

HIGHLIGHTS

- CODITEL, 100% subsidiary of CETESA, begins to significantly increase its business figures, after being brought into line with the Automated Treatment of Personal Data Regulation Act, better known as LORTAD.

SEPTEMBER

- The AMERICAS I underwater cable (Latin America-Caribbean-USA) comes into service. Telefónica has a 3.68% share in this project, which is fundamental to its strategy as it serves as an extension to the circuits with Latin America through COLUMBUS II. A month earlier in Oslo, Telefónica signed the Agreement for the Construction and Maintenance of the ODIN fibre optics underwater cable system (Holland-Denmark-Norway-Sweden), which will serve as an extension to the RI-OJA system (Spain-United Kingdom, Belgium and Holland).

The United States Federal Communications Commission (FCC) authorizes TLD of Puerto Rico, in which Telefónica has a 79% holding, to participate in the Columbus II and Americas I underwater cable systems, and also to operate circuits with the Bahamas and Holland.

- The Boards of Directors of the Peruvian companies CPT and ENTEL agree to begin the process of merging the two operators. As a result of this merger the managements of CPT, ENTEL and Telefónica look forward to a significant improvement in operating margins and increased profitability in the merged company.

- CTC brings into service the Integrated Services Digital Network (ISDN) and completes the process of digitization of its domestic telephone network, in which it has invested 1,700 million dollars.

- Telefónica de Argentina is elected to chair the commission which is to coordinate and monitor the Agreement of Understanding (ADE) for the

introduction of Integrated Services Digital Networks in Latin America under a common standard.

OCTOBER

- Telefónica sells its holding in Alcatel Standard Eléctrica (13.24% of the share capital) to Alcatel N.V., thus complying with the European Commission's recommendation to cut its links with its suppliers.

- The government approves an agreement on the liberalization of telecommunications which includes the drawing up of a future contract between MOPTMA and Telefónica to bring tariffs up to date and expand the network to all areas of the country. The agreement confirms that the tender for the granting of the second TMA license will be decided before the end of the year, and grants Telefónica the right to provide the GSM mobile telephony service.

- The internal Quality audit process is begun in six Spanish provinces, culminating in December with the Certification by the Spanish Standardization Association (AENOR) of Telefónica's Quality System in these provinces, in line with UNE norm 66-901-89, equivalent to international norm ISO 9001. Tarragona, The Balearic Islands, Cádiz, Málaga, Castellón and Zamora thus begin a process which will continue throughout 1995 in the rest of Spain.

NOVEMBER

- The Board of Directors of Telefónica agrees on a new organization for the company, structured around a Corporate Core and 8 business areas, with the objective of improving the service to clients and adapting to an increasingly competitive environment.

- Telefónica, along with 16 other European operators, takes part in the inauguration of the European Information Superhighway.

based on ATM (Asynchronous Transfer Mode) technology.

- The mobile telephony service reaches 393,000 users, and it is expected that this figure will rise to over 400,000 by the end of the year. This exceeds the 1% penetration forecast, and is due to an annual increase of 60%. Two months earlier, the government approved the telephone tariffs to be applied to the interconnection between the future GSM pan-European mobile networks and the fixed telephony network.

DECEMBER

- Telefónica extends the 002 "By Appointment" repair service to all of Spain. Telefónica aims to improve customer service by offering the possibility of arranging the most convenient time for a technician to visit.

- The Dutch bank ABN Amro Bank, B.N. Argentaria and Telefónica Internacional agree on a syndicated loan of 1,100 million dollars for Telefónica Internacional.

