

SHAREHOLDER INFORMATION

	1987	1986	1985	1984	1983
Share Capital (Millions of Ptas.)	415,367.90	411,793.00	360,468.00	320,414.60	288,374.00
Earnings per share (Ptas.)	64.16	55.76	55.71	55.69	55.85
Price/earnings ratio	12.47	15.69	11.44	8.35	6.27
Dividend payout (%)	85.72	98.64	98.72	98.76	98.40
Capitalisation/Cash-flow	2.47	3.30	2.59	1.99	1.67

Share Capital

The share capital of **Telefónica** at April, 30 1988 was 430,939,585,000 pesetas, represented by 861,879,170 bearer shares of 500 Ptas. nominal value, fully paid in.

Capital increases since 1983 are as follows:

Year	Ratio	Issue Price (Ptas.)	Paid by the Shareholders (Ptas.)	Nominal Amount Millions of Ptas.
1983	1 x 5	100%	350.00	48,062.3
1984	1 x 9	100%	350.00	32,041.6
1985	1 x 8	100%	400.00	40,051.9
1986	1 x 9	100%	450.00	40,051.9
1986 Conv.	—	128.375 %	641.875	69.1
1986 Conv.	—	168.975 %	844.875	11,204.2
1987 Conv.	—	154.993 %	774.965	181.2
1987 Conv.	—	148.115 %	740.575	2,791.8
1987 Conv.	—	165.225 %	826.125	602.2
1988 Conv.	—	129.600 %	648.00	15,257.5
1988 Conv.	—	144.925 %	724.625	314.3

NOTE: At April 30, 1988 **Telefónica** had in circulation 11,163,07 million pesetas in Convertible Bonds.

Share Listings

Telefónica shares are listed on all the Spanish Stock Exchanges- Madrid, Barcelona, Bilbao and Valencia- and on five foreign Stock Exchanges- London, Paris, Frankfurt, Tokyo and New York*.

Admission to the New York Stock Exchange was granted on June 11, 1987.

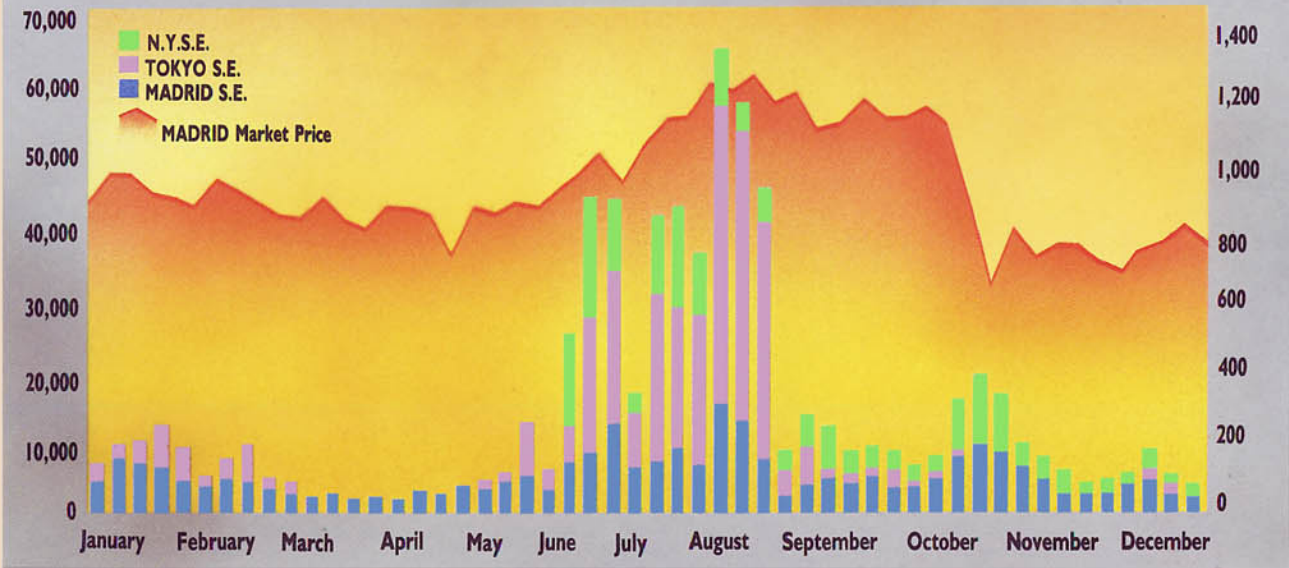
Telefónica is listed under the symbol "TEF".

Since April 5, 1988, **Telefónica** is present on the London Stock Exchange SEAQ INTERNATIONAL* system.

