

Madrid, April 10th, 2003

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

As provided in article 82 of Spanish Stock Market Law (Ley del Mercado de Valores), and further to the reports submitted May 9th and 14th, 2002 and January 29th, 2003, Telefónica S.A. hereby reports the following

SIGNIFICANT EVENT

The shareholders of DTS, Distribuidora de Televisión Digital S.A. (VIA DIGITAL), including Telefónica de Contenidos S.A.U. (a 100%-owned subsidiary of Telefónica S.A.), today approved the resolution to conduct a capital increase for the company for a maximum amount of 1.052 billion euro.

The objective of this capital increase is to provide VIA DIGITAL with the necessary funds to implement its plan to reduce debts to shareholders and financial institutions.

The capital increase approved today shall involve cash payments at face value, with a preferential subscription period of one month plus a subsequent subscription period open to other shareholders or third parties of three business days, express provision for the possibility of incomplete subscription.

Reiterating the information stated in previous reports (Significant Event reported by this Company on January 29th, 2003), as a result of this capital increase VIA DIGITAL will have debt of no more than 425 million euro on the date of its share exchange with Sogecable S.A.