

## MOBILE SERVICES

The year 1994 was decisive for the development of mobile telephony in Spain. This was due as much to the liberalization process as to the changes that have taken place in the market, which has begun to see mobile telephony as an everyday service. Another factor which helped bring about these changes was the energy Telefónica put into promoting the Moviline service through its mobile services affiliate.

Further highlights of the year were the reduction of the connection fee to 10,000 pesetas (a 65% decrease), the extension of personal tariffs and the greater capillarity of the distribution network.

1994 also saw the incorporation of Telefónica's showrooms and practically all the large department stores into the Moviline sales network. Together with the chain stores and specialized shops this formed a network which grew in one year from 600 to nearly 3,000 sales outlets. This boost to the sales network enabled the service to reach 411,930 clients in 1994, 154,669 more than in 1993, which meant that it now exceeded 1% penetration in the Spanish population. This considerable increase in the number

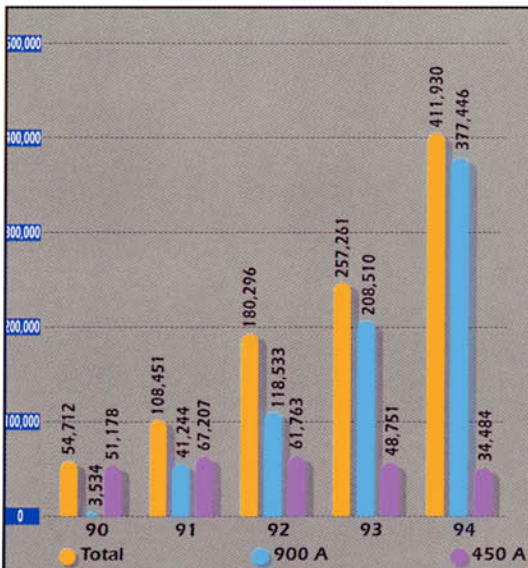
of Moviline Service clients, nearly 60% up on 1993, was accompanied by improvements in quality, especially in the areas of coverage and customer service. Coverage was increased considerably to reach 90% of Spanish territory and 98% of the population.

As regards improved customer service, there was a major expansion to the Customer Service Centre (C.A.C.), which saw a sharp increase in the number of calls.

This attention to the customer was also shown in the use of the TACS-900 mobile network to support Cellular Access Rural Telephony (TRAC), which brings the basic service to more than 142,000 customers in various Spanish regions with low population density.

Apart from the above mentioned activities, a lot of work went into developing what will be the mobile communications business in the forthcoming years.

The GSM digital network continued to be widely developed, along with the systems and processes of the Movistar digital system, bringing to perfection the tasks and procedures which will give clients excellent service right from its launch in 1995. We are also playing a very active role in the global-



Automatic Mobile Telephony  
Trends in the n° of Connections  
to each System

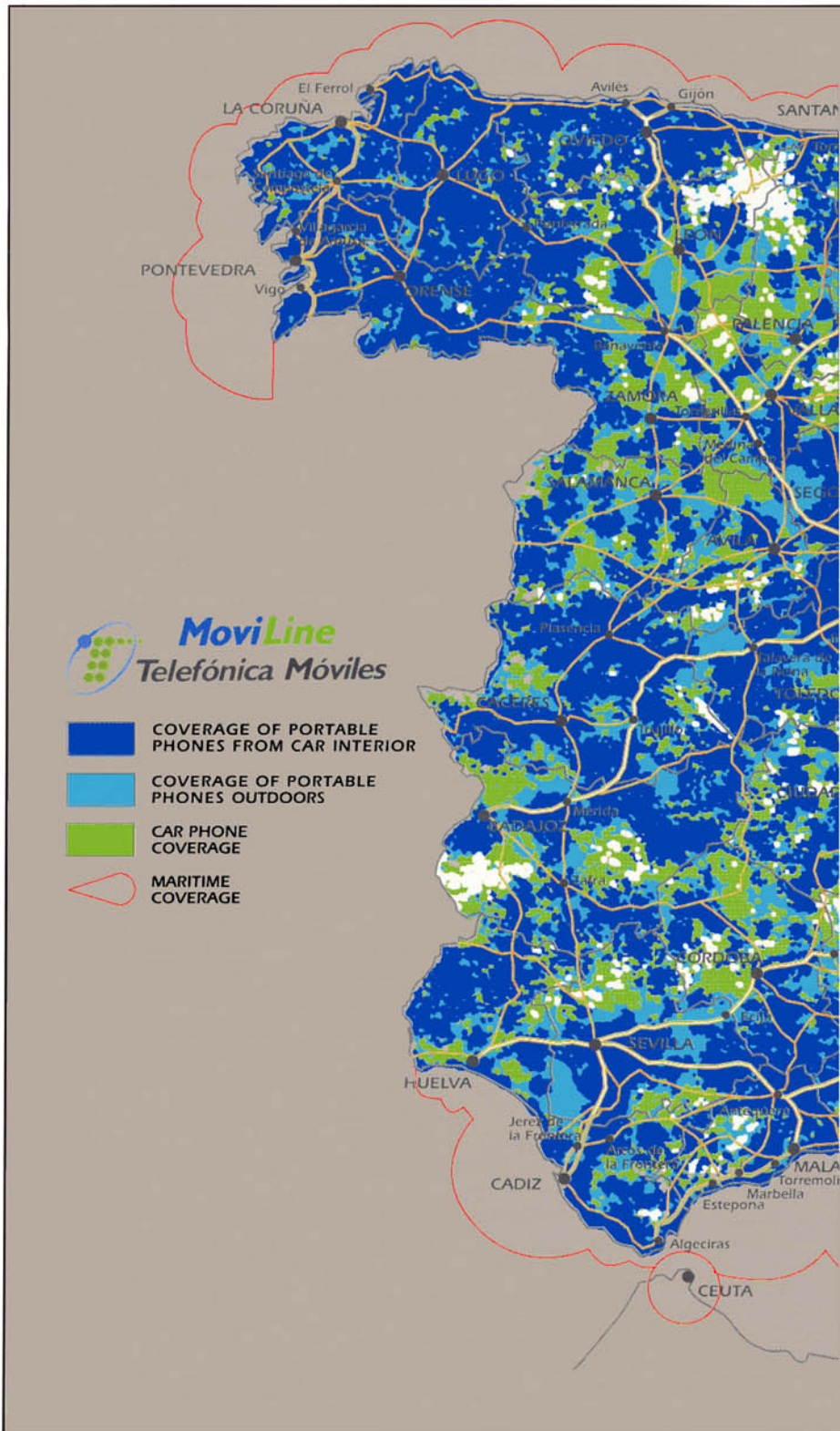
In 1995 it is expected that the figure of 700,000 Moviline Service clients will be reached

