

Madrid, June 24th, 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 gives notice of the following

SIGNIFICANT EVENT

The management of Telefónica de España, the subsidiary of the Telefónica Group that is responsible for the fixed telephony business in Spain, will today present union representatives with a proposal for the negotiation of a Streamlining Social Plan (Plan de Regulación de Empleo) that guarantees the necessary competitiveness of the company.

The aim of this Social Plan based on the principles of voluntariness, universality and non-discrimination, is to ensure the competitiveness of Telefónica de España in the new telecommunications market environment, which will translate into a guarantee for the development of the Information Society in Spain.

The proposal put forward would be implemented over the next five years (2003/2007) and could lead to around 15,000 voluntary redundancies, at no cost to the Social Security system.

The Social Plan contemplates procedures for the functional and geographical adaptation of the workforce that remains with the company, together with training programmes to cover the new professional profiles demanded by the environment.