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TELEFÓNICA, S.A.

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

The offering period related to the mandatory tender offer that Telefónica S.A. launched for 48.9% of Cesky Telecom a.s.' capital on July 29, 2005 expired yesterday, September 19, 2005.

Telefónica had the obligation to launch this offer after acquiring 51.1% of the company on June 16, 2005.

The total acceptances tendered in the public offer has been 59 million shares (37.5% of the free float), which at the offer price of CZK 456 per share represent a total consideration of approximately €917 mill. This acceptance level is in line with Telefónica's expectations at the time of launching the tender offer.

After completion of the tender offer, Telefónica's interest in Cesky Telecom will have increased from 51.1% to 69.4%.

Madrid, September 20th 2005