



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

Yesterday, TELEFÓNICA, S.A., through its wholly-owned subsidiary TELEFÓNICA EMISIONES, S.A.U., under its US Debt Registered Program filed with the United States Securities and Exchange Commission (SEC) on May 8, 2009, has launched an issue of Notes guaranteed by TELEFÓNICA, S.A. in an aggregate principal amount of 2,750 million US dollars.

This issue was split into two tranches. The first tranche, amounting up to 1,250 million US dollars, due on February 16, 2016, with a coupon of 3.992%, payable semi-annually, issued at par. The second tranche, amounting up to 1,500 million US dollar, due on February 16, 2021, with a coupon of 5.462%, payable semi-annually, issued at par.

The settlement date is scheduled to be February 16, 2011.

Madrid, February 8, 2011

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