

ANNUAL GENERAL SHAREHOLDERS' MEETING

APRIL 30TH, 2004

RESOLUTIONS PASSED

Point I on the Agenda: 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 the Company's Board of Directors, all for the 2003 financial year.

- A) Approval of the Annual Accounts (Balance Sheet, Profit and Loss Statement, and Notes to the Accounts) and Management Reports of Telefónica, S.A. and its Consolidated Group of companies corresponding to 2003 financial year (closed on December 31st of said year) as drawn up by the Board of Directors of the Company at its meeting held of February 25th, 2004, as well as the Company management performed by the Board of Directors of Telefónica, S.A. during said financial year.

In the Individual Accounts, the Balance Sheet as of December 31st, 2003 reflects assets and liabilities in the amount of 49,189.56 million Euros each, and the Profit and Loss Statement, as of the end of the financial year, reflects a positive result for an amount of 1,373.71 million Euros.

In the Consolidated Accounts, the Balance Sheet, as of December 31st, 2003, reflects assets and liabilities for an amount of 62,075.20 million Euros each, and the Profit and Loss Statement, as of the close of the financial year, reflects a positive result in the amount of 2,203.58 million Euros.

- B) Approval of the following proposal for Application of the Results of Telefónica, S.A. for the financial year 2003:

Distribution of the net income obtained by Telefónica, S.A. in 2003, equalling 1,373,706,538.23 Euros, as follows:

- 137,370,653.82 Euros (10 % of annual net income) to the legal reserve.
- At the most, 991,178,272.20 Euros as a dividend distribution, corresponding to a fixed dividend of 0.20 Euros per share for all 4,955,891,361 shares forming the Company capital stock.
- The remainder of net income to the voluntary reserve, equalling at least 245,157,612.21 Euros.

Point II on the Agenda: Shareholder remuneration, distribution of dividends from 2003 net income and from the Additional Paid- in capital reserve.

- A) Approval of the payment of a cash dividend from 2003 net income of a gross amount of 0.20 Euros for each Company share issued, in circulation and carrying entitlement to this dividend.

Payment shall be made on May 14th, 2004 through the participating entities in Iberclear (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*), the Spanish securities registrar, clearing and settlement company.

Tax shall be withheld on gross amounts payable in all circumstances as required by applicable legislation.

- B) Approval of distribution of the issue premium through the payment of a fixed gross sum of 0.20 Euros per share from the Additional Paid- in capital reserve for each Company share issued, in circulation and carrying entitlement to benefit from this distribution.

Payment shall be made on November 12th, 2004 through the participating entities in Iberclear.

Tax shall be withheld on gross amounts payable in all circumstances as required by applicable legislation.

Pursuant to the provisions of article 289.1 of the Spanish Corporations Act (*Ley de Sociedades Anónimas*), it is hereby stated that the approval of debenture and bondholder syndicates for the bonds and debentures in circulation is unnecessary for the distribution of this payment, provided the decrease in reserves does not diminish the initial proportional relationship between the sum of capital and reserves and the debentures repayable.

Point III on the Agenda: Designation of the Accounts Auditor for the 2004 financial year.

To designate the company “Deloitte & Touche España, S.L.” as Accounts Auditor for the verification of the Annual Accounts, and the Management Reports of “Telefonica, S.A.” and its Consolidated Group of Companies, corresponding to financial year 2004.

Point IV on the Agenda: Authorization for the acquisition of treasury stock, directly or through Group companies.

- A) To authorize, as set forth in Article 75 et seq of the current Spanish Corporations Act (Ley de Sociedades Anónimas), the acquisition, at any moment and as many times as considered necessary by “Telefonica, S.A.” – either directly, or through any of the subsