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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

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Telefónica, S.A.

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PRESS RELEASE

10/01/2006

TELEFÓNICA ISSUES BONDS IN EUROS AND STERLING TO REFINANCE ITS &#163 18 BILLION LOAN

- **The company establishes BBB+/Baa1 as its minimum credit rating and commits to a debt ratio equal to or less than 2.5 x OIBDA in the medium term.**

Madrid, 10 January 2006. -

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Telefonica will make a bond issue, outside the United States, worth several billion euros and sterling to refinance the acquisition of O2.

This is the first step in refinancing the €18 billion syndicated loan taken out to acquire the UK operator O2. The aim is to refinance one third of the first tranche of the loan (worth €12bn) with this bond issue in Europe. The Spanish operator will issue bonds in both euros and sterling.

Additionally, the Telefonica Group's policy for financial discipline is based on two main targets: the current rating (BBB+/Baa1) has been established as the company's minimum desirable credit rating and, secondly, it commits to a debt ratio plus cash commitments equal to or less than 2.5 x OIBDA (Operating Income Before D & A) in the medium term.

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Para mas informacion / For further information

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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.

			Telefónica, S.A.		
Date:	January 10 <sup>th</sup> , 2006		By:	/s/ Ramiro Sánchez de Lerín García- Ovies	
				Name:	Ramiro Sánchez de Lerín García- Ovies
				Title:	General Secretary and Secretary to the Board of Directors