



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

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

SIGNIFICANT EVENT

In accordance with the communication registered by the Company on February 24, the Executive Commission of TELEFÓNICA's Board of Directors, in its meeting held today, authorized the sell of more than 50% of the capital of its subsidiary, Atento Inversiones y Teleservicios, S.A.U., through an initial offering exclusively addressed to qualified investors.

In addition, it was also authorised to apply for the admission to listing of the shares of Atento Inversiones y Teleservicios, S.A.U. on the Spanish Stock Exchanges and their negotiation through the Automated Quotation System (*Sistema de Interconexión Bursátil*).

Madrid, May 13th, 2011.

SPANISH NATIONAL SECURITIES MARKET COMMISSION - MADRID-

IMPORTANT INFORMATION

"This communication does not constitute an offer to sell or solicitation of offers to buy securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which, or to any persons to whom, such an offer, solicitation or sale is unlawful. The information contained in this Communication is being disclosed in accordance with Rule 135c under the U.S. Securities Act of 1933, as amended (the "Securities Act"), for securities which have not been, and will not be, registered under the Securities Act or the laws of any state, and may not be offered or sold in the United States, absent registration or an exemption from registration under such laws."