

- The Bolivian Government shortlists Telefónica Internacional to carry on the process of international open public bidding to select private investors for the capitalization of ENTEL, Bolivia's long-distance, domestic and international telecommunications company.

- Telefónica opens direct connection to INTERNET, aimed at companies and services suppliers. The service offered by Telefónica has two main advantages: a substantial reduction in connection cost and a large capacity of information transmission.

- Telefónica incorporates the latest Pirelli optical amplification technology into the Madrid-Seville telecommunications optical route, along the 500 kilometres of high-speed (AVE) railway track.

- The company PORTEL is formed, with a 51% holding by Puertos del Estado and a 49% Telefónica holding through the subsidiary Telefónica Sistemas. This new company will promote and supply value-added services based on information and communications systems for the ports network and thereby meet all the communications requirements of the ports services.

August

- Telefónica Sistemas de Satélites puts the final version of the Vigía 2000 service into operation. This is a system for the early detection of forest fires through satellite data transmission.



- Telefónica Información y Publicidad, a Telefónica Group company, launches the New "Yellow Pages" in several provinces, complementing the new design with a customer service free phone.

- The USA telecommunications regulating body (FCC) authorizes Telefónica Larga Distancia de Puerto Rico (TLD), a company managed by Telefónica Internacional, to handle incoming and outgoing traffic in the whole of the United States, Puerto Rico and the Virgen Islands.

- ESTRATEL, a company specializing in the telemarketing of the Telefónica group Publicidad e Información, opens new technological platforms in Madrid, Cadiz, Granada and Barcelona.

September

- As stipulated in the National Stock Market Commission Information Leaflet, the maximum price of the Telefónica share in the retail section of the Public Sales Bid (OPV) is fixed at 1,730 pesetas.

- Telefónica sets into operation in Madrid and Barcelona the experimental phase of INFOVIA. This is a virtual network which will offer anyone with a PC and modem direct access to the information highways from their own home via the basic telephone network. INFOVIA is designed to become the most universal, simplest and economical way of access for all information suppliers (including those offering INTERNET access). Users of the Telefónica Móviles Movistar service access INTERNET through INFOVIA.

- The international underwater cable "Rioja" linking Spain to the United Kingdom, Belgium and Holland comes into service. Telefónica has a majority holding of 30.6% in the project, in which another forty-three telephone operators throughout the world participate. The cable, which is the first in Europe to use totally optical submerged amplifiers with synchronous transmission, consolidates the role of Spain as the communications centre linking Northern Europe, the American Continent, the Mediterranean and Southern Africa.



- Telefónica de Perú opens the 1 millionth line in service with a telephone call between the Peruvian president, Alberto Fujimori, and His Majesty King Juan Carlos of Spain. On the occasion of his visit to Argentina, the King of Spain and the Argentinian president Carlos Menem open the country's most extensive fibre optical loop and the 3 millionth line, installed by Telefónica Argentina.

- Telefónica Internacional is officially shortlisted by the government of Panama to participate in the public bid for the concession to operate the band A cellular mobile telephony in Panama.



- MENSATEL, the Services Management company of the Telefónica Móviles Group, launches two new services on its radio network: "Cliktel", for the detection and transmission of alarms and "Market Watch", a financial information service.



October

- The State Holdings Company (Sociedad Estatal Patrimonio II), in accordance with the financial institutions acting as coordinators for the Public Sales Bid of Telefónica shares (Argentaria, Banco Bilbao Vizcaya, La Caixa and Merrill Lynch), fix the final share price at 1,615 pesetas, after applying a 4% discount to the weighted share price of October 2nd on the continuous Spanish market (1,683 pesetas). Current and retired Telefónica employees are entitled to an additional 4% discount, reducing the price to 1,548 pesetas for this sector. On the other hand, the price of 1,637 pesetas will be applied to both the Spanish and international institutional sections. At the close of the Public Sales Bid, demand in the retail market is 8.1 times supply and three times supply in the Spanish institutional section. Also significant was the demand of international investors, to whom were dedicated 48.9% of the bid. Throughout the process, ESTRATEL, a Telefónica Publicidad e Información company, provided an information service.

November



- The Telefónica Group companies took part in Telecom '95 in Geneva, where we were represented both as a Spanish company in the Spanish Pavilion and in the Unisource Pavilion in our role as member of the European telecommunications group.

