



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 communicates the expected consolidated performance of the Telefónica Group for the period 2004-2008, based on key financial indicators.

These financial projections are as follows:

TELEFONICA GROUP

	2004 Reported under IFRS (Euros in Million)	CAGR (*) 2004-2008 (%)
Revenues	30,270.7	+7%/+11%
Operating Income Before D&A	12,129.6	+8%/+12%
Operating Income	6,463.0	+13%/+19%
CAPEX	3,771.9	+3%/+7%

(*)CAGR stands for Compounded Annual Growth Rate.

Furthermore, Telefónica announces it expects to generate a free cash- flow of more than 36 billion euros during the period 2005-2008. As proof of the company's commitment to shareholder remuneration, Telefónica communicates its decision to execute a renewed and extended 6 billion euros share buyback program until 2007. This 6 billion euros includes the pending execution of the 2003-2006 Program.

The execution schedule of these share buy-backs will be conditioned to both the pace of cash-flow generation and to the share price level, all subject to any applicable limitations established by law, regulation and by the Company's Bylaws.



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 -303.5 MM€ in 2004 and are therefore also excluded, meaning a calculation base for guidance of 12,433.1 MM€ for Operating Income before D&A and 6,766.5 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, other than BellSouth assets in Argentina & Chile acquired by Telefónica Móviles in 2005, and Atrium acquired by Telefónica Latinoamérica. Český Telecom is incorporated into the consolidated accounts in the second half 2005.

Madrid, April 26th, 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.