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*Director, General Secretary
and Secretary to the Board of Directors*
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

In the presentation made to analysts and investors on February 27th, 2004, regarding results for the financial year 2003, the company reported on the current situation relating to its commitment to conduct a share buyback, in accordance with terms released to the market in a Significant Event of October 10th, 2003, for a minimum value of 4 billion euro in the period from 2003 to 2006.

On December 31st, 2003, Telefónica held 40.5 million own shares as treasury stock, as well as a number of call options on company stock, expiring in the middle of 2004, giving it the right to purchase a further 33 million shares. In the event these options were exercised, at the end of 2003 the company would have had in total the equivalent of 73.5 million own shares, representing 1.5% of company stock existing on that date. This would equal having fulfilled approximately 20% of the abovementioned share buyback commitment.

In accordance with this information, changes in company treasury stock are presented in the following table:

Date	Shares (purchased and held on deposit), in millions	Shares (based on stock options), in millions	% of stock (total shares)
June 30 th , 2003	17.6	-	0.4%
September 30 th , 2003	25.6	-	0.5%
December 31 st , 2003	40.5	33.0	1.5%
February 20 th , 2004	50.0	33.0	1.7%

Madrid, March 1st, 2004.