



**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 Stock Market Act (*Ley del Mercado de Valores*), hereby reports the following

### SIGNIFICANT EVENT

Pursuant to the resolution adopted by the Board of Directors of Telefónica, S.A. at its meeting held on February 23<sup>rd</sup>, 2005, we hereby inform all shareholders that on May 13<sup>th</sup>, 2005 the Company will pay an interim dividend from 2004 net income of a fix gross amount of 0.23 euros for each Company share issued, in circulation and carrying entitlement to this dividend. This payment, in accordance with the applicable tax legislation, will be made as follows:

Gross dividend (Euros per share)	Withholding tax rate (15%) (Euros per share)	Net dividend (Euros per share)
0.23	0.0345	0.1955

The payment of this dividend shall be executed on the aforesaid date by Banco Bilbao Vizcaya Argentaria, S.A., through the participating entities in Iberclear (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*), the Spanish securities registrar, clearing and settlement company.

Madrid, May 4<sup>th</sup>, 2005

**SPANISH NATIONAL SECURITIES MARKET COMMISSION  
 - MADRID-**