

Madrid, July 16<sup>th</sup>, 2003

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

Further to the information requested by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on July 3<sup>rd</sup>, and following the providing of this information on July 3<sup>rd</sup> and 15<sup>th</sup>, Telefónica, S.A. would like to announce that:

The Company has been made aware of the presenting of two collective suits against it in the United States, regarding the acquisition offer for Terra Networks, S.A. shares, for which authorisation was requested from the Spanish National Securities Market Commission on May 28th. Telefónica was formally informed of the first of these suits on June 5<sup>th</sup>, 2003, but of the second, no official information has been received, to date, by the Company.

Despite the fact that Telefónica, S.A. did not consider this information to be of relevance for the market, applying article 82 of the Spanish Stock Market Law (*Ley del Mercado de Valores*), it has included a reference to this matter within the detailed information on lawsuits and legal proceedings set forth in the annual report on Form 20-F, registered in the United States on June 30<sup>th</sup> of this year. This information will also be included in the corresponding continuous informative prospectus currently being verified by the Spanish National Securities Market Commission.