

January

- ◆ **Telefónica** signs in Brazil the acquisition agreement for 35% of **Compañía Riograndense de Telecomunicaciones (CRT)**, following the international bidding.
- ◆ The company **Distribuidora de Televisión Digital** is incorporated in Madrid. This company is responsible for the marketing of the satellite TV platform **Vía Digital**.

February

- ◆ **Telefónica** is totally privatized following a Public Offering in which the State sells its share capital. One and a half million people are now **Telefónica** shareholders.



- ◆ The telephone numbers for the city of Zaragoza now have nine digits. This is the pilot launching of the **Numbering Plan** to be introduced on April 4th, 1998.
- ◆ **Telefónica Móviles** launches its new prepaid card: **MoviStar Activa**.

March

- ◆ **Telefónica** and Iberdrola jointly create a company to develop value added services.



- ◆ **Telefónica** and Portugal Telecom inaugurate their optic fibre cable between Spain and Portugal (Vigo-Oporto across the international bridge Tui).
- ◆ **Telefónica's InfoVia** service increases its capacity by 40% through the inauguration of a node in Valencia.

April

- ◆ **Telefónica** signs a strategic agreement with BT and MCI. It also signs an agreement with Portugal Telecom for the exchange of share capital and the



development of joint strategies in Spain, Portugal and Latin America, above all, Brazil.

- ◆ An agreement is formed for the development of the underwater cable Columbus III which will connect Spain, Portugal and Italy with the US (Florida) through the Virgin Islands:
- ◆ MensaTel launches its Beeper and forms an agreement with Coca-Cola to carry out an extensive promotion campaign.

May

- ◆ The **Retail Clients** unit begins a pilot project for its "**Single Window**" service, before putting it into commercial use.
- ◆ **Telefónica's Management Committee** approves the launching of **Millennium Project** aimed at solving the computer problems that will arise at the turn of the century, at the same time as giving their seal of approval to the **Euro Project**, aimed at adapting the systems and procedures that support the business processes before the introduction of the Euro as the single currency.
- ◆ The Red IP network service becomes operative, which at the beginning of 1998 will be an alternative to **InfoVia**.
- ◆ **Telefónica Móviles** launches its mobile telephony service via satellite and also **MoviStar Gestion**.
- ◆ The public telephones on thoroughfares can now take electronic cards. Galicia, Cantabria and Asturias are the first regions to launch the new circular telephone booth.

June

- ◆ The **InfoVia** service increases its capacity by 40%, through the opening of connection nodes in Bilbao and Seville.
- ◆ **Telefónica Sistemas** presents its **INFOLINK** service which offers single access to **InfoVia/Internet** for local area networks.



- ◆ **Telefónica Publicidad e Información (TPI)** and **Altavista** launch **Altavista-Magallanes**, the Internet superbrowser for Spanish speakers.
- ◆ **Telefónica Sistemas de Satélites** wins a contract to transmit the motorbike racing Grand-Prix worldwide, with exclusive rights for an additional two years.

July

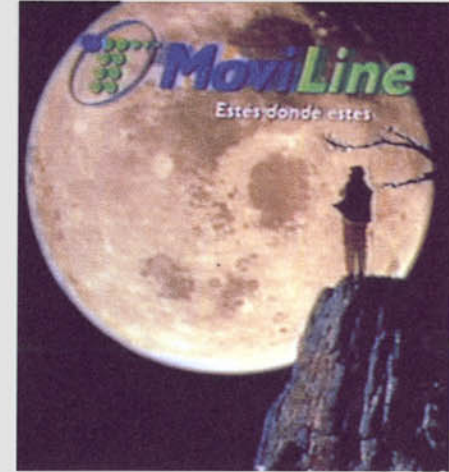
- ◆ **Telefónica** takes over the management of **Antena 3 Televisión**.
- ◆ **Telefónica's Retail Customers'** one-stop-shopping is now available to our customers throughout the whole country.
- ◆ The cable-laying ship, **Teneo**, belonging to **Temasa**, lays the underwater system between Barcelona (Spain) and Savona (Italy).

