

EXECUTION COPY**PRICING SUPPLEMENT**

Series No.:17

Tranche No: 1

TELEFÓNICA EUROPE B.V.,
 incorporated with limited liability under Netherlands law,
 having its corporate seat in Rotterdam

Programme for the Issuance of Debt Instruments

unconditionally and irrevocably guaranteed

by

TELEFÓNICA, S.A.

Issue of

€500,000,000

5.875 per cent. Instruments due 2033

This Pricing Supplement (as referred to in the Information Memorandum in relation to the above Programme) relates to the Tranche of Instruments referred to above and must be read in conjunction with such Information Memorandum. The particulars to be specified in relation to such Tranche are as follows:

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|----|-------------------|------------------------|
| 1. | Issuer: | Telefónica Europe B.V. |
| 2. | Guarantor: | Telefónica, S.A. |

DISTRIBUTION

- | | | |
|----|---|---|
| 3. | Relevant Dealer/Joint-Lead Managers: | ABN AMRO Bank N.V., Barclays Bank PLC and J.P. Morgan Securities Ltd. |
| 4. | Syndicated: | Yes. |
| 5. | Other Dealers/Co-Lead Managers (if any): | Banco Santander Central Hispano, S.A., BNP PARIBAS, Credit Suisse First Boston (Europe) Limited, Lehman Brothers International (Europe), Morgan Stanley & Co. International Limited and Société Générale. |



**GENERAL PROVISIONS
APPLICABLE TO THE
INSTRUMENTS**

6. Status: Unsubordinated.
7. Currency:
- of Denomination Euro ("€").
 - of Payment €.
- (Condition 1.10)
8. Aggregate Principal Amount of:
- (i) Series €500,000,000.
 - (ii) Tranche €500,000,000.
9. If interchangeable with existing Series, Series No: Not Applicable.
10. Issue Date: 14 February 2003.
11. Issue Price: 98.757 per cent. of the Aggregate Principal Amount.
12. Commission Payable: Combined management and underwriting commission of 0.25 per cent. of the Aggregate Principal Amount and a selling commission of 0.35 per cent. of the Aggregate Principal Amount.
13. Selling Concession: Not Applicable.
14. Expenses: If applicable, the Issuer will bear the cost of printing Definitive Instruments.
15. (a) Form of Instruments: Bearer.
- (b) Bearer Instruments exchangeable for Registered Instruments: No.
16. If issued in Bearer form:
- (a) Initially represented by a Temporary Global Instrument or Permanent Global Instrument: Instruments will be represented initially by a Temporary Global Instrument. Exchanges for a Permanent Global Instrument will be made not earlier than 40 days after the Issue Date.
- Condition 1.02)

- (b) Temporary Global Instrument exchangeable for Definitive Instruments: No.
- Specify date from which exchanges for Registered Instruments will be made: (Condition 1.02) Not Applicable.
- (c) Permanent Global Instrument exchangeable at the option of the Holder for Definitive Instruments, (Condition 1.05) No.
- (d) Issuer to bear cost and expense of exchange of Permanent Global Instrument for Definitive Instruments: Yes, if applicable.
- (e) Coupons to be attached to Definitive Instruments: (Condition 1.06) Yes, if applicable.
- (f) Talons for future Coupons to be attached to Definitive Instruments: (Condition 1.06) Yes, if applicable.
- (g) Receipts to be attached to Instalment Instruments which are Definitive Instruments: (Condition 1.07) Not Applicable.
- (h) (i) Definitive Instruments to be security printed. Yes, if applicable.
(ii) if the answer to (i) is yes, whether steel engraved plates will be used: Yes, if applicable.
- (i) Definitive Instruments to be in IPMA or successors format: Yes, if applicable.
17. Denomination(s): (Condition 1.08 or 1.09) €1,000; €10,000; €100,000.
18. Partly Paid Instruments: (Condition 1.11) No.
- If yes, specify number, amounts and dates for, and method of, payment of instalments of subscription moneys and any further additional provisions

(including Forfeiture Dates in respect of late payment of Partly Paid Instalments)

19. If issued in Registered Form
 - Registrar: Not Applicable.
 (Condition 2.02)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

20. Interest: Interest bearing.
 (Condition 5)
- (a) If Interest bearing:
- (i) Interest Rate: 5.875 per cent. per annum.
- (ii) Interest Payment Dates (or if the Applicable Business Day Convention is the FRN Convention specify number of calendar months): 14 February in each year; the first Interest Payment Date will be 14 February 2004.
- (iii) Interest Period End Dates (or if the Applicable Business Day Convention is the FRN Convention specify number of calendar months): 14 February in each year.
- (iv) Applicable Business Day Convention: No Adjustment.
- (v) Definition of Business Day: Condition 5.09 applies.
- (vi) Day Count Fraction: Actual/Actual-ISMA.
- (vii) Interest Commencement Date (if different from the Issue Date): Not Applicable.
- (viii) Relevant Time: Not Applicable.
- (ix) Minimum Interest Rate: Not Applicable.
- (x) Maximum Interest Rate: Not Applicable.
- (xi) Default Interest Rate: Not Applicable.
 (Condition 5.02)
- (b) If non-interest bearing:
 - Amortisation Yield: Not Applicable.

