



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*) and in accordance with set forth in paragraph 4 of article 6 of Royal Decree 377/1991, of March 15th, regarding the announcement of significant participations in quoted companies, hereby reports the following

SIGNIFICANT EVENT

Whereas at the meeting of the Board of Directors of the Company held on the date hereof, Gregorio Villalabeitia Galarraga resigned as Director, which entailed his ceasing to hold office as Vice-Chairman of the Board, and as a member of the Executive Committee and of the Audit and Control, Regulation and International Affairs Committees.

The Board of Directors thanked Gregorio Villalabeitia most especially for his enormous dedication and extremely hard work as a member of the Board for nearly six years.

The Board of Directors also unanimously resolved, preceded by the relevant favourable report from the Nominating, Remuneration and Corporate Governance Committee, the interim appointment of the new Board member José María Abril Pérez, as proprietary Director. He has also been appointed as a member of the Executive Committee of the Board of Directors.

Lastly, the Board also approved, unanimously and preceded by the relevant favourable report of the Nominating, Remuneration and Corporate Governance Committee, the appointment of Vitalino Nafría Aznar as Vice-Chairman of the Board of Directors.

Madrid, July 25th, 2007.

SPANISH NATIONAL SECURITIES MARKET COMMISSION
-MADRID-