

**Shareholders'**  
*1995* **Information**



## SHARE CAPITAL

	1991	1992	1993	1994	1995
Share Capital (Mill. ptas.)	463,479.04	463,479.58	469,735.41	469,735.41	469,735.41
Earnings per share (ptas.)	87.20	90.50	90.80	97.60	113.02
Price / earnings ratio	14.10	12.60	20.54	15.93	14.86
Pay-out (%)	67.65	67.40	68.30	67.60	67.24
Price / Cash-Flow per share.	2.84	2.27	3.55	2.62	2.58

At December 31, 1995 Telefónica's share capital totalled 469,735,410,000 pesetas, divided into 939,470,820 shares with a nominal value of 500 pesetas each fully paid in.

Since 1990 the following capital increases have been made, all of which through the conversion of bonds.

	Number of share issued (thousands)	Issue Price (Ptas.)	Amount issued Nominal	(Million Ptas.) Effective
1990	1,994.6	858.435	997.3	1,712.3
1992	1.1	924.75	0.5	1.0
1993	12,511.7	1,267.23 (*)	6,255.8	15,855.2

\* Average issue price

## QUOTATION OF SHARE

Telefónica shares are quoted on the continuous markets of all Spanish Stock exchanges (Madrid, Barcelona, Bilbao and Valencia) and on the following foreign exchanges: London, Paris, Frankfurt, Tokyo, New York (\*) and the London Stock Exchange's SEAQ International.

Option contracts on Telefónica shares are carried out on the Spanish Financial Futures Market (MEFF-RV) and on the American Stock Exchange (AMEX) (\*)

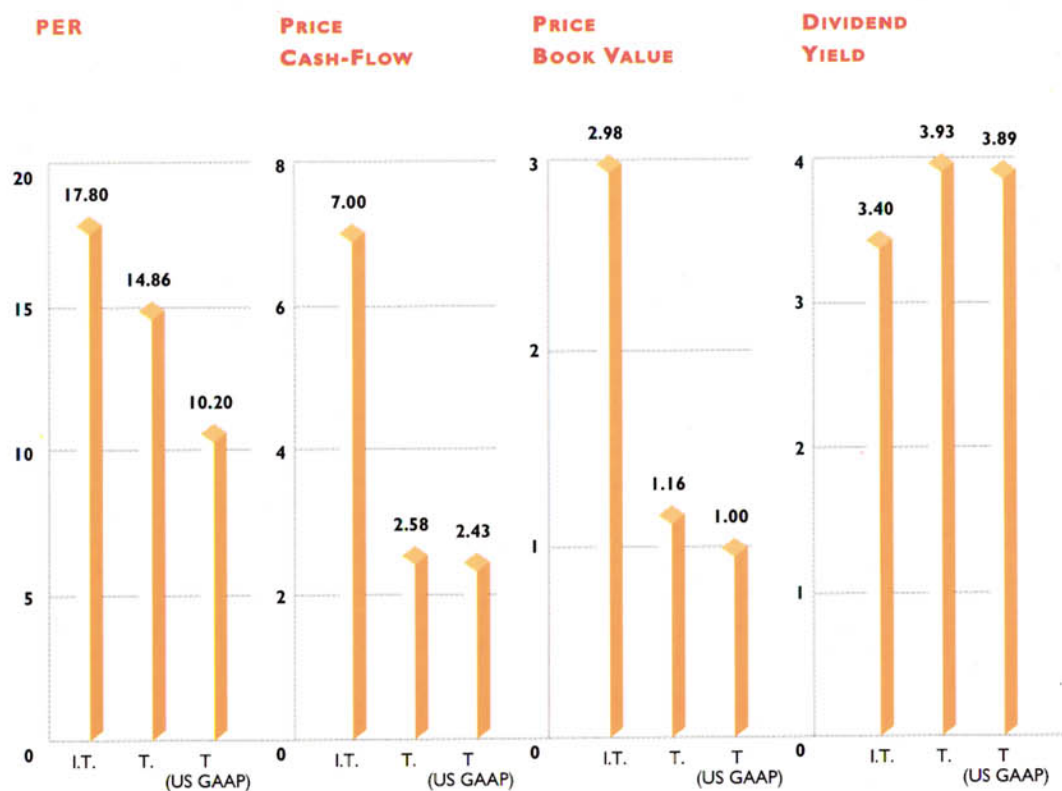
(\*) Quotes American Depositary Receipts (ADR). 1 ADR = 3 shares



## QUOTATION OF TELEFÓNICA SHARE

The table below reflects maximum, minimum and closing prices, in pesetas on the continuous Spanish market.