- rate of interest on overdue
amounts:
(Condition 5.10)

- | | | |
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| 21. | Calculation Agent:
(Condition 5.03) | Not Applicable. |
| 22. | Reference Banks:
(Condition 5.03) | Not Applicable. |
| 23. | Maturity Date:
(Condition 6.01) | 14 February 2033. |
| 24. | Dates for payment of Instalment
Amounts (Instalment Instruments):
(Condition 6.01) | Not Applicable. |
| 25. | Maturity Redemption Amount:
(Condition 6.01) | Outstanding Principal Amount. |
| 26. | Instalment Amounts:
(Condition 6.01) | Not Applicable. |

**PROVISIONS RELATING TO
REDEMPTION**

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| 27. | Early Redemption for Taxation
Reasons:
(Condition 6.02) | |
| | (a) Early Redemption Amount
(Tax): | Outstanding Principal Amount. |
| | (b) Date after which changes in
law, etc. entitle Issuer to
redeem: | Subscription Agreement Date. |
| 28. | Optional Early Redemption (Call)
(Condition 6.03): | No. |
| | (a) Early Redemption Amount
(Call): | Not Applicable. |
| | (b) Series redeemable in part: | Not Applicable. |
| | (c) Call Option Date(s)/Call
Option Period: | Not Applicable. |
| 29. | Optional Early Redemption (Put)
(Condition 6.06) | No. |

- (a) Early Redemption Amount Not Applicable.
(Put):
- (b) Put Date(s)/Put Period: Not Applicable.
30. Events of Default (Condition 7.01):
- (a) Early Termination Amount: Outstanding Principal Amount.
- (b) Any additional (or No.
modifications to) Events of
Default:
31. Payments:
(Condition 9)
- (a) Unmatured Coupons missing Paragraph (i) of Condition 9A.06 applies.
upon Early Redemption:
- (b) Relevant Financial Centre A day on which the TARGET System is
Day: operating.
(Condition 9C.03)
32. Replacement of Instruments: Condition 12 applies.
(Condition 12):
33. Notices: Condition 14 applies.
(Condition 14)
34. Listing: Application has been made for the Instruments
to be admitted to the Official List of the UK
Listing Authority and for the Instruments to be
admitted to trading on the London Stock
Exchange.
35. Selling Restrictions: As per the Programme.
- United States of America: Not Rule 144A eligible; Regulation S,
Category 2, TRFRA D rules apply. Exchange
Date shall be not earlier than 27 March 2003.
- The Netherlands/Global: Selling restriction I(iv) of the Information
Memorandum applies: the Instruments are not
and will not be offered anywhere in the world
other than to individuals or legal entities who
or which trade or invest in securities in the
conduct of a business or profession (which
includes banks, securities firms, insurance
companies, pension funds, investment
institutions, central governments, large
international and supranational organisations,

other institutional investors and other parties, including treasury departments of commercial enterprises, which are regularly active in the financial markets in a professional manner).

The Kingdom of Spain:

The Instruments may not be offered, sold or distributed in the Kingdom of Spain save in accordance with the requirements of the Spanish Securities Market Law (*Ley 24/1998, de 28 de julio, del Mercado de Valores*) as amended and restated, and Royal Decree 291/1992, of 27 March, on issues and public offerings of securities (*Real Decreto 291/1992, de 27 de marzo, sobre Emisiones y Ofertas Públicas de Venta de Valores*) as amended and restated and the decrees and regulations made thereunder.

Other:

Not Applicable.

36. Stabilising Institution:

In connection with the Instruments, J.P. Morgan Securities Ltd. may over-allot or effect transactions with a view to supporting the market price of the Instruments at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on J.P. Morgan Securities Ltd. to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

OPERATIONAL INFORMATION

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|-----|---|--|
| 37. | ISIN: | XS0162869076. |
| 38. | Common Code: | 016286907. |
| 39. | WKN: | 753897. |
| 40. | Common Depository: | Deutsche Bank AG London. |
| 41. | Any Clearing System other than Euroclear and Clearstream, Luxembourg: | Not Applicable. |
| 42. | Settlement Procedures: | Delivery Against Payment. Customary eurobond settlement and payment procedures |

apply.

43. Other Relevant Terms and Conditions: Not Applicable.

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Instruments described herein pursuant to the listing of the €8,000,000,000 Programme for the Issuance of Debt Instruments of Telefónica Europe B.V. guaranteed by Telefónica, S.A.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: 

Duly authorised

Date: 13 February 2003