

| | 1986 | 1987 | 1988 | 1989 | 1990 |
|-------------------------------------|------------|------------|------------|------------|------------|
| Share Capital (Millions of ptas.) | 411,792.74 | 415,367.86 | 460,620.35 | 462,481.73 | 463,479.04 |
| Adjusted earnings per share (ptas.) | 54.87 | 62.80 | 70.58 | 74.49 | 81.76 |
| Price/earnings ratio | 15.59 | 12.47 | 12.58 | 11.92 | 10.27 |
| Dividend Payout (%) | 98.66 | 85.72 | 75.43 | 73.83 | 62.27 |
| Capitalization/Gross cash flow | 3.21 | 2.47 | 2.52 | 2.45 | 2.03 |

S SHAREHOLDER INFORMATION

Share Capital

The share capital of Telefónica at April 30, 1991 was 463,479,038,500 ptas., represented by 926,958,077 bearer shares of 500 ptas. nominal value, fully paid in.

Capital increases since 1986 are as follows:

| Year | Ratio | Issue price | Paid by the Shareholders (ptas.) | Nominal Amount Millions of ptas. |
|-----------|-------|-------------|----------------------------------|----------------------------------|
| 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 | - | 129.666% | 648.330 | 15,257.5 |
| 1988 Conv | - | 144.921% | 724.605 | 314.3 |
| 1988 Conv | - | 180.730% | 903.650 | 83.1 |
| 1988 Conv | - | 152.642% | 763.210 | 28,395.2 |
| 1988 Conv | - | 160.341% | 801.705 | 208.4 |
| 1988 Conv | - | 166.656% | 833.280 | 11.4 |
| 1988 Conv | - | 163.418% | 817.090 | 7.9 |
| 1988 Conv | - | 159.809% | 799.045 | 9.4 |
| 1988 Conv | - | 155.268% | 776.340 | 965.3 |
| 1989 Conv | - | 156.477% | 782.385 | 1,785.6 |
| 1989 Conv | - | 188.581% | 942.905 | 75.8 |
| 1990 Conv | - | 171.687% | 858.435 | 997.3 |

Note: At April 30, 1991 Telefónica had outstanding 200 million dollars 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 (TEF)*.

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

On November 6, 1989 Telefónica started to be quoted on the Computer Assisted Continuous Market on the Spanish Stock Exchanges.

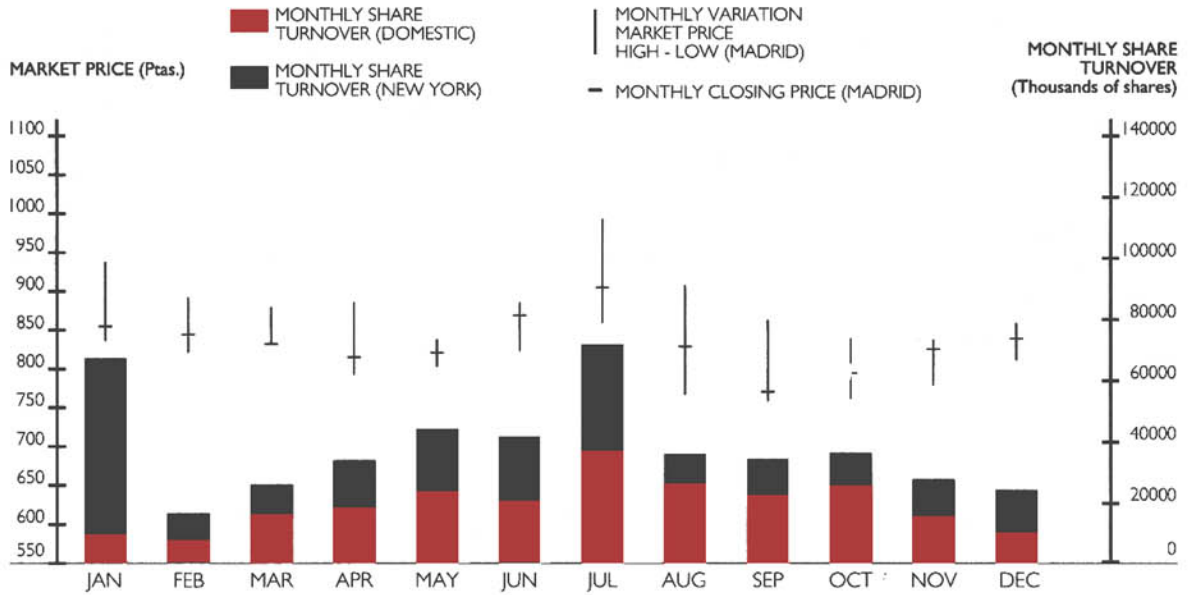
Since November 27, 1989, option contracts are negotiated on the American Stock Exchange (AMEX), based on Telefónica ADRs.

