



RAMIRO SÁNCHEZ DE LERÍN GARCÍA-OVIES
*General Secretary and
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TELEFÓNICA, S.A.

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

SIGNIFICANT EVENT

The Spanish *Comisión Nacional del Mercado de Valores* has approved and registered the prospectus relating to the offering of the shares (the "Offering") of Atento Inversiones y Teleservicios, S.A.U. ("ATENTO"), whose book-building period will start tomorrow, May 27.

A total of 30,600,000 ordinary shares, equal to 51.0% of ATENTO's outstanding shares, are being offered by Telefónica in this initial Offering, which will have just one global tranche directed solely to qualified national and international institutional investors.

Telefónica intends to grant the Managers a "green-shoe" option to purchase up to 3,060,000 additional shares, equal to 5.1% of ATENTO'S outstanding shares.

In order to provide investors with an indicative reference price, the agreed indicative and non-binding offering price range is between 19.25 and 25.00 euros per share. According to the Offering calendar, the definitive offering price is currently expected to be established on June 9.

Pursuant to this calendar, it is expected that ATENTO'S shares would be listed on the Spanish Stock Exchanges on June 13, 2011.

Madrid, May 26, 2011.

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



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IMPORTANT INFORMATION

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