



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

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

SIGNIFICANT EVENT

Further to the Significant Event registered on October 7th, 2009, the Board of Directors of TELECOMUNICAÇÕES DE SÃO PAULO S.A. (“Telesp”), Brazilian subsidiary of Telefonica Group, has decided to increase the initial price offered in the voluntary Tender Offer for the acquisition of the shares of the Brazilian company GVT (Holding) S.A. that was published on October 8th. The new price for the Offer will be R\$ 50.5 per share, to be paid in cash, which entails an increase of 5.2083% according to the initial price of the before mentioned Offer.

This transaction would represent a total investment, according to this new price and assuming the acquisition of 100% of the shares addressed by the Offer, of approximately Euros 2,700 million (depending on the exchange rate prevailing when the transaction is closed).

Madrid, November 4th, 2009

The offer is not being made, and will not be made, directly or indirectly, in or into, the United States.

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