



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

TELEFÓNICA, S.A. (“TELEFÓNICA”) as provided in article 82 of the Spanish Securities Market Act (Ley de Mercados de Valores), hereby reports the following

SIGNIFICANT EVENT

TELEFÓNICA, announces its intention to launch a Tender Offer in the next 5 business days, through its wholly-owned subsidiary Inversiones Telefónica Internacional Holding Ltda., to acquire all of the outstanding shares of Compañía de Telecomunicaciones de Chile S.A (“CTC”) that TELEFÓNICA does not currently control direct or indirectly, which amounts to 55.1% of CTC’s share capital.

The offer is addressed to all CTC shares listed on Santiago de Chile and New York Stock Exchanges (represented by American Depositary Shares), and is structured as a purchase of shares in cash, at a price of 1,000 Chilean Pesos – for class A shares and 900 Chilean Pesos for class B shares (both quoted in Bolsa de Comercio de Santiago de Chile). This transaction would represent a total investment, assuming the acquisition of 100% of the outstanding shares of CTC, of approximately Euros 703 million (depending on the exchange rate prevailing when the transaction is closed).

The Offer, that is expected to terminate during the month of October, will be conditioned among other things, to (i) the shareholders of the Company approving bylaw amendments that would eliminate the restriction currently contained in the Company’s bylaws that limits to 45% the percentage of shares that may be owned or voted by one shareholder, directly or through related persons, at an extraordinary meeting of the shareholders requested for such purpose; and (ii) to a minimum acceptance of the Offer that would allow TELEFÓNICA to own, directly or indirectly, an stake in the Company of at least 75%.

Madrid, September 11th, 2008.

SPANISH NATIONAL SECURITIES MARKET COMMISSION
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