	Maximum	Minimum	Closing
1991	1,290	832	1,230
1992	1,300	862	1,140
1993	1,880	1,135	1,865
1994	2,185	1,450	1,555
1995 1st Quarter	1,720	1,470	1,605
1995 2nd Quarter	1,700	1,480	1,560
1995 3rd Quarter	1,795	1,560	1,700
1995 4th Quarter	1,730	1,480	1,680



I.T.: International Telecommunications Index (Source: "Capital International Perspective")

T.: Telefónica (Information in accordance with Spanish accounting principles)

T (U.S. GAAP): Telefónica (Information in accordance with US accounting principles)

International comparisons at 31-12-95



## DIVIDEND POLITY

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 Annual General Shareholders' Meeting, following the proposal made by the Board of Directors.

### RECENT DIVIDENDS HAVE BEEN:

	1993	1994	1995
Interim	25 ptas.	27 ptas.	30 ptas.
Final	37 ptas.	39 ptas.	46 ptas. (*)
Total	62 ptas.	66 ptas.	76 ptas.

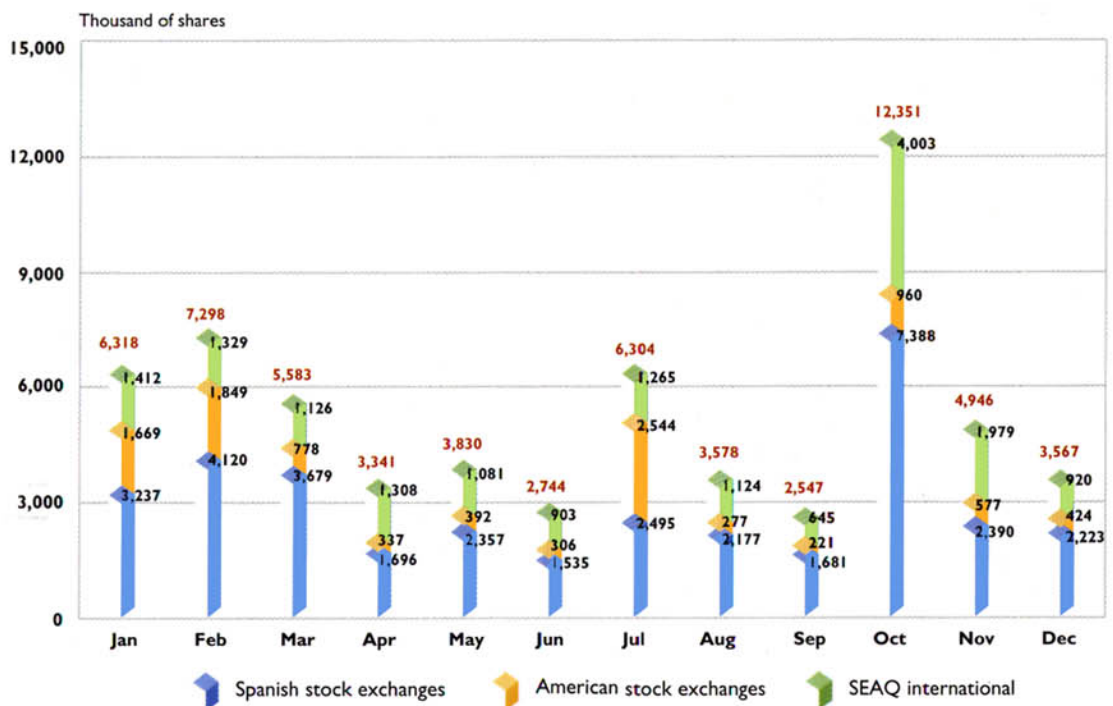
(\*) Pending approval by the Annual General Shareholders' Meeting in accordance with the proposed distribution of net income.

