



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

The Board of Directors of TELEFÓNICA, S.A., at its meeting held today, has approved to distribute an interim dividend from 2010 net income, of a gross amount of 0.65 euros for each Company share issued, in circulation, and carrying entitlement to this dividend.

The payment of this dividend shall be executed on May 11th, 2010 by Banco Bilbao Vizcaya Argentaria, S.A., through the participating entities in Iberclear (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.), the Spanish entity in charge of registration, clearing and settlement of securities. Tax withholding shall be made on gross amounts as required by applicable legislation.

Additionally the Board of Directors will submit for approval of the Annual General Shareholders Meeting the distribution of a dividend with a charge to unrestricted reserves and to be paid in the second half of 2010, of a gross amount of 0.65 euros for each Company share issued, in circulation, and carrying entitlement to this dividend.

The Company confirms its targets for dividend distributions until 2012 in the terms previously announced (a dividend increase up to 1.40 euros per share for 2010, and up to a minimum of 1.75 euros per share for 2012).

Madrid, April 28th, 2010