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*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

Yesterday, TELEFÓNICA, S.A., through its wholly- owned subsidiary TELEFÓNICA EMISIONES, S.A.U., under its *Guaranteed Euro Medium Term Note Programme (EMTN Programme)* filed with the *Financial Services Authority (FSA)* in London on July 3rd, 2008, issued Notes guaranteed by TELEFÓNICA, S.A. in the Euro market amounting 2,000 million euro.

This five (5) year Notes pays an annual coupon of 5.431% and has a reoffer price of 100%.

Madrid, January 21st, 2009

"This announcement is neither an offer to sell nor a solicitation of an offer to buy any of the securities referred to herein and shall not constitute an offer, solicitation nor sale in any jurisdiction in which such offer, solicitation or sale is unlawful -including but not limited to the United States, Australia, Canada or Japan-.

The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States absent registration or pursuant to an exemption from the registration requirements of the Securities Act and in accordance with applicable state securities laws."