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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.**

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TELEFÓNICA, S.A., as provided in article 82 of the Spanish Stock Market Act (*Ley del Mercado de Valores*), hereby reports the following

SIGNIFICANT EVENT

TELEFÓNICA announces 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. To that effect, TELEFÓNICA has retained LEHMAN BROTHERS as its financial advisor and, additionally, has asked MERRILL LYNCH to offer stapled financing to the purchaser within the context of an eventual transaction.

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.

Madrid, March 9<sup>th</sup>, 2007

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.

				<b>Telefónica, S.A.</b>	
Date:	March 9 <sup>th</sup> , 2007	By:	/s/ Ramiro Sánchez de Lerín García- Ovies		
			Name:		

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					Ramiro Sánchez de Lerín García- Ovies
				Title:	General Secretary and Secretary to the Board of Directors