



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)
€25,000,000,000

PROGRAMME FOR THE ISSUANCE OF WHOLESALE DEBT INSTRUMENTS

This supplement (the "**Supplement**") to the base prospectus dated 3 July 2007 (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, and any other supplements to the Base Prospectus issued by the Issuer. Each of the Issuer and Telefónica, S.A. ("**Telefónica**" or the "**Company**") accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of each of the Issuer and Telefónica (which have 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.

In accordance with section 87Q(4) FSMA, investors who have agreed to purchase or subscribe for wholesale debt instruments under the Programme before the Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.

SUPPLEMENTARY INFORMATION

Publication of Interim Results by Telefónica

On 28 February 2008, Telefónica published its unaudited financial statements for the Telefónica Group as at, and for the twelve month period ended 31 December 2007. A translation from Spanish into English of those unaudited financial statements has been filed with the Financial Services Authority and, by virtue of this Supplement, those financial statements (excluding the bullet point at the top of page 5 commencing "The Group's strong business performance..." which contains certain growth forecasts; and the "Financial Targets" section at the end of page 10 and at the top of page 11) are incorporated in, and form part of, the Base Prospectus. To the best of the knowledge of each of the Issuer and Telefónica, the English translation is an accurate, complete and direct translation of the original Spanish text.

Those financial statements can be viewed on the website of Telefónica, 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

Stake in Telecom Italia

On 25 October 2007, Telefónica, Assicurazioni Generali S.p.A., Intesa Sanpaolo S.p.A., Mediobanca S.p.A., and Sintonia S.A., (Benetton) acquired the whole of the capital of Olimpia S.p.A., through the Italian company, Telco, S.p.A. (in which Telefónica holds a 42.3% equity stake). Following completion of the deal, Telco, S.p.A. held approximately 23.6% of the capital that confers voting rights of Telecom Italia S.p.A. (18% indirectly through Olimpia, S.p.A. and 5.6% contributed by Assicurazioni Generali S.p.A. and Mediobanca S.p.A.).

On 10 December 2007, the merger of Olimpia S.p.A. into Telco, S.p.A. was approved. Following the merger, Telco, S.p.A. directly holds the whole of its stake in the voting capital of Telecom Italia S.p.A. (23.6%). Accordingly, Telefónica holds indirectly 9.98% of Telecom Italia, S.p.A.'s voting capital, corresponding to 6.88% of the economic rights in Telecom Italia, S.p.A., at a cost to Telefónica of 2.314 billion euros.

On 19 November 2007, Telefónica, Assicurazioni Generali S.p.A., Intesa Sanpaolo S.p.A., Mediobanca S.p.A., and Sintonia S.A., (Benetton) extended and completed the Shareholders' Agreement in relation to, and the Statutes of, Telco, S.p.A. in order to include all the specific limitations imposed by the Brazilian National Telecommunications Agency, in accordance with its "Ato" n° 68.276 published on 31 October 2007.

Finally, pursuant to clause 8.5. (a) of the Shareholders' Agreement, on 6 November 2007, Telco, S.p.A. and Telefónica signed a Call Option Agreement. The Call Option Agreement develops Telefónica's call option over Telecom Italia S.p.A.'s shares, which is exercisable if Telco, S.p.A. approves by simple majority of votes the sale or the encumbrance of Telecom Italia S.p.A.'s shares (or of the rights corresponding to such shares, such as voting rights) and Telefónica is a dissenting party under the terms of the Shareholders' Agreement.

Shareholder remuneration

On 11 October 2007, Telefónica announced a proposal to distribute a dividend of one (1) euro per share corresponding to the 2008 fiscal year, for which purpose the adoption of the corresponding corporate resolutions will be proposed. Therefore, Telefónica brings forward the commitment announced in May 2006 to double the dividend per share for 2009.

On 27 February 2008, Telefónica announced the launch of a new share buy-back programme for a total amount of 100 million shares, representing close to 2.095% of the Company's share capital. The programme will be effective during 2008 and the first half of 2009. The execution schedule of the programme will be conditioned to the pace of cash-flow generation, to the share price level and to other market conditions, and will be always subject to any applicable limitations established by law, regulations or the Company's Bylaws.