



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, S.A., through its subsidiary TELEFÓNICA INTERNACIONAL, S.A.U., has reached today an agreement to acquire an additional stake equal to approximately 2.22% of the share capital of the Chinese telecommunications company CHINA NETCOM GROUP CORPORATION (HONG KONG) LIMITED (“CNC”). The execution of this acquisition is subject to prior attainment of the necessary regulatory approvals. After the acquisition, the TELEFÓNICA group's stake in CNC would stand at approximately 7.22%.

If completed, the acquisition of the aforementioned stake in the equity in CNC will involve a total investment of approximately 309 million euros (depending on the exchange rate prevailing when the transaction is closed).

Madrid, January 18th, 2008.

SPANISH NATIONAL SECURITIES MARKET COMMISSION
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