



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

On Wednesday June 20th, the credit rating agency Moody's Investors Service published its decision to lower the long-term credit rating of Telefónica, S.A. from Baa1 to Baa2. At the same time, the rating agency's short-term credit rating remained at P-2. Long and short-term ratings are on review for further downgrade.

Madrid, June 20th, 2012.

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