



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

Telefónica has registered today a Significant Event communicating the following:

- (i) The transaction of the sale to certain companies controlled by Bain Capital for the sale of its Customer Relationship Management (CRM) business, Atento;
- (ii) The enterprise value of the transaction amounts to €1,051 million, including a vendor loan of €110 million as well as certain deferred payments for €110 million.
- (iii) Among the accounting impacts arising from the transaction, it is worth mentioning the positive effect of the reduction of the Telefónica Group's indebtedness, which is estimated at approximately €812 million as of the date of the closing of this transaction, plus subsequent improvements in debt in the following years as the deferred payments are made.

As additional information, the Company informs that the capital gain is estimated to amount to approximately €61 million.

Madrid, December 12, 2012.

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