



**ANTONIO J. ALONSO UREBA**  
*Director, General Secretary  
and Secretary of 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**

According to the shareholder remuneration policy approved by the Company's Board of Directors, and in accordance with the resolution adopted at its meeting of January 26<sup>th</sup>, 2005, Telefónica's Board of Directors, at its meeting held today, has approved to distribute an interim dividend, from 2004 net income, of a fix gross amount of Euro 0.23 for each outstanding share with the right to receive dividends of the Company.

The payment of this dividend shall be executed, as it has been already announced, on May 13<sup>th</sup>, 2005, through the participating entities in Iberclear (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*), the Spanish entity in charge of registration, clearing and settlement of securities. Tax withholding shall be made on gross amounts as required by applicable legislation.

Likewise, and in accordance with the aforementioned resolution adopted at its meeting of January 26<sup>th</sup>, 2005, the Board of Directors has resolved to propose to the next Annual General Shareholders Meeting, the distribution of a dividend in cash, from the Additional Paid-in Capital Reserve, of a fixed amount of Euro 0.27 per share. The payment of this dividend is subject to its approval by the above mentioned Annual General Shareholders Meeting, and shall be made in accordance with what it was announced by the Company, on November 11<sup>th</sup>, 2005.

By distributing both of the above mentioned dividends, Telefónica's Board of Directors implements the resolution adopted at its meeting held on January 26<sup>th</sup> 2005, to distribute a total amount of Euro 0.50 per share corresponding to fiscal year 2004.

Madrid, February 23rd , 2005.

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