



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

### **SIGNIFICANT EVENT**

Pursuant to the resolution adopted by the Board of Directors of TELEFÓNICA, S.A., at its meeting held on September 27<sup>th</sup>, 2006, we hereby inform all shareholders that on November 10<sup>th</sup>, 2006, the Company will pay an interim dividend from 2006 net income of a fixed gross amount of 0.30 euros for each Company share issued, in circulation and carrying entitlement to this dividend. This payment, in accordance with the applicable tax legislation, will be made as follows:

<b>Gross dividend</b> (Euros per share)	<b>Withholding tax rate (15%)</b> (Euros per share)	<b>Net dividend</b> (Euros per share)
0.30	0.045	0.255

The payment of this dividend shall be executed from November 10<sup>th</sup>, 2006, by Banco Bilbao Vizcaya Argentaria, S.A., through the participating entities in Iberclear (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*), the Spanish securities registrar, clearing and settlement company.

Madrid, October 30<sup>th</sup>, 2006

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