

Madrid, February 14th, 2003

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

Telefónica, S.A. in accordance with that stated in article 82 of the Spanish Stock Market Law (Ley del Mercado de Valores), hereby announces the following:

SIGNIFICANT EVENT

The Board of Directors of Telefónica Europe, B.V., a 100% subsidiary of Telefónica, S.A., at its meeting held on February 12th, 2003 declared the Issuance of the simple non-convertible notes to have closed. This Issuance forms part of the Euro Medium Term Note Programme (“Programa EMTN”) introduced by the Company, as announced on February 5th of this year.

As these Notes form part of the aforementioned Programme, they are fully guaranteed by Telefónica, S.A..

The total amount of the issue will be Euros 2,000 million, and will be divided into two tranches:

- Euros 1,500 million at ten years, with a 5.125% coupon
- Euro 500 million at thirty-years, with a 5.875% coupon.

Listing: It is foreseen that, once the Issuance is subscribed and paid-in, the Company will apply for the listing of the Notes on the London Stock Exchange

This announcement is not an offer of securities for sale in the United States or any other jurisdiction. Any offering of securities to be made in the United States will be made only by means of a prospectus that may be obtained from Telefónica and that will contain detailed information about Telefónica and its management, as well as financial statements. Telefónica does not intend to register the securities for sale in the United States. Copies of this announcement are not being, and should not be, distributed in or sent into the United States.