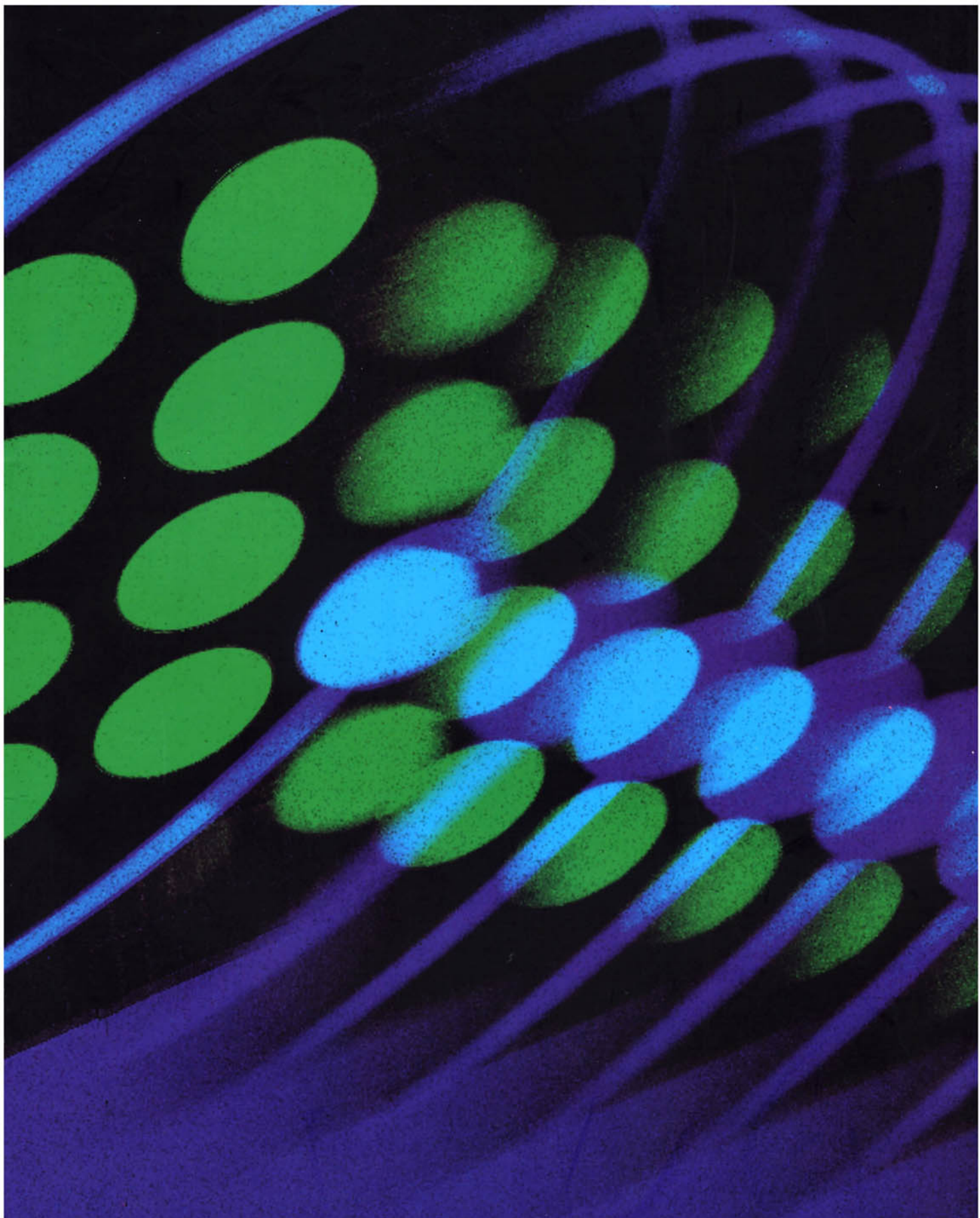
- Argentaria and Telefónica reach an agreement in which Telefónica is to take a holding of up to 10% in Telefónica Mobile Services, S.A.. This agreement is within the collaboration framework set up between Telefónica de España and Argentaria for the telecommunications business.

- Unisource and AT&T announce the formation of Uniworld (60% Unisource-40% AT&T), a joint enterprise aimed at bringing global communications services to multinational companies operating in Europe, and providing excellent access to North America and Asia.

- Telefónica Sistemas de Portugal TSP is formed, with Telefónica Internacional having a 25% share, and Telefónica Sistemas the remaining 75%.

The new company will offer its Portuguese clients systems engineering, networks and infrastructure, and security systems.





Telefónica de España, S.A.