



**RAMIRO SÁNCHEZ DE LERÍN GARCÍA-OVIES**  
*General Secretary and  
Secretary of the Board of Directors*  
**TELEFÓNICA, S.A.**

Further to the Significant Event released on July 24<sup>th</sup> 2006, TELEFÓNICA, S.A. and TELEFÓNICA MÓVILES, S.A., as provided in article 82 of the Spanish Stock Market Act (Ley del Mercado de Valores), hereby report the following

## **SIGNIFICANT EVENT**

### **1.- Last day of trading for TELEFÓNICA MÓVILES shares and ADSs.**

As indicated by the Significant Event registered on July 24<sup>th</sup> 2006, it is expected that the Deed of the Merger by Absorption of TELEFÓNICA MÓVILES, S.A. (“TELEFÓNICA MÓVILES”) by TELEFÓNICA, S.A. (“TELEFÓNICA”) will be recorded with the Commercial Registry of Madrid tomorrow, July 29<sup>th</sup>, 2006, and accordingly today, Friday, July 28<sup>th</sup>, 2006, will be the last day of trading for shares of TELEFÓNICA MÓVILES on the Spanish stock exchanges and of TELEFÓNICA MÓVILES American depositary shares (“TELEFÓNICA MÓVILES ADSs”) on the New York Stock Exchange.

### **2.- Expected exchange date for TELEFÓNICA MÓVILES shares and ADSs.**

In accordance with the above, it is expected that on Monday, July 31, 2006, holders of TELEFÓNICA MÓVILES shares that are beneficiaries of the exchange will receive the TELEFÓNICA shares delivered in the exchange, after the execution by IBERCLEAR of the settlements that are customary in these types of transactions. Furthermore, it is also expected that beginning on Monday, July 31, 2006, holders of TELEFÓNICA MÓVILES ADSs that are beneficiaries of the exchange will receive the TELEFÓNICA American depositary shares (“TELEFÓNICA ADSs”) delivered in the exchange.

### **3.- Acquisition Price of the odd-lots in TELEFÓNICA MÓVILES shares or ADSs.**

According to the procedure agreed by TELEFÓNICA and TELEFÓNICA MÓVILES in order to facilitate the exchange by TELEFÓNICA MÓVILES shareholders who hold of a number of TELEFÓNICA MÓVILES shares that is not a multiple of five (5), we hereby inform that the acquisition price of the odd-lots, determined based on the arithmetic mean of the average weighted trading prices of TELEFÓNICA MÓVILES shares on the Automated Quotation System [*Sistema de Interconexión Bursátil*] (Continuous Market) for the last three trading



sessions for TELEFÓNICA MÓVILES stock (July 26<sup>th</sup>, 27<sup>h</sup> and 28<sup>th</sup>, 2006), as stated in the resolution passed by the respective General Shareholders' Meetings, is 10.54 euros per share.

Regarding the exchange of TELEFÓNICA MÓVILES ADSs, fractional entitlements to TELEFÓNICA ADSs will be aggregated and the corresponding TELEFÓNICA ADSs will be sold on the New York Stock Exchange as promptly as practicable following July 31, 2006. The net cash proceeds of the sale of such TELEFÓNICA ADSs will be delivered to the surrendering holders of TELEFÓNICA MÓVILES ADSs promptly following such sale, except in the case of TELEFÓNICA MÓVILES ADSs represented by American depositary receipts ("ADRs"), in which case Holders of ADRs will need to surrender such ADRs prior to receipt of TELEFÓNICA ADSs and delivery of the net cash proceeds of the sale of TELEFÓNICA ADSs fractional entitlements (subject to all applicable escheatment laws in the United States).

Madrid, July 28<sup>th</sup> 2006

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