

Madrid, July 22 , 2003
Spanish Securities Markets Commission

In relation to the information sought by the Comisión Nacional del Mercado de Valores (Spanish Securities Markets Commission), Telefónica, S.A.

REPORTS

That at the date hereof the Company does not have information on the number of acceptances of the public tender offer for shares of Terra Networks, S.A. which may have been tendered by the owners of the said shares.