August

- ◆ The **MoviStar Activa** cards can be charged in the switch-card network 4B.
- ◆ The Bilbao Underground now has total coverage for **Mobile Telephony**.
- ◆ **Infoshowwww** promotes **InfoVia/Internet** in holiday spots.

September

- ◆ **Telefónica** and **Recoletos-Pearson** form an alliance to create a multimedia group in Spain and Latin America.
- ◆ **Via Digital** begins broadcasting.
- ◆ **Telefónica Servicios Audiovisuales** (previously **Telefónica Sistemas de Satélites**) launches its **Via Digital Television Distribution Centre** in the Ciudad de Imagen (Madrid).
- ◆ **Telefónica** sends copies of its new billing system to all its customers.
- ◆ **Altavista-Magallanes** incorporates a new system that permits the seeking of information in Internet that is only written in Spanish.



- ◆ **Telefónica** promotes **Netcom**, the new brand name for its medium and low capacity switchboards.
- ◆ **Telefónica de Argentina** applies for the extension of its exclusive rights to offer telephone services after the year 2000, as it has more than amply fulfilled its commitments. **Telefónica's Board of Directors** holds its board meeting in Buenos Aires for the first time.
- ◆ **Telefónica del Peru** initiates the installation of ATM technology.

October

- ◆ **Telefónica** takes up a 3.5% stake in **Portugal Telecom** in accordance with the commitments agreed in April.
- ◆ "**Acción Telefónica**" begins to operate, this being the **Shareholder Attention** service.
- ◆ The **Telefónica** network is now prepared for the launching of the 112 single European emergency service number.

- ◆ The agreement between **Telefónica Móviles** and Iridium (66 satellites in low orbit) will offer 100% worldwide coverage in 1998. **Telefónica Móviles** presents 39 new services for **MoviLine** and **MoviStar**.

- ◆ Those customers who do not pay their telephone bill by bank order may now use their 4B switch-card to pay them. In Alicante, **Telefónica** launches a pilot billing project, through which the customer can check his telephone consumption through **InfoVía**.

November

- ◆ **Telefónica** launches **SAC**, a new system for the **Group's** Procurements and Services, which makes the system smoother and permits significant savings.

- ◆ The Tributary Agency authorizes **Telefónica Servicios Avanzados de Información (TSAI)** to provide electronic billing.

- ◆ **Telefónica** inaugurates its new **Control Centre building (CNSO)**, from which its plant, network and services can be supervised.

- ◆ **Telefónica** creates a subsidiary in Morocco in order to participate actively in North African markets.

- ◆ **Telefónica** and Citicorp Equity create, in Argentina, the company **Advance Telecomunicaciones** in order to offer on-line and data transmission services.

- ◆ **DoubleClick Iberoamérica** is born, aimed at creating the first Spanish-speaking advertising network on Internet.

- ◆ The **Tienda Telefónica** (Telefonica Shop) inaugurates a new space concept for the sale



of the **Telefónica Group's** products and services.

- ◆ The Reina Sofía art museum will exhibit **Telefónica's Art Collection** for four years.

December

- ◆ **Vía Digital** now has 200,000 subscribers.

- ◆ **Telefónica Publicidad e Información (TPI)** and **Telefónica Transmisión de Datos (TTD)** are awarded the AENOR quality certificate.

- ◆ **Telefónica Cable** strengthens its shareholder structure in Navarra, Madrid, Andalucía and Galicia through the incorporation of important partners.



- ◆ **"Integral Services"** is launched (a new system for after-sales corporate customer care) as well as the **Pymes Centres (CAC)**, customer-care for small and medium-sized companies, in Barcelona and Madrid.

- ◆ **Telefónica** finalizes its withdrawal from **Unisource**

- ◆ The department store, El Corte Inglés, initiates the sale of **Telefónica** products and services.

- ◆ The first public Internet access terminals begin to operate.

Copies of this Annual Report are available to shareholders on request by mail at the following address:

Telefónica de España, S.A.
Departamento Financiero
General Perón, 38. Planta 15
Edificio Master's II
28020 Madrid

The information required by law is also available to shareholders and to the general public.

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