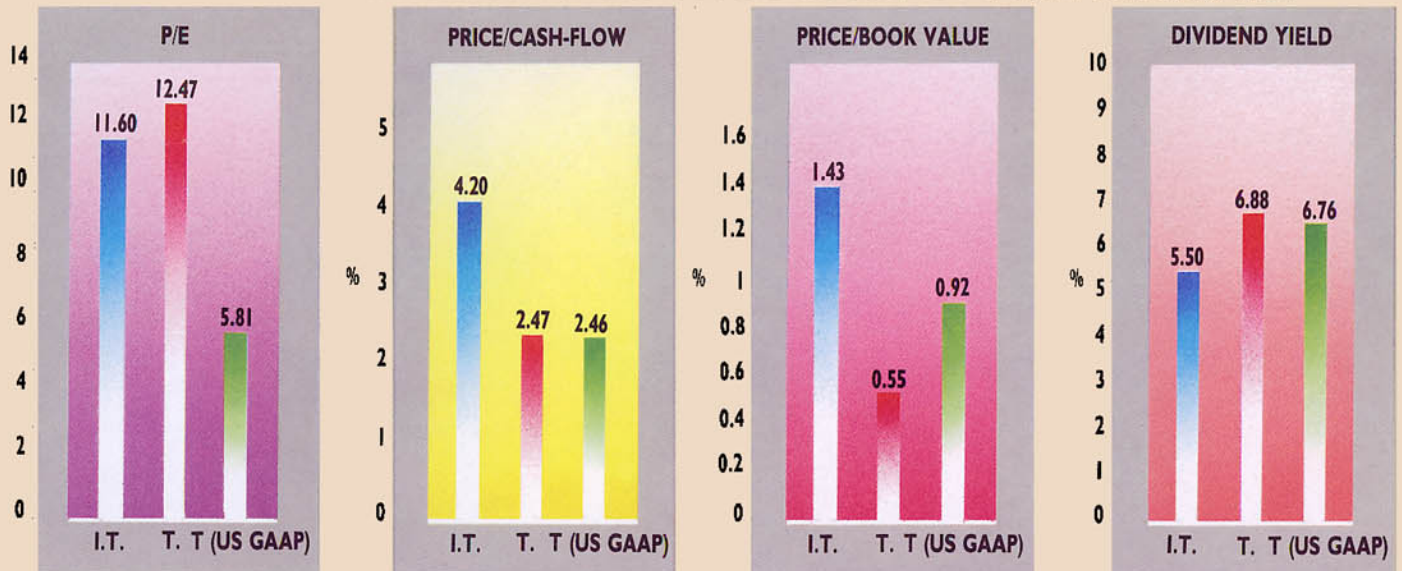
* It is listed on American Depository Receipts (ADR). 1 ADR = 3 shares.

Weekly share turnover (thousands of shares)

Market Price (ptas.)



TELEFONICA: INTERNATIONAL COMPARISONS AT DECEMBER 31, 1987



IT — INTERNATIONAL TELECOMMUNICATIONS INDEX (source: "Capital International Perspective").
 T — TELEFONICA. — Data according to spanish accounting principles.
 T (US. GAAP) - TELEFONICA. — Data according to US accounting principles.

Market prices

The table shows closing prices on the Madrid Stock Exchange, in pesetas.

Year	High	Low	Year-end close
1983	465.00	301.25	350.00
1984	523.75	330.00	465.00
1985	720.00	472.50	637.50
1986	1,142.50	632.50	875.00
1987 1 st quarter	977.50	810.00	810.00
1987 2 nd quarter	1,026.25	732.50	975.60
1987 3 rd quarter	1,265.00	925.00	1,102.50
1987 4 th quarter	1,145.00	645.00	800.00

Stock Market Capitalisation

	1987	1986	1985	1984	1983	Average growth % 87/83
Telefónica	664.6	701.0	459.6	298.0	201.9	34.70
Total Madrid Stock Exchange	7,748.8	6,477.3	3,007.3	2,294.5	1,711.0	45.88
Telefónica Weighting on the M.S.E. index	10.89	15.20	11.90	10.71	11.20	—

(figures in thousands of millions of pesetas).

Dividend Policy

Telefónica normally pays an interim dividend at year end, and a final dividend once the total dividend for the year has been approved by the General Meeting of Shareholders pursuant to the proposal of the Board of Directors.

New shares from capital increases participate in net income on the basis of the time that they have been outstanding.

Recent dividends were:

	1987	% of par val.	1986	% of par val.
Interim	25 Ptas.	5	25 Ptas.	5
Final	30 Ptas.*	6	30 Ptas.	6*
Total	55 Ptas.	11	55 Ptas.	11

* Pending approval by the General Meeting of Shareholders, in accordance with the proposal for net income distribution (page 56).

Principal shareholders of Telefónica

Since **Telefónica** shares are bearer shares, no official register of shareholders exists. Nevertheless, on paying the interim dividend for 1987 on January 8, 1988, it was verified that the main shareholders are:

	Interest as % of Share Capital
Spanish State	29.28
Bank of Spain	1.41
Caja Postal (Post Office Savings Bank)	2.14

The Company is not aware of any other shareholder owning more than 5 % of the shares issued. According to the General Register of Foreign Investments at the Directorate General of Foreign Transactions of the Ministry of Finance, foreign shareholdings in the Company amounted to 92,266,710,000 ptas.

Notice of the General Meeting of Shareholders

Date: May 27, 1988. (at the second notice).

Time: 12.00 h.

Place: Paseo de la Castellana, n.º 259. Madrid.

Shareholder information

Copies of this Annual Report may be obtained free of charge at the Company's offices or by writing to:

Telefónica de España, S.A.

Financial Department
General Perón, 28 - planta 15
Edificio Master's II
28020 MADRID

In compliance with the stipulations of the Ministry Orders of November 17, 1981 and February 26, 1982,

a bi-yearly information brochure is available to shareholders.

Published by **Telefónica.**

Gran Vía, 28. 28013 Madrid.

Design: AN&C.

Photographs: Pablo Neustadt y Anna Löscher.

Charts: Chema Alonso.

Layout and Printing: Gaez.

Legal Deposit: M-15,887-1988.



Telefónica de España, S.A.