

Madrid, July 25 , 2003

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

Further to the letter sent to the Company by the Spanish National Securities Market Commission ("*Comisión Nacional del Mercado de Valores*") of July 24th, and, in case that the figures mentioned in this letter, regarding the degree of acceptance registered for the Public Acquisition Offering of Terra Networks, S.A.would be confirmed, Telefónica, S.A.

REPORTS

That it is the Company's intention to waive the minimum number of acceptances set for this operation, due to the fact that the acceptance registered will suffice to fulfil the objectives this Public Offering aims to achieve.