



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

Pursuant to the resolution adopted by the Board of Directors of TELEFÓNICA, S.A., at its meeting held on September 24th, 2008, we hereby inform all shareholders that on November 12th, 2008, the Company will pay an interim dividend from 2008 net income of a fixed gross amount of 0.50 euros for each Company share issued, in circulation and carrying entitlement to this dividend. This payment will be made as follows, in all events subject to the provisions of the applicable tax legislation:

Gross dividend (Euros per share)	Withholding tax rate (18%) (Euros per share)	Net dividend (Euros per share)
0.50	0.09	0.41

The payment of this dividend shall be executed from November 12th, 2008, by Banco Bilbao Vizcaya Argentaria, S.A., through the participating entities in Iberclear (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*), the Spanish securities registrar, clearing and settlement company.

Madrid, October 31st, 2008

SPANISH NATIONAL SECURITIES MARKET COMMISSION
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