

Madrid, May 28th, 2003

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

In accordance with article 82 of the Spanish Stock Market law 24/1988 of July 28th, 1988 (*Ley del Mercado de Valores*) and regulations thereunder, and to supplement the information set out in the Significant Event and the press release attached to the same which have been previously notified to the market, we hereby inform the following:

**SIGNIFICANT EVENT**

The share capital of TERRA NETWORKS S.A. is represented at the date hereof by 608,160,259 shares. The Tender Offer is for the acquisition of 377,367,931 shares, arrived at by subtracting from total share capital, the number of shares in the target company already owned by TELEFÓNICA S.A., that is, 230,792,328 shares.

Also, there are a total 41,898,735 shares which, though included in the number of shares the Offer addresses, are earmarked for the employee stock option scheme of TERRA NETWORKS, S.A., and a total 6,692,344 pending cancellation as part of a share capital reduction.