



ANTONIO J. ALONSO UREBA
*Director, General Secretary and
Secretary of the Board of Directors*
TELEFÓNICA, S.A

Telefónica S.A., in accordance with that stated in article 82 of the Spanish Stock Market Act (*Ley del Mercado de Valores*), hereby

NOTIFIES

Pursuant to the resolution adopted by the shareholders of Telefónica, S.A. at their Annual General Meeting of April 30th, 2004, we hereby inform all shareholders that on May 14th, 2004 the Company will pay a cash dividend from 2003 net income of a gross amount of 0.20 euros for each Company share issued, in circulation and carrying entitlement to this dividend. This payment, in accordance with the applicable tax legislation, will be made as follows:

Gross dividend (Euros per share)	Withholding tax rate (15%) (Euros per share)	Net dividend (Euros per share)
0.20	0.03	0.17

The payment of this dividend shall be executed on the aforesaid date by Banco Bilbao Vizcaya Argentaria, S.A., through the participating entities in Iberclear (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*), the Spanish securities registrar, clearing and settlement company.

Madrid, May 3rd, 2004

SPANISH NATIONAL SECURITIES MARKET COMMISSION
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