



ANTONIO J. ALONSO UREBA
Director, General Secretary
and Secretary to the Board of Directors
TELEFÓNICA, S.A.

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

NOTICE

That, the Company in answer to the request of the “Panel on Takeovers and Mergers” of the United Kingdom, has sent to this organism the following announcement:

“In response to the request of the “Panel on Takeovers and Mergers”, the Company notes the recent press reports concerning its acquisition strategy and possible acquisition targets (including O2 plc) following the responses of Mr Alierta, the chairman of Telefonica S.A, to various questions after the Telecommunications Businesses Integration Conference held at the Summer University of Santander on September 5, 2005.

The comments regarding O2 plc were of a general nature and related to the profile of companies which would add value to the Company. Telefonica S.A has not commented on and does not wish to comment on the possibility of acquiring any particular potential target or targets in Europe or elsewhere.

The Company is also pleased to announce that it continues to be interested by the opportunities in South America, notably in Colombia, in the fixed line operation domestic companies, and that such opportunities are now being analysed”.

Madrid, September 15, 2005

SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID-