

ANNUAL GENERAL SHAREHOLDERS' MEETING

The Board of Directors of "Telefónica, S.A." (the Company) has resolved to CALL the Annual General Shareholders' Meeting of the Company, to be held in Madrid, at IFEMA (Feria de Madrid), Campo de las Naciones, Parque Ferial Juan Carlos I, Pabellón 6, on April 12th, 2002 at 12.00 a.m., on second call (if the necessary legal quorum is not reached on first call which is due to be held at the same time and place the previous day).

The purpose of this call is to submit to the consideration and approval of the Annual General Shareholders' Meeting, the items stated in the Agenda below.

AGENDA

- I. Examination and approval, if applicable, of the Annual Accounts and Management Report of "Telefónica, S.A." and its Consolidated Group of Companies, as well as the proposal for the application of the results of Telefónica, S.A. and that of the management of its Board of Directors, all corresponding to fiscal 2001.
- II. Reelection, ratification and, if applicable, appointment of Board members.
- III. Adoption of the pertinent resolutions regarding the Auditor of the Company's accounts, as well as those of its Consolidated Group of Companies, in accordance with article 42 of the Commercial Code and 204 of the Law of Corporations.
- IV. Authorization for the acquisition of the Company's own shares, directly or through Group companies.
- V. Increases in the share capital to be charged to unrestricted reserves and the consequent modification of Article 5 of the Bylaws. Delegation of powers in the Board of Directors for the execution of the resolutions.
- VI. Issuance of fixed income securities, convertible or exchangeable for shares, with the exclusion of the preemptive subscription right. Setting of the basic conditions and forms of conversion or exchange, and increase in the share capital in the amount necessary to meet the conversion requests. Setting of the issue price of the securities, as well as the setting of the price of new shares to be converted along with the price of existing shares to be exchanged. Delegation of powers in the Board of Directors to execute the resolution of the Meeting and to determine the points not established in it.
- VII. Share capital increase in the amount of 2,180,809 euros, with the issuance and floating of the same number of new shares of a nominal value one euro each, with an issue premium of 11.61 euros per share, to be subscribed and disbursed through a cash contribution in order to cover throughout 2002, the needs derived from the establishment of a remuneration system referenced on the quotation value of "Telefónica, S.A." shares – with the subscription of shares and the delivery of option rights on shares - intended for the employees of the Endemol Group ("PROGRAM EN-SOP"). Total elimination of the preemptive subscription right and foreseen incomplete subscription. Delegation of powers in the Board of Directors.
- VIII. Application of the consolidated tax system.
- IX. Delegation of powers for the formalizing, interpreting, correcting and executing of the resolutions adopted by the Annual General Shareholders' Meeting.

PARTICIPATION OF PUBLIC NOTARY IN THE ANNUAL GENERAL SHAREHOLDERS' MEETING

The Board of Directors has agreed to request the presence of a Public Notary to draw up the minutes of the Meeting, in accordance with article 114 of the Law of Corporations in relation with articles 101 and 103 of the Mercantile Register's rules and regulations.

RIGHT TO INFORMATION

In accordance with that set forth in articles 212, 144 and those concordant in the Law of Corporations, the Company's shareholders are entitled to examine and obtain, at the Company's head offices, copies of the documents which, in relation with points I,V,VI and VII of the Agenda, are to be submitted for approval by the Shareholders' Meeting. The documents also include the complete texts of the resolutions proposed and the preceptive reports. Shareholders may also request that all this information be sent to them free of charge.

RIGHT TO ATTEND

Every shareholder shall be entitled to attend the Annual General Shareholders' Meeting who holds, at least, 300 shares entered in the shareholder's name in the corresponding registry of account entries no less than five business days before the date on which the General Meeting is to be held, and provided, also, that each shareholder documents such circumstance by means of the corresponding attendance card, or else, by producing a certificate issued by any member Entity of the Spanish Securities Clearance and Settlement Service, or by any other means contemplated under the legal provisions in force.

Shareholders who hold a lesser number of shares shall be allowed at any time to delegate to representation thereof upon a shareholder enjoying the right to attend the Meeting, and they shall also be entitled to join other shareholders in a similar situation, in order to reach, jointly, the required number of shares and bestowing the right in writing.

Shareholders should be aware that should no announcement be publicly made in the Press to the contrary, the Shareholders' Meeting will be held at second call on April 12th, 2002, at 12:00 a.m. at the place previously stated.

Madrid, March 18th, 2002

THE GENERAL SECRETARY AND SECRETARY OF THE BOARD OF DIRECTORS
ANTONIO ALONSO UREBA