



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

SIGNIFICANT EVENT

As part of the privatisation process for the listed Czech company Cesky Telecom a.s., Telefónica S.A. submitted a binding bid to purchase 51.1% of the equity in this company on 29 March. The bid price submitted by Telefónica S.A. is 502 Czech korunas per share, representing a total value of 2,745.87 million euro for 51.1% of the share capital of Cesky Telecom a.s.

Information issued yesterday by the Privatisation Committee formed for this process included a non-binding recommendation to the government of the Czech Republic in the light of bids submitted. In accordance with this information, the Privatisation Committee has proposed that the bid of Telefónica S.A. be declared winner of the tender, through which the privatisation is being conducted.

Telefónica S.A. is awaiting the final decision to be adopted in this respect by the government of the Czech Republic.

Madrid, March 31st, 2005.

**SPANISH NACIONAL SECURITIES MARKET COMMISSION
- MADRID -**