



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

Following the Significant Event submitted by Telefónica, S.A. on May 14th, 2012, the Company reports that on June 1st, the free allotment rights trading period for the paid-up capital increase ended.

The shareholders of 37.68% of the free allotment rights have accepted the purchase commitment assumed by Telefónica, S.A. The gross amount paid by Telefónica, S.A. for this amortized rights is 490,138,083.465 euros.

The holders of 62.32% of the free allotment rights are entitled to receive new shares of Telefónica S.A. Nevertheless, Telefónica has waived the subscription of the new shares that corresponds to the treasury shares at the Record Date (May 17th, 2012).

Therefore, the final number of ordinary shares with a nominal value of one (1) euro issued in the capital increase amounts to 71,237,464, corresponding to 1.59% of the capital, being the amount of the capital increase 71,237,464 euros.

The public deed of this share capital increase has been registered today in the Madrid Mercantile Registry (*Registro Mercantil*). Consequently, the share capital of Telefónica, S.A. now stands at 4,551,024,586 euros, divided in 4,551,024,586 shares.

It is expected that the new shares will be admitted to trading on the Spanish Stock Exchanges and on the Automated Quotation System (*Sistema de Interconexión Bursátil Español*) on June 12th, so that the ordinary trading of the new shares will begin on June, 13th. The admission to trading on the different foreign Stock Exchanges where Telefónica is listed will also be requested.

Madrid, June 8th, 2012

SPANISH NATIONAL SECURITIES MARKET COMMISSION
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