



**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. (hereinafter, "TELEFÓNICA"), at its meeting held today, has agreed to initiate the process for the purchase of the shares in TELEFÓNICA DE ARGENTINA, S.A (hereinafter, "TASA") which it does not already own, directly or indirectly, and which amount to 1.8% of TASA's share capital.

To this effect, and according to the requirements of Executive Decree no. 677/2001 of the Argentine Republic, TELEFÓNICA, in its capacity as controlling shareholder, has issued a Unilateral Declaration of Will to Acquire all Outstanding TASA Shares owned by TASA's Minority Shareholders (the "Declaration"). This transaction will result in TELEFÓNICA's acquisition of all outstanding TASA shares of capital stock, which are quoted on the Buenos Aires and New York stock exchanges (the latter through *American Depositary Receipts* or ADRs), and it will be executed in accordance with the requirements of both Argentina and U.S. securities laws in connection with the Declaration.

After weighing the criteria set forth in article 32 of the aforementioned Decree 677/01, TELEFÓNICA has determined that a fair price per share for each of the 126,001,784 TASA shares owned by minority shareholders is one (1.00) Argentine peso or its equivalent in U.S. dollars for the ADRs.

The transaction represents a total investment of approximately 23.98 million euros\*.

Madrid, June 23<sup>rd</sup>, 2009.

\* According to an exchange rate AR\$/Euro of 5.255.

**SPANISH NATIONAL SECURITIES MARKET COMMISSION**  
**- MADRID-**