

Madrid, July 2nd, 2003

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

“Telefónica S.A.”, as provided in article 82 of the Spanish Stock Market Law [*Ley de Mercado de Valores*], hereby reports the following

SIGNIFICANT EVENT

On July 2nd, 2003 Telefónica de Contenidos S.A.U., a subsidiary of Telefónica, S.A., subscribed the increase in share capital of Sogecable, S.A., whose Prospectus was approved and entered in the registers of the Spanish National Securities and Market Commission on July 1st, 2003. The subscription was effected by the contribution of its entire interest in DTS, Distribuidora de Televisión Digital S.A. (VIA DIGITAL). The remaining shareholders of the latter company have also subscribed the aforementioned capital increase. Telefónica de Contenidos S.A.U. will in consequence, subject to the relevant registration and stock exchange procedures, receive in the forthcoming days shares representing 22.227% of the share capital of Sogecable, S.A.