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

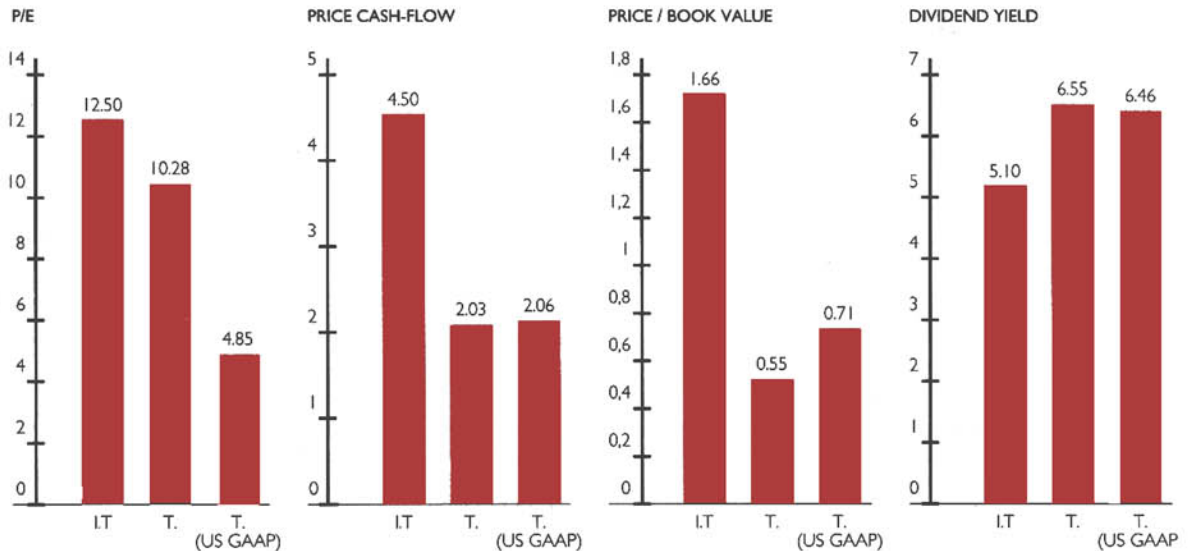
AUDITED FINANCIAL STATEMENTS*

* Submitted for approval to the Ordinary General Meeting of Shareholders

TRENDS IN TELEFONICA SHARES DURING 1990



TELEFONICA: INTERNATIONAL COMPARISONS AT DECEMBER 31-12-1.1990



I.T.: International telecommunications index (Source: "Capital International Perspective"); T.: Telefónica - Data according to Spanish accounting principles. T (UA GAAP): Telefónica - Data according to US accounting principle

Market prices

The table shows high, low and closing prices on the Madrid Stock Exchange in Ptas.

| YEAR | High | Low | Closing |
|------------------|----------|--------|---------|
| 1986 | 1,160.00 | 630.00 | 875.00 |
| 1987 | 1,265.00 | 645.00 | 800.00 |
| 1988 | 1,048.75 | 775.00 | 888.75 |
| 1989 | 1,086.25 | 865.00 | 888.00 |
| 1990 1st quarter | 941.00 | 815.00 | 829.00 |
| 1990 2nd quarter | 887.00 | 797.00 | 869.00 |
| 1990 3rd quarter | 984.00 | 765.00 | 772.00 |
| 1990 4th quarter | 855.00 | 763.00 | 840.00 |

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, following the proposal of the Board of Directors.

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

Recent dividends were:

| | 1989 | % of par value | 1990 | % of par value |
|---------|----------|----------------|-----------|----------------|
| 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.

State shareholding in Telefónica de España, S.A.

Since Telefónica shares are bearer shares, no official register of shareholders exists. Nevertheless, in paying the interim dividend for 1990 on February 15, 1991, it was verified that the state shareholding is as follows:

| | Interest at % of Share Capital |
|--|--------------------------------|
| Spanish State | 32.29 |
| Bank of Spain | 1.03 |
| Caja Postal (Post Office Savings Bank) | 1.68 |

| | (Figures in thousands of millions of pesetas) | | | | | Average Growth % 90/86 |
|--|---|---------|----------|----------|----------|------------------------|
| | 1986 | 1987 | 1988 | 1989 | 1990 | |
| Telefónica | 700.9 | 663.7 | 766.1 | 821.2 | 778.6 | 2.66 |
| Total Madrid Stock Exchange | 6,477.3 | 7,748.8 | 10,313.1 | 13,457.4 | 11,744.4 | 16.04 |
| Telefónica Weighting on the M.S.E. index (%) | 15.20 | 10.89 | 9.07 | 7.95 | 6.53 | |

STOCK MARKET CAPITALIZATION