



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 Securities Market Act (Ley del Mercado de Valores) hereby reports the following

SIGNIFICANT EVENT

Telefónica, S.A. has confirmed to the Portuguese Comissão do Mercado de Valores Mobiliários that it has reduced its stake in Portugal Telecom, S.G.P.S. S.A. (“PT”) to 18,122,661 shares, representing 2.02% of PT’s share capital, and that such information will be complemented with the legal information requirements in the established deadlines.

Madrid, June 23rd, 2010

SPANISH NATIONAL SECURITIES MARKET COMMISSION

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