

Madrid, July 25th , 2003

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

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

Pursuant to the July 25th , 2003 notice of the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores), the total number of securities included in the acceptances tendered in the public tender offer for shares of TERRA NETWORKS, S.A. has been 202,092,043 shares (33.60%), bringing the direct interest held in the share capital after the offer to 71.97%.

Consequently, TELEFÓNICA, S.A. has decided to waive the minimum volume requirement established as a condition for this tender offer and will therefore acquire all of the securities tendered.

Madrid, July 25th , 2003