



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 2008 net income, of a fixed gross amount of 0.50 euros for each outstanding share with the right to receive dividends of the Company.

The payment of this dividend shall be executed on November 12th, 2008 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.

Madrid, September 24th, 2008

SPANISH NATIONAL SECURITIES MARKET COMMISSION
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