



RAMIRO SÁNCHEZ DE LERÍN GARCÍA-OVIES
*General Secretary and
Secretary to the Board of Directors*
TELEFÓNICA, S.A.

In accordance with article 47 of Royal Decree 1362/2007 of October 19, and article 82 of the Spanish Securities Market Act (*Ley del Mercado de Valores*), TELEFÓNICA, S.A. hereby reports the following

RELEVANT INFORMATION

In accordance with the general terms and conditions of the “Performance Share Plan 2006”(PSP) authorised by the Annual General Shareholders’ Meeting of the Company held on June 21st, 2006, the Board of Directors of TELEFÓNICA, S.A, at its meeting held on July 29, 2009, has agreed to proceed with the delivery of the total number of shares allotted to the beneficiaries for the first cycle (2006-2009) of this Plan, as long as the Total Shareholder Return (TSR) on TELEFÓNICA, S.A. shares has been higher, during this cycle, than the TSR of the companies that account for 75% of the Comparison Group’s stock market capitalisation.

In accordance with the above, it is attached as Schedule I the breakdown of shares delivered to the Directors and Executive Officers of TELEFÓNICA, S.A who are beneficiaries of this Plan.

Additionally, the Board of Directors resolved, preceded by the relevant favourable report of the Nominating, Compensation and Corporate Governance Committee, to allocate the shares corresponding to the fourth cycle (2009-2012) of the said Plan, as per the attached breakdown, included as Schedule II, as far as Directors and Executive Officers are concerned.

Madrid, August 3, 2009.

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



**Communication of remuneration plans for Directors or Executive Officers
(Royal Decree 1362/2007 of October 19th)**

SCHEDULE I

**LIST OF DIRECTORS AND EXECUTIVE OFFICERS WHO ARE BENEFICIARIES OF
THE PLAN
(FIRST CYCLE 2006-2009)**

I.- Executive Directors

<u>First name and surname</u>	<u>Number of shares delivered</u>	<u>Percentage of share capital</u>
Mr. César Alierta Izuel	129,183	0.003%
Mr. Julio Linares López	65,472	0.001%
Mr. José María Álvarez-Pallete López	62,354	0.001%

II.- Executive Officers

<u>First name and surname</u>	<u>Number of shares delivered</u>	<u>Percentage of share capital</u>
Mr. Santiago Fernández Valbuena	62,354	0.001%
Mr. Guillermo Ansaldo Lutz	36,165	0.001%
Mr. Matthew Key*	91,037	0.002%
Mr. Luis Abril Pérez	38,036	0.001%
Mr. Calixto Ríos Pérez*	19,244	0.000%
Mr. Ramiro Sánchez de Lerín García-Ovies	37,412	0.001%

* It is stated that the number of shares delivered to the beneficiary is lower than the number of shares allotted included in the table, because the number of shares equivalent to the amount to be withheld for tax purposes in the case of Spanish tax residents has been deducted from the total amount of shares allotted.



**Communication of remuneration plans for Directors or Executive Officers
(Royal Decree 1362/2007 of October 19th)**

SCHEDULE II

**LIST OF DIRECTORS AND EXECUTIVE OFFICERS WHO ARE BENEFICIARIES OF
THE PLAN
(FOURTH CYCLE 2009-2012)**

I.- Executive Directors.

<u>First name and surname</u>	<u>Maximum number of shares allotted</u>	<u>Percentage of share capital</u>
Mr. César Alierta Izuel	173,716	0.004%
Mr. Julio Linares López	130,287	0.003%
Mr. José María Álvarez-Pallete López	78,962	0.002%

II.- Executive Officers.

<u>First name and surname</u>	<u>Maximum number of shares allotted</u>	<u>Percentage of share capital</u>
Mr. Santiago Fernández Valbuena	78,962	0.002%
Mr. Guillermo Ansaldo Lutz	77,872	0.002%
Mr. Matthew Key	111,995	0.002%
Mr. Luis Abril Pérez	55,141	0.001%
Mr. Calixto Ríos Pérez	16,572	0.000%
Mr. Ramiro Sánchez de Lerín García-Ovies	54,237	0.001%