



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 Act (*Ley del Mercado de Valores*), hereby reports the following

SIGNIFICANT EVENT

On Thursday May 24th, the credit rating agency Standard & Poor's Rating Services (S&P's) published its decision to lower the long-term credit rating of Telefonica, S.A. from BBB+ outlook negative to BBB outlook negative. At the same time, the rating agency's short-term credit rating remained at A-2.

Madrid, May 25th, 2012.

**SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID**