



TELEFÓNICA EMISIONES, S.A.U.
(incorporated with limited liability under the laws of the Kingdom of Spain)
guaranteed by
TELEFÓNICA, S.A.
(incorporated with limited liability in the Kingdom of Spain)
€15,000,000,000

PROGRAMME FOR THE ISSUANCE OF WHOLESALE DEBT INSTRUMENTS

This supplement (the "**Supplement**") to the base prospectus dated 5 July 2006 (the "**Base Prospectus**") constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**") and is prepared in connection with the programme for the issuance of wholesale debt instruments (the "**Programme**") established by Telefónica Emisiones, S.A.U. (the "**Issuer**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with the Base Prospectus dated 5 July 2006, and any other supplements to the Base Prospectus issued by the Issuer. Each of the Issuer and Telefónica, S.A. ("**Telefónica**") accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of each of the Issuer and Telefónica, S.A. (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement and any supplement to the Base Prospectus previously issued, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of Instruments issued under the Programme since the publication of the Base Prospectus.

SUPPLEMENTARY INFORMATION

Publication of Interim Results by Telefónica, S.A.

On 27 July, 2006 Telefónica published its unaudited financial statements as at, and for the six months period ended 30 June 2006. A copy of those financial statements has been filed with the Financial Services Authority and, by virtue of this Supplement, those financial statements are incorporated in, and form part of, the Base Prospectus. Those financial statements can be viewed on the website of Telefónica, S.A. at www.telefonica.es/accionistaseinversores/ and on the website of the Regulatory News Services operated by the London Stock Exchange at <http://www.londonstockexchange.com/en-gb/pricesnews/marketnews/>.

RECENT DEVELOPMENTS

New organisational model of the Company

On 26 July, 2006, the Board of Directors of Telefónica, approved plans to adapt the Company's management structure to a new regional and integrated management model. The new organisational model is pivotal upon the strengthening of the Coordination, Business Development and Sinergies Division (in order to ensure the integrated operation of Telefónica as a single company) and a regional integrated business division to underpin customer relations, creating three Regional Business Units: Telefónica Spain, Telefónica Europe and Telefónica Latin América in charge of the integrated business, i.e. both fixed and mobile assets.