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Yes No X

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

**Telefónica, S.A.**

TABLE OF CONTENTS

Item		Sequential Page Number
1.	Telefónica, Mediobanca, Generali, Intesa Sanpaolo and Benetton unite to take a stake in Telecom Italia	5

28/04/07

Creating a consortium, now the largest shareholder in the Italian operator with 23.6% of the capital

TELEFONICA, MEDIOBANCA, GENERALI, INTESA SANPAOLO AND BENETTON UNITE TO TAKE A STAKE IN TELECOM ITALIA

- **The company, presided over by Carlos Alierta, will have two board members and an indirect participation of 10% in Telecom Italia**

Madrid, 28 April 2007.-

The Board of Directors of Pirelli, in an extraordinary meeting held today, and Edizione (Benetton Group), have agreed to sell their stakes in Olimpia, principal shareholder of Telecom Italia, to a consortium made up of Telefonica, the group's industrial partner, the insurance company Generali, the banks Mediobanca and Intesa Sanpaolo, and Benetton (partially reinvesting in the consortium). The operation is subject to the mandatory authorisations.



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	Telecom Italia	
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**ANNEX: Newco investment:** 100% Olimpia (2.82 euros/share) 4,118 Million euros 5.6% in TI (2.53 euros/share)  
1,897 Million euros Total 6,015 Million euros **Newco sources of funds:** Telefónica 2,314  
 Million euros Mediobanca (in kind) 522 Million euros Generali (in kind) 1,375 Million euros Intesa 522 Million  
 euros Benetton 412 Million euros Total equity 5,145 Million euros Net debt  
870 Million euros Total sources 6,015 Million euros

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**Investor relations**

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<sup>1</sup> To be reduced through a potential capital increase of up to 900 Million Euros to be executed in the 6 months following the completion of the deal.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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				<b>Telefónica, S.A.</b>	
Date:	April 28 <sup>th</sup> , 2007		By:	<u>/s/ Ramiro Sánchez de Lerín García- Ovies</u>	
				Name:	Ramiro Sánchez de Lerín García- Ovies
				Title:	General Secretary and Secretary to the Board of Directors