and Executive Officers of TELEFÓNICA, S.A who are beneficiaries of this Plan, during this second cycle.

Additionally, the Board of Directors resolved, preceded by the relevant favourable report of the Nominating, Compensation and Corporate Governance Committee, to allocate the shares corresponding to the fifth cycle (2010-2013) of the said Plan, as per the attached breakdown, included as Schedule II, as far as Directors and Executive Officers are concerned.

Madrid, August 3, 2010.

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



**Communication of remuneration plans for Directors or Executive Officers
(Royal Decree 1362/2007 of October 19th)**

SCHEDULE I

**LIST OF DIRECTORS AND EXECUTIVE OFFICERS WHO ARE BENEFICIARIES OF
THE PLAN
(SECOND CYCLE 2007-2010)**

I.- Executive Directors

<u>First name and surname</u>	<u>Number of shares delivered</u>	<u>Percentage of share capital</u>
Mr. César Alierta Izuel	116,239	0.003%
Mr. Julio Linares López	57,437	0.001%
Mr. José María Álvarez-Pallete López	53,204	0.001%

II.- Executive Officers

<u>First name and surname</u>	<u>Number of shares delivered</u>	<u>Percentage of share capital</u>
Mr. Santiago Fernández Valbuena	53,204	0.001%
Mr. Guillermo Ansaldo Lutz	31,439	0.001%
Mr. Matthew Key*	89,331	0.002%
Mr. Luis Abril Pérez	31,274	0.001%
Mr. Calixto Ríos Pérez*	15,671	0.000%
Mr. Ramiro Sánchez de Lerín García-Ovies	30,762	0.001%

* It is stated that the number of shares delivered to the beneficiary is lower than the number of shares allotted included in the table, because the number of shares equivalent to the amount to be withheld for tax purposes in the case of Spanish tax residents has been deducted from the total amount of shares allotted.



**Communication of remuneration plans for Directors or Executive Officers
(Royal Decree 1362/2007 of October 19th)**

SCHEDULE II

**LIST OF DIRECTORS AND EXECUTIVE OFFICERS WHO ARE BENEFICIARIES OF
THE PLAN
(FIFTH CYCLE 2010-2013)**

I.- Executive Directors.

<u>First name and surname</u>	<u>Maximum number of shares allotted</u>	<u>Percentage of share capital</u>
Mr. César Alierta Izuel	170,897	0.004%
Mr. Julio Linares López	128,173	0.003%
Mr. José María Álvarez-Pallete López	77,680	0.002%

II.- Executive Officers.

<u>First name and surname</u>	<u>Maximum number of shares allotted</u>	<u>Percentage of share capital</u>
Mr. Santiago Fernández Valbuena	77,680	0.002%
Mr. Guillermo Ansaldo Lutz	76,608	0.002%
Mr. Matthew Key	99,118	0.002%
Mr. Luis Abril Pérez	45,486	0.001%
Mr. Calixto Ríos Pérez	6,860	0.000%
Mr. Ramiro Sánchez de Lerín García-Ovies	44,733	0.001%