

TERRA NETWORKS SA
Form SC 13D
August 01, 2003

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 13D

**Under the Securities Exchange Act of 1934
(Amendment No. _____)***

TERRA NETWORKS, S.A.

(Name of Issuer)

Ordinary shares, nominal value Euro 2 per share

(Title of Class of Securities)

88 100 W 103

(CUSIP Number)

Telefónica, S.A

Gran Vía 28

28013 Madrid, Spain

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

July 2003

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. [X]

Note

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: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

*

The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject Class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 88 100 W 103

1. Names of Reporting Persons. I.R.S. Identification Nos. Of above persons (entities only).

TELEFONICA S.A.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)

WC

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

Not Applicable

6. Citizenship or Place of Organization

SPAIN

Number of
Shares
Beneficially

7. Sole Voting Power

432,884,371 ordinary shares

Owned by
Each
Reporting
Person With

8. Shared Voting Power

9. Sole Dispositive Power

432,884,371 ordinary shares

10. Shared Dispositive Power

11. Aggregate Amount Beneficially Owned by Each Reporting Person

432,884,371 ordinary shares

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares not applicable

13. Percent of Class Represented by Amount in Row (11)

71,97%

14. Type of Reporting Person (See Instructions)

CO

Item 1. Security and Issuer

This statement relates to ordinary shares of Terra Networks, S.A. (the "Issuer")
C/ Nicaragua 54, 08080, BARCELONA, SPAIN

Item 2. Identity and Background

- (a) TELEFONICA, S.A.
- (b) Gran Vía 28, 28013 Madrid, Spain
- (c) Delivery and exploitation of any and all kinds of public and private telecommunication services.
- (d) No
- (e) No
- (f) SPAIN

Set forth on Schedule 1 hereto is the following information required by Item 2 with respect to (i) each executive officer and director of the reporting person; (ii) each person controlling the reporting person, and (iii) each executive officer and director of any corporation or other person ultimately in control of the reporting person: (a) name, (b) residence or business address, (c) present principal occupation or

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employment and name, principal business and address of any corporation or other organization in which such occupation or employment is conducted, (d) to the best of the reporting person's knowledge, whether or not, during the last five years, such person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), (e) to the best of the reporting person's knowledge, whether or not, during the last five years, such person was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws, and (f) citizenship. Schedule 1 is incorporated herein by reference.

Item 3. Source and Amount of Funds or Other Consideration

TELEFONICA, S.A. has used the funds deposited in Banco Bilbao Vizcaya Argentaria S.A., to acquire the shares of TERRA. Said deposit has been set up using cash surpluses of the Bidder, not having used for these purposes available lines of credit. The net debt of TELEFONICA shall be increased by the same amount by which its cash is reduced.

Item 4. Purpose of Transaction

TELEFONICA's objective is to increase its holding in TERRA, in order to obtain control of the Company and to further integrate the two companies.

Item 5. Interest in Securities of the Issuer

- (a) **432,884,371 existing shares, or 71.97% of the share capital.**
- (b) Shared power to vote and dispose:
432,884,371 ordinary shares
- (c) Not applicable
- (d) Not applicable
- (e) Not applicable

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Not applicable

Item 7. Material to Be Filed as Exhibits

Not applicable

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- (b) c/o Gran Vía 28, 28013 Madrid, Spain
- (c) General Manager of Caja de Ahorros y Pensiones de Barcelona "La Caixa"
- (d) No
- (e) No
- (f) SPAIN

- (a) Mr. José Antonio Fernández Rivero
- (b) c/o Gran Vía 28, 28013 Madrid, Spain
- (c) General Manager BBVA
- (d) No
- (e) No
- (f) SPAIN

- (a) Mr. Fernando de Almansa Moreno-Barreda
- (b) c/o Gran Vía 28, 28013 Madrid, Spain
- (c) International affairs advisor
- (d) No
- (e) No
- (f) SPAIN

- (a) Mr. José Cadenato Matía
- (b) c/o Gran Vía 28, 28013 Madrid, Spain
- (c) General Manager BBVA
- (d) No
- (e) No
- (f) SPAIN

- (a) Mr. Maximino Carpio García
- (b) c/o Gran Vía 28, 28013 Madrid, Spain
- (c) Manager of Telefónica Móviles, S.A., Member of the Spanish economic and social committee and Professor of Economics of the Autonomia

University of Madrid

(d) No

(e) No

(f) SPAIN

(a) Mr. Carlos Colomer Casellas

(b) c/o Gran Vía 28, 28013 Madrid, Spain

(c) Chairman of the Colomer Group

(d) No

(e) No

(f) SPAIN

(a) Mr. Alfonso Ferrari Herrero

(b) c/o Gran Vía 28, 28013 Madrid, Spain

(c) Director of CTC Chile

(d) No

(e) No

(f) SPAIN

(a) Mr. José Fonollosa García

(b) c/o Gran Vía 28, 28013 Madrid, Spain

(c) General Manager BBVA

(d) No

(e) No

(f) SPAIN

(a) Mr. Gonzalo de Hinojosa Fernández Angulo

(b) c/o Gran Vía 28, 28013 Madrid, Spain

(c) Chairman of Cortefiel

(d) No

(e) No

(f) SPAIN

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- (a) Mr. Miguel Horta e Costa
- (b) c/o Gran Vía 28, 28013 Madrid, Spain
- (c) Chairman of Portugal Telecom.
- (d) No
- (e) No
- (f) SPAIN

- (a) Mr. Pablo Isla Alvarez de Tejera
- (b) c/o Gran Vía 28, 28013 Madrid, Spain
- (c) Chairman of Altadis
- (d) No
- (e) No
- (f) SPAIN

- (a) Mr. Luis Lada Díaz
- (b) c/o Gran Vía 28, 28013 Madrid, Spain
- (c) General Manager of Telefónica, S.A.
- (d) No
- (e) No
- (f) SPAIN

- (a) Mr. Antonio Massanell Lavilla
- (b) c/o Gran Vía 28, 28013 Madrid, Spain
- (c) Senior Executive Vice-President of Caja de Ahorros y Pensiones de Barcelona "La Caixa"
- (d) No
- (e) No
- (f) SPAIN

- (a) Mr. Enrique Used Aznar
- (b) c/o Gran Vía 28, 28013 Madrid, Spain

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(c) Chairman of Amper, S.A.

(d) No

(e) No

(f) SPAIN

(a) Mr. Mario Eduardo Vázquez

(b) c/o Gran Vía 28, 28013 Madrid, Spain

(c) Chairman of Telefónica de Argentina, S.A.

(d) No

(e) No

(f) SPAIN

(a) Mr. Antonio Viana-Baptista

(b) c/o Gran Vía 28, 28013 Madrid, Spain

(c) Chairman Chief Executive Officer of Telefónica Móviles, S.A.

(d) No

(e) No

(f) SPAIN

(a) Mr. Gregorio Villalabeitia Galarraga

(b) c/o Gran Vía 28, 28013 Madrid, Spain

(c) General Manager BBVA

(d) No

(e) No

(f) SPAIN

(a) Mr. Antonio Jesús Alonso Ureba

(b) c/o Gran Vía 28, 28013 Madrid, Spain

(c) General Secretary and Secretary of the Board of Telefónica, S.A.

(d) No

(e) No

(f) SPAIN