



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

As provided in article 82 of the Spanish Stock Market Act (Ley del Mercado de Valores), TELEFÓNICA S.A. hereby reports the following

SIGNIFICANT EVENT

Within the Company's shareholder remuneration policy, the Board of Directors, at its meeting held today, has announced the launching of a new share buy-back programme for a total amount of 100 million shares, representing close to 2.095% of the Company's share capital. The programme will be effective during 2008 and the first half of 2009.

The execution schedule of the programme will be conditioned to the pace of cash-flow generation, to the share price level and to other market conditions, and always subject to any applicable limitations established by law, regulations or by the Company's Bylaws.

Madrid, 27 February 2008.