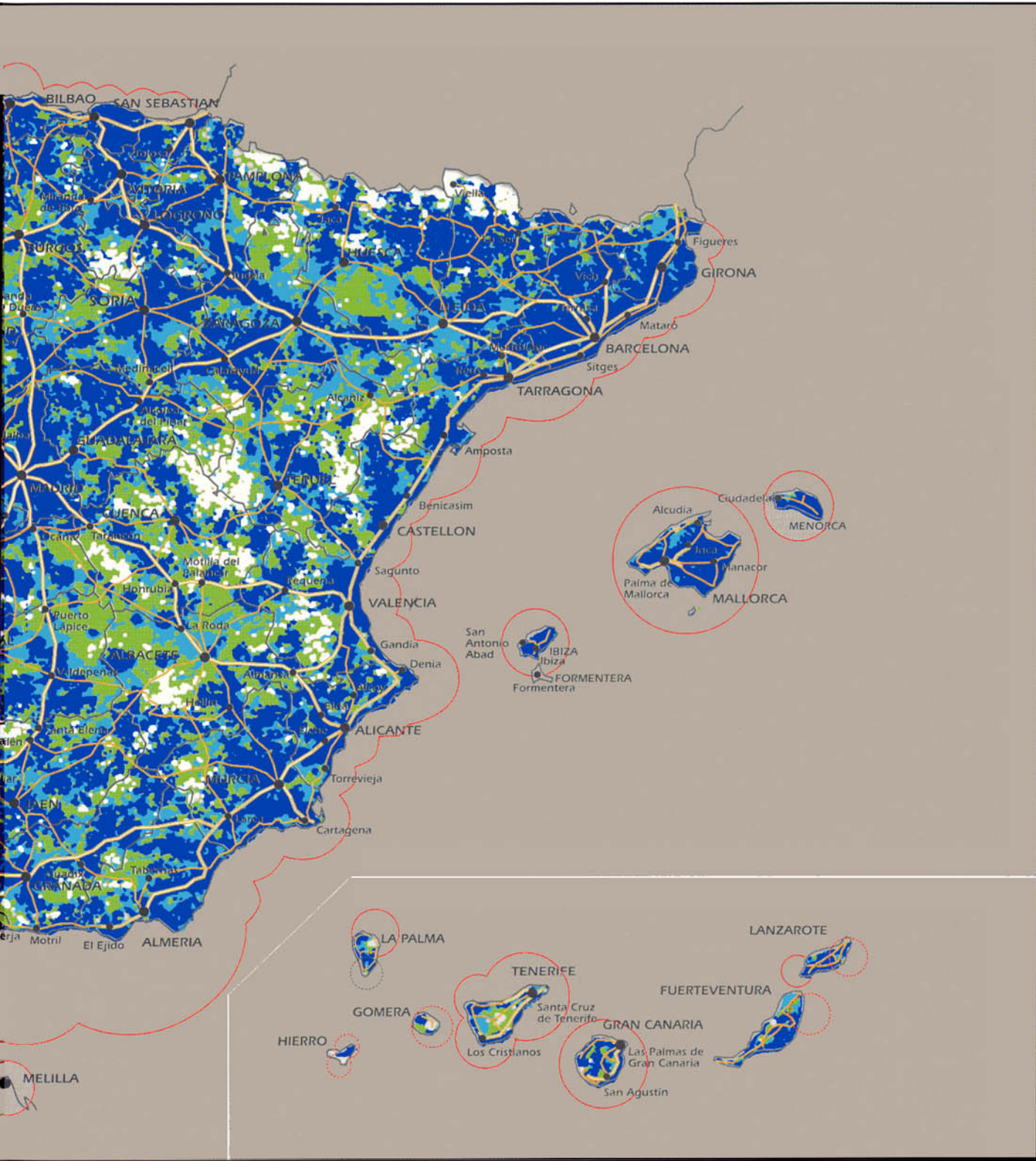


ization of the telecommunications sector, through the Unisource and Inmarsat - P projects.

As part of the Unisource Mobile project, Telefónica and its partners are promoting the expansion of operating areas in third countries, as well as the creation of powerful business platforms in the European sector, whose role will be to contribute to the future development of mobile services, both in the partners' countries and in other markets.

As for the Inmarsat-P project, the complementarity of satellite services with those based on land cellular infrastructure will enable additional international services, both cellular mobile and satellite, to be provided through a single terminal by the year 2,000.





MovilNet Service: 1995  
Coverage target