

1993 HIGHLIGHTS

JANUARY. With the purchase of 51% of "Publiguías", Telefónica Internacional starts business in the yellow pages sector in Chile. The operation, which amounted to 5 million dollars, went ahead in association with the Chilean Telephone Company (CTC), who hold 9% of the company's share capital.

FEBRUARY. Telefónica's Board of Directors approves additional investment aimed at equipping telephone exchanges with the technology necessary for facilitating the Itemized Bill service.

Telefónica Sistemas becomes the head of a new group of companies, especially dedicated to providing solutions to the growing, complex demands of Telefónica's corporate clients.

MARCH. Seven new public European operators sign an agreement in Madrid to join the ATM pilot project, a protocol relating to the implementation throughout all Europe of an infrastructure based on the Asynchronous Transference Mode (ATM).

APRIL. Telefónica presents to the General Meeting of Shareholders its public commitment to a wide range of improvements and service developments. The universalization of the service, line installation in under 20 days, quality upgrading, itemized billing, network modernization, the development of new services and a reduction in the telephone bill are the 7 points included in the "Public Commitment" made by Telefónica to our clients and to society in general.

Telefónica's chairman declares that the company's commitment to Spanish society is to make Telefónica the FAVOURITE telecommunications services supplier of present and future customers.

Telefónica presents to the General Meeting of Shareholders and to the public in general, the Company's new corporate identity, represented by a new company logo.

MAY. Telefónica launches the cellular mobile Telephony Service "Telemobil" in Romania, only a year after being granted the license to operate the service and form the company Telefónica Romania.

Telefónica promotes the construction of "Unisur", the first underwater cable from Southern Latin America. It will enter into service in 1994 and, via connection (in Brazil) with the cables Americas I and Columbus II, Unisur will give Argentina direct connection to the other continents.

Telefónica will develop a vast program of corporate management through the "Proyecto Arco" to harmonize the company's marketing activity, integrating into one application all the corporate management processes.



JUNE. Spain's first radio broadcast is transmitted through Telefónica's Integrated Services Digital Network (ISDN).

Telefónica launches the "Moviline" service. The company Telefónica Servicios Móviles (TSI) is responsible for the launching and marketing of this mobile telephony service.

Telefónica automates maritime communications via satellite through INMARSAT. Maritime shipping communications in all the oceans of the world can be made automatically via satellite from any telephone without going through the operator.

Telefónica begins marketing the Integrated Services Digital Network (ISDN). The ISDN, a digital network which is capable of integrating any kind of information (voice, data, text or image) through one single connector, offers users better quality communications, faster transmission and greater flexibility.

JULY. Telefónica's 14th million line goes into service. The line was contracted in Reus (Tarragona). Telefónica signs a contract in Rabat to lay an underwater cable between Estepona and Tetuán. The project will cost a total of 1,100 million pesetas and will start operating in 1994 with a capacity of 15,360 basic circuits.

SEPTEMBER. The Madrid Savings Bank (Caja de Madrid) is the first entity to sign an agreement with Telefónica for the immediate implantation of the ISDN Business Network developed by Telefónica.

Telefónica's Board of Directors approves the execution of the "Fotón Plan". In brief, this plan consists of connecting with fibre optics all the Corporate Clients' buildings with their corresponding telephone exchange. Anticipated investment for the first two years of the plan amounts to 46,500 million pesetas, with the result that, within a relatively short period of time, all towns of over 50,000 inhabitants will have an optical infrastructure. One of the main advantages of the introduction of fibre optics is the integration into the same network, at high speed, of voice, data and high definition image.

OCTOBER. The Government Representative within Telefónica authorizes the Company to implement Itemized Billing. Throughout 1994 all customers whose telephone is connected to a digital telephone exchange (almost 6 million) will receive an itemized bill. Gradually, by 1997, all Telefónica's 14 million clients will receive the service. Telefónica's itemized bill service is optional and free of charge.

Telefónica Sistemas de Satélites (TSS) and Unisource Satellite Services sign a collaboration agreement to operate jointly in the world market of satellite business communications, with an investment, over 5 years, of 15,000 million pesetas. Unisource Satellite Services (USS) is a subsidiary of Unisource and has the same authorized activity as TSS.

NOVEMBER. Telefónica puts the Ibercom National Maintenance Centre into operation, with an investment of 3,000 million pesetas.

Telefónica announces the commissioning of ORBINET, a new international communications network for corporate clients. ORBINET is a basic digital infrastructure consisting of 15 nodes currently under installation in the main European and Latin American capital cities. Capable of transmitting integrally on one single channel voice, data and image it will carry all kinds of global communications and has the capacity to include new ATM (asynchronous transference mode) protocols.

Fifty thousand families in the rural areas of Galicia now have telephone access thanks to cellular mobile technology. The system, which was started only a year and a half ago as a result of the agreement signed between Telefonica and the Galician Regional Government, has led to the elimination of so-called "areas outside local zones".

This is one of the fundamental consequences of the rural telephony plans drawn up between Telefónica and the Autonomous Regional Governments, in order to make the telephone service available to all Spain's citizens under the same price and quality conditions wherever they may reside.

The Mediterranean Maintenance Agreement signed by Telefónica, Iritel and France Telecom comes into force for the maintenance of the 51,000 kilometres of underwater cable in the 14 countries in the area.

DECEMBER. On the first day of the month, Unisource and Telefónica sign an agreement to establish close cooperation. Unisource is composed of PTT Telecom Netherlands, Swiss Telecom PTT and Swedish Telia, the operators of Holland, Switzerland and Sweden respectively. Under the agreement the signatories will work together in Europe and in the rest of the world for their mutual benefit.

Telefónica is awarded a license in Uruguay to exploit Cellular Mobile Telephony in a consortium also consisting of France Telecom and Stet.

Telefónica participates from Spain in the inauguration of the Pan-European ISDN, EURIE '93.