



RAMIRO SÁNCHEZ DE LERÍN GARCÍA-OVIES

*General Secretary and
Secretary to the Board of Directors*
TELEFÓNICA, S.A.

Further to the report registered yesterday, TELEFÓNICA, S.A., as provided in article 82 of the Spanish Stock Market Act (Ley del Mercado de Valores), hereby reports the following

SIGNIFICANT EVENT

TELEFÓNICA, S.A., ASSICURAZIONI GENERALI S.p.A., INTESA SANPAOLO S.p.A., MEDIOBANCA S.p.A. and SINTONIA S.A. (BENETTON) have acquired today, October 25th, 2007, the whole of the capital of OLIMPIA S.p.A., through the Italian company, TELCO S.p.A. which holds approximately 23.6% of the capital that confers voting rights of TELECOM ITALIA S.p.A.

Madrid, October 25th, 2007.

SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID -