



02/07/03

**TELEFÓNICA WILL PAY SHAREHOLDERS A EURO 0.13 PER SHARE  
DIVIDEND TOMORROW**

Tomorrow, Telefónica S.A. will make the first of the two cash payments approved at the General Shareholders' Meeting as extraordinary distribution to shareholders of the additional paid-in Capital Reserve, of Euros 0.13 per share. The second payment will be made on 15 October.

The Euros 0.13 per share to be paid tomorrow by Telefónica to its shareholders is not subject to withholding by the Company, as no personal income tax is withheld on dividends charged to voluntary reserves (paid-in capital).

Payment will be made by Banco Bilbao Vizcaya Argentaria through custodians affiliated to the Spanish Securities Registration, Clearing and Settlement Service. All shares outstanding and issued by the Company have dividend rights except own shares acquired by Telefónica S.A.

Accordingly, Telefónica meets its commitment to resume dividend payments as a direct way of remunerating shareholders, after this practice was discontinued in 1998.

For further information:

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