



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

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

SIGNIFICANT EVENT

Today, November 5th, 2009, TELEFÓNICA, S.A. signed an agreement with TELECOM ITALIA for the acquisition of the German telecommunications operator HANSENET TELEKOMMUNIKATION GMBH ("HANSENET"), 100% owned by that company, for a firm value of 900 million euros.

The acquisition is subject, among other conditions, to the negotiation of definitive agreements and to obtaining the relevant regulatory authorisations. The closing of the transaction is expected to take place within the first quarter of 2010.

HANSENET is one of the main broadband operators in the German market, including in its portfolio the provision of quadruple play services (ADSL, voice, mobile and Internet TV).

Madrid, November 5th, 2009

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