



ANTONIO J. ALONSO UREBA
 Director, General Secretary
 and Secretary to the Board of Directors
TELEFÓNICA, S.A.

Telefónica S.A., as provided in article 82 of the Spanish Stock Market Act (*Ley del Mercado de Valores*), hereby reports the following

SIGNIFICANT EVENT

During the Fourth Investor Conference that is being hosted in Barcelona on April 25th and 26th, the company has presented the strategy and business outlook for its subsidiary Telefónica Latinoamérica. In relation to the information disclosed in this presentation, special emphasis is placed on the communication of the expected performance of this subsidiary for the period 2004-2008, based on key financial indicators.

These financial projections are as follows:

TELEFONICA LATINOAMERICA GROUP

	2004 Reported under IFRS (Euros in Million)	CAGR (*) 2004-2008 (%)
Revenues	6,748.4	+4%/+7%
Operating Income Before D&A	3,294.9	+5%/+9%
Operating Income	1,716.1	+11%/+16%
OpCF (Operating Income Before D&A - CAPEX)	2,541.6	+5%/+9%
CAPEX	753.3	+6%/+10%

(*)CAGR stands for Compounded Annual Growth Rate.



In terms of guidance calculation, Operating Income before D&A and Operating Income exclude other exceptional revenues/expenses not foreseeable in 2005-2008. These exceptionals amounted to 354.4 MM€ in 2004 and are therefore also excluded, meaning a calculation base for guidance of 2,940.5 MM€ for Operating Income before D&A and 1,361.7 MM€ for Operating Income, respectively. Personnel Restructuring and Real Estate Programs are included as operating revenues/expenses.

All projections refer to local currency, that is assuming constant exchange rates as of 2004, and exclude changes in consolidation, except the acquisition of Atrium.

Madrid, April 25th, 2005

**SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID-**

This document contains statements that constitute forward looking statements of the Company or its management, including statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activity and situation relating to the Company.

Such forward looking statements are not guarantees of future performance and involve risks and uncertainties and actual results may differ materially from those in the forward looking statements as a result of various factors.

Analysts and investors are cautioned not to place undue reliance on those forward looking statements which speak only as of the date of this communication. Telefonica undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this communication including without limitation changes in Telefonica's business or acquisition strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's prospectus as well as periodic filings made with the relevant financial regulatory authorities.