### STATE PARTICIPATION IN TELEFÓNICA DE ESPAÑA, S.A.

Under the stipulations of the Royal Decree 116/14/2/92, since December 14, 1995, Telefónica's shares are represented as book entries and therefore the official shareholder list has ceased to exist. Nevertheless, on the payment of the interim dividend, on January 22, 1996, the state participation was stated as the following:

- Dirección General del Patrimonio: 18.86% participation in share capital.
- Sociedad Estatal de Patrimonio II, S.A.: 1.30% participation in share capital.

## AVERAGE DAILY TRADING OF TELEFÓNICA SHARES





## STOCK MARKET CAPITALIZATION

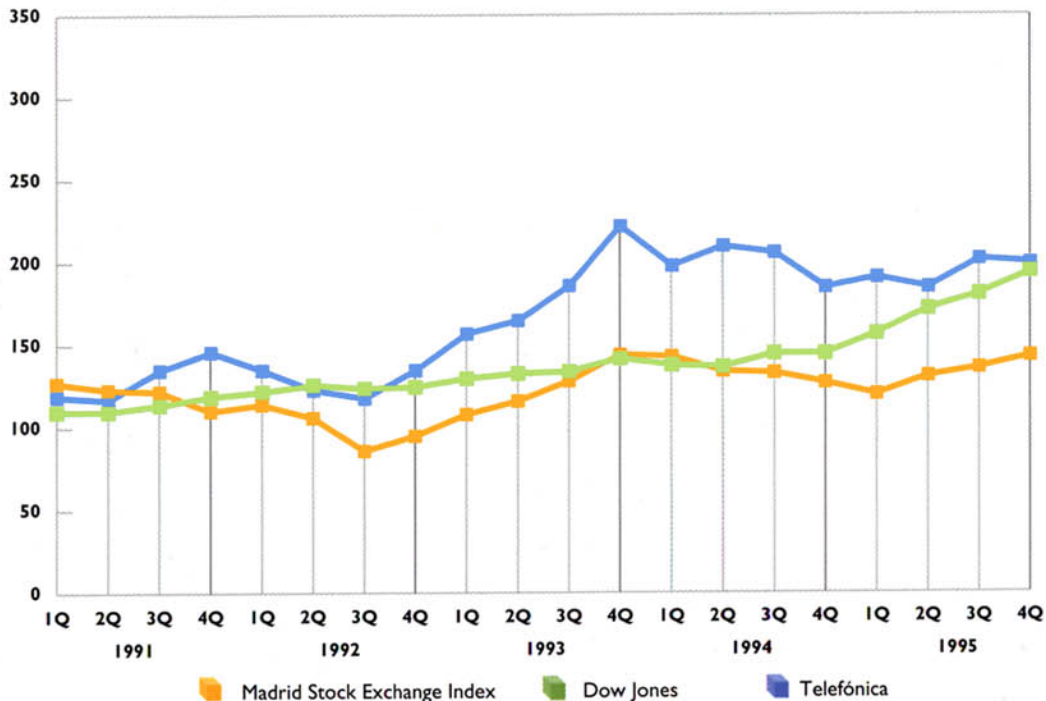
	1991	1992	1993	1994	1995	Average increase (%) 91/95
Telefónica (billion pesetas)	1,140.2	1,056.7	1,729.8	1,460.9	1,578.3	8.5
Total Madrid Stock Exchange (billion pesetas)	14,303	13,332	18,286	18,038	22,900	12.5
Telefónica's weighting on the Madrid Stock Exchange Index (%)	7.80	9.25	9.43	10.44	9.44	-

## TELEFÓNICA GROUP SHARES

	CTC Chile		CPT Perú		Telefónica Argentina	
	1994	1995	1994	1995	1994	1995 (1)
Stock market capitalization (mill.\$ US)	4,008	4,150	3,426	4,964	6,071	6,365
Closing price (\$ US)	4.67	4.88	1.47	2.13	2.58	2.70
Price / earnings ratio	16.1	15.6	116.5	16.4	14.0	13.9
Price / Cash-Flow	11.4	8.4	30.3	13.7	6.5	6.4
Dividend yield	3.3%	3.5%	N.D.	2.8%	4.9%	3.8%

(1) The 1995 figures are based on the quotation of 31-12-95 and the figures for the financial balance sheet were closed at 30-09-95.

