



Corporate Action Announcement

Citibank, N.A., acting as sponsored depository bank, announces the following:

Date: August 2, 2006
Announcement For: [Exchange, Merger](#)

Description

Company Name:	Telefonica Moviles S.A.
Ticker Symbol:	TEM
CUSIP Number:	87938V105
Country:	Spain
Listing Exchange:	NYSE
Ratio (ADR:ORD):	1:1
Underlying Share Symbol:	TEM SM
Underlying Share ISIN:	ES0178401016
DR ISIN:	US87938V1052
Custodian:	Citibank Madrid

The merger of Telefonica Moviles, S.A. with and into Telefonica S.A. was effective on July 31, 2006. Pursuant to the terms of the Merger Agreement, each Telefonica Moviles, S.A. ADS holder will receive 4 new Telefonica ADSs for every 15 Telefonica Moviles ADSs surrendered. Cash will be paid in lieu of any fractional Telefonica ADSs that would otherwise be issued.

Telefonica S.A.

CUSIP number: 879382208
DR ISIN: US8793822086
O/S ISIN number: ES0178430E18
Ratio OS/ADR: 3:1

Shareholder Services

Questions may be directed to Shareholder Services toll free at 1-877-248-4237. For further information on Citi's Depository Receipt Services, visit www.citi.com/adr.