- The Intercom cable TV companies (with holdings by the Chilean telecommunications company CTC, and the newspaper El Mercurio) and Metrópolis (with the company TCI and the Claro group among its shareholders) reached an agreement to operate jointly in Chile. The company resulting from the merger will be the major cable TV channel in Chile. CTC will be the owner and operator of the networks of this new company, which will have 183,000 clients.



- Telefónica Móviles attracts over 785,500 clients, representing a penetration of 2% of Spain's population. For the first time demand for mobile phones exceeds demand for fixed terminals.

- Telefónica opens the 15 millionth line with the installation of a ISDN line in Mallorca. The new line forms part of the Integrated Services Digital Network set into operation by the company halfway through 1993 and which, in 1995, reaches all Spain's provinces.

- Telefónica Gestión de Sistemas (TGS), a Telefónica Sistemas Group company, incorporates new applications into its Administration Systems (payrolls, billing, information seeking processes) and major clients such as SCR, Hispaservices and Telefónica Transmisión de Datos (TTD).

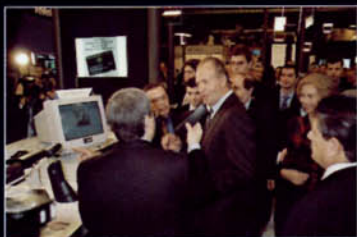
- Global '95 opens. This is an international event which aims to show real ISDN solutions on a world level. Telefónica, as an ISDN supplier and sponsor, participates in the event from its Madrid and Barcelona Demonstration Centers, into which over 30 companies and organizations are integrated, carrying out practical demonstrations of ISDN solutions.

- Telefónica and Unisource reach an agreement for the final integration of the Spanish company's data transmission business (TTD) into the Paneuropean telecommunications consortium formed by the operators of Spain, Sweden, Switzerland and Holland. This agreement brings to an end the process of negotiation which commenced in December 1993 with the signing of a letter of intent.



- Telefónica Móviles supplies the following MoviStar services: MoviStar Datos (Data), MoviStar Corporativo (Corporate) and MoviStar Grupo Cerrado (Closed Group).

- The European Commission charges Telefónica I+D with the organization in Spain of ACTS Mobile Communications Summit '96 on Research and Development in the European Union. This commission designates the RACE II BAF project the "best demonstration-application within the European RACE I and II programs".



- The Telefónica Group takes part in SIMO '95, with many different products and services, among them ISDN demonstrations based on global solution and INFOVIA. King Juan Carlos and Queen Sofia visit the Telefónica Stand and watch a demonstration.

December

- AENOR certifies the quality of Telefónica in 4 provinces, under the UNE-EN-ISO-9001 regulations. If we add this to the 17 approvals awarded throughout 1995 and the 6 in 1994, 27 provinces have now been certified by the Association.

- Telefónica, as the single supplier of communications services during Spain's Presidency of the European Union, collaborates in the last Council of Europe summit presided over by the Spanish government, providing a series of communications infrastructures supported by Telefónica Group companies. Throughout the six months of Spain's EU mandate, the Telefónica Group has provided communications coverage to the organizing committee, member country delegations, the media (TV, Radio, Press) and to the different offices and accommodation centres.

- The Chairman of Telefónica, Cándido Velázquez-Gaztelu, announces the access from all Spain to INFOVIA, a direct connection to the information highways to anyone with a PC and a modem in their home through the basic telephone network. A month before, Telefónica and Servicom signed an agreement under which all their clients will be able to access the complete range of on-line services supplied by the company -including INTERNET- via the INFOVIA platform.

- The appearance of the INFOVIA service as universal access provides Telefónica Servicios Avanzados de Información, a Telefónica Sistemas Group company, the chance to market the INFOSITE service, at the disposal of information services and/or contents suppliers.



- Telefónica and Visa-España sign an agreement which authorizes the Visa card as a form of payment in Telefónica's 60,000 modular phones. As a result the 14.4 million Visa card holders in Spain will be able to use the card in the special phone booths which Telefónica has installed in all the provinces of Spain.

- Unicom Telecommunications, a consortium of which Telefónica Internacional is a member, was granted, by the Mexican Communications and Transport Secretariat, the concession to operate over the Public Telecommunications Network and offer long distance and value-added telephony services.

- Following a recommendation by Telefónica, the Government approves a reduction in international tariffs of up to 30%. There is also a 12% drop in connection charges to the Integrated Services Digital Network (ISDN), while monthly subscriber charges fall by 11% in primary access and 7% in basic access.