

Madrid, June 23rd, 2003

SPANISH NATIONAL SECURITIES MARKET COMMISSION
-MADRID-

“TELEFÓNICA, S.A.”, in accordance with that stated in article 82 of the Spanish Stock Market Law (*Ley del Mercado de Valores*) hereby informs of the following:

SIGNIFICANT EVENT

Pursuant to the resolution adopted by the shareholders of “Telefónica, S.A.” at their Annual General Meeting of April 11th, 2003, we hereby inform all shareholders that the Company will proceed to make the first of the two payments approved at the said General Meeting as an extraordinary cash distribution of additional paid-in capital.

Consequently, on July 3rd, 2003 “Telefónica, S.A.” will pay to all duly entitled outstanding Company shares the amount of thirteen euro cents (0.13 euros) per share.

This payment shall be executed on the aforesaid date by Banco Bilbao Vizcaya Argentaria, S.A. through the participating entities (“*entidades participantes*”) affiliated to the Spanish Management Company of Securities Registration, Clearing and Settlement Systems (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores*).

It is hereby placed on record that the shares entitled to participate in this extraordinary cash distribution of additional paid-in capital are all shares of the Company issued and outstanding, except for own shares held as treasury stock by “Telefónica, S.A.”.