## TRADING INDEX: TELFÓNICA SHARES





## APPROXIMATE RECONCILIATION OF NET INCOME AND SHAREHOLDERS' EQUITY IN ACCORDANCE WITH UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (U.S.GAAP)

Certain accounting practices applied by Telefónica in its financial statements prepared for use in Spain, together with others required or allowed under the Conditions of Concession of Telefónica as a regulated entity (Note 1.1.c)\*, may not conform with generally accepted accounting principles in the United States.

As a result of Telefónica's shares being traded on the New York Stock Exchange, where they have been listed since the middle of 1987, the Company is requested to adjust its net income and shareholders' equity based on American accounting principles. The most significant differences between these accounting practices are summarized below. Definitive figures and complementary requested information under U.S. GAAP will be detailed on 20-F document to be published before June 30, 1996.

### PRESENT PRACTICE FOR LOCAL SPANISH PURPOSES

### TREATMENT FOR U.S. GAAP PURPOSES

1. Tangible assets (see Note 4.1.c)\*

Revaluation of assets are not allowed. Fixed assets and the related accumulated depreciation must be valued using the historical cost basis of accounting.

2. Intangible assets (see Note 4.1.b)\*

Research and development costs are expensed as incurred. The effect is shown below.

3. Deferred exchange differences

Deferred exchange gains derived from operations carried out by non-regulated Group companies are considered to be income.

4. Accrued financial income

Certain operations are accrued with different criteria under Spanish and U.S. GAAP.

5. Interest capitalized (see Note 4.1.c)\*

Interest incurred during the periods in which assets are being constructed is subject to capitalization.

6. Liberalization process

- Early retirement and incentive retirements

U.S. GAAP requires agreements be entered into with the employees involved prior to expending such amounts.

- Deferred unrealized exchange losses on foreign currency denominated debt

As a result of the liberalization process for basic telephone services since 1998, deferred exchange losses are considered expenses in the year. At December 31, 1995 such deferred exchange losses have been expensed for Spanish GAAP purposes.

7. Inflation adjustment and others

Under the consolidation process inflation adjustment is considered only for those companies located in hyperinflationary countries.

8. Corporate income tax (see Note 4.1.1)\*

Deferred taxes arising from timing differences between income and taxable income must be accounted for. Since January 1, 1993 FAS n° 109 has been in force.

\* Notes in brackets refer to the audited financial statements on pages 49 to 113 of this Annual Report.



## APPROXIMATE RECONCILIATION OF CONSOLIDATED NET INCOME AND SHAREHOLDERS' EQUITY IN DECEMBER, 31

	1994	1995
<b>Net income for the year per Spanish GAAP</b>	<b>112 608</b>	<b>133 214</b>
Adjustments for US GAAP purposes:		
- Reversal of net effect of revaluation fixed assets and related accumulated depreciation	20,010	12,548
- Research and development written off	(3,573)	(8,387)
- Deferred exchange differences	5,033	3,527
- Accrued financial income	(6,223)	(505)
- Interest capitalized during construction	189	(6,351)
- Liberalization process		
Early retirements	20,266	20,587
Deferred unrealized exchange losses	(17,456)	17,456
- Inflation adjustment and others	(1,613)	(3,379)
- Lower loss due to the effect of the fixed assets revaluations of the retired plant not depreciated	2,779	1,159
- Deferred taxed related to US GAAP adjustments	(6,951)	(12,829)
<b>Approximate net income for the year in accordance with US GAAP</b>	<b>125,069</b>	<b>157,040</b>
<b>Shareholders' equity in accordance with Spanish GAAP</b>	<b>1,512,031</b>	<b>1,546,472</b>
Adjustments in accordance with US GAAP:		
- Reversal of the net effect of revaluation of fixed assets and related accumulated depreciation	(126,552)	(114,004)
- Research and development written off	(42,379)	(50,766)
- Deferred exchange differences	5,033	8,560
- Accrued financial income	(4,738)	(5,122)
- Interest capitalized during construction	142,652	136,301
- Liberalization process		
Early retirement	20,266	40,853
Deferred unrealized exchange losses	(17,456)	0
- Inflation adjustment and others	(1,613)	(4,992)
- Lower loss due to the effect of the fixed assets revaluations of the retired plant not depreciated	55,777	56,936
- Deferred taxed related to US GAAP adjustments	(20,846)	(33,675)
<b>Approximate shareholders' equity in accordance with US GAAP</b>	<b>1,522,175</b>	<b>1,580,563</b>

