



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 shareholders of TELEFÓNICA, S.A. at their Annual General Meeting held today, we hereby inform all shareholders that on May 17th, 2007, the Company will pay a final cash 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:

Gross dividend <i>(Euros per share)</i>	Withholding tax rate (18%) <i>(Euros per share)</i>	Net dividend <i>(Euros per share)</i>
0.30	0.054	0.246

The payment of this dividend shall be executed from May 17th, 2007, 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, May 10th, 2007

SPANISH NATIONAL SECURITIES MARKET COMMISSION
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