



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 2009 net income, of a gross amount of 0.50 euros for each Company share issued, in circulation, and carrying entitlement to this dividend. With this dividend and the one paid on November 2008, the Company has achieved its commitment to distribute a dividend of 1 euro per share prior the end of the first half of 2009.

The payment of this dividend shall be executed on May 12th, 2009 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 Company reiterates its commitment to increase the dividend for 2009 fiscal year to a total amount of 1.15 euros per share, payable in two tranches. According to this, and as stated in the Annual Financial Statements of the Company, 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 2009, of a gross amount of 0.50 euros for each Company share issued, in circulation, and carrying entitlement to this dividend.

Madrid, April 29th, 2009

SPANISH NATIONAL SECURITIES MARKET COMMISSION
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