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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

Telefónica, S.A.

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

SIGNIFICANT EVENT

TELEFÓNICA has received notification today of the Decision of the European Commission to give its clearance to the merger transaction that the proposed acquisition of the UK telecom operator O2 plc by Telefonica would give rise to.

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Notwithstanding the above, the European Commission has considered adequate to make its clearance conditional upon Telefonica agreeing that its subsidiary Telefonica Moviles S.A would exit from the European mobile operators alliance "FreeMove" as soon as possible, and its commitment not to re-enter that alliance without the Commission's prior consent in the coming years.

As previously disclosed, Telefonica expects that the Offer will be declared wholly unconditional in January 2006.

Madrid, January 10th, 2006

"The offer referred to in this announcement is neither being made in the United States of America nor to U.S. persons. The offer may only be accepted by non - U.S. persons and by persons outside the U.S. Offering materials with respect to this offer are not being, and may not be, distributed in or sent to the U.S. and may not be used for the purpose of solicitation of an offer to purchase or sell any securities in the U.S. Any tenders received from persons resident in the U.S. or with U.S. mailing addresses will be rejected."

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 th , 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 |

