



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

The Board of Directors of TELEFÓNICA, S.A., at its meeting held today, has analyzed and approved a proposal to increase the dividend corresponding to 2009 fiscal year to a total amount of Euro 1.15 per share.

The appropriate corporate resolutions for that purpose will be passed at the relevant time. It is Company's intention to maintain the current practice so that this dividend will be payable in two tranches.

Madrid, January 28th, 2009

SPANISH NATIONAL SECURITIES MARKET COMMISSION
-MADRID-