

Further to the information made public by TELEFÓNICA, S.A. as reports of significant events on July 23rd and October 10th, 2003 in relation to the proposed dividend distribution of 0.40 euros per share which the TELEFÓNICA, S.A. Board of Directors intends, upon prior fulfilment of the applicable statutory and bylaw provisions, to bring before the shareholders for approval at the 2004 Annual General Meeting, TELEFÓNICA, S.A. hereby

REPORTS

That, for the sake of greater transparency and certainty in financial markets, the TELEFÓNICA, S.A. Board of Directors understands, as discussed at its meeting today, that the proposal to the General Meeting will be for the aforesaid dividend to be distributed in two payments of identical amounts (0.20 euros per share in each), the first on May 14th, 2004 and the second on November 12th, 2004.

Madrid, December 17th, 2003.

SPANISH NATIONAL SECURITIES MARKET COMMISSION
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