



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 Securities Act (*Ley del Mercado de Valores*), hereby reports the following

SIGNIFICANT EVENT

Yesterday, the credit rating agency Fitch Ratings published its decision to lower the long-term credit rating of Telefonica, S.A. from A- outlook negative to BBB+ outlook stable. At the same time, the rating agency's short-term credit rating remained at F-2.

Madrid, September 28th, 2011.

SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID-