



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 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.

SUPPLEMENTARY INFORMATION

Publication of Interim Results by Telefónica, S.A.

On 1 March 2007, Telefónica published its unaudited financial statements for the Telefónica Group as at, and for the twelve month period ended 31 December 2006. A copy of the Quarterly Results 2006 January-December has been filed with the Financial Services Authority and, by virtue of this Supplement, the financial statements of the Quarterly Results 2006 January-December 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

Spanish Withholding Tax

The withholding tax in Spain has been increased from 15 per cent. to 18 per cent. as of 1 January 2007.

Strategic alternatives in relation to its stake in Endemol, N.V.

On 9 March 2007, Telefónica announced that it is exploring strategic alternatives in relation to its stake in Endemol N.V., including a possible total or partial divestiture of its stake in that company. If Telefónica were to decide to divest its 75% stake in Endemol N.V., it is its intention to solicit from the potential purchaser a public offer for the other 25% of the shares outstanding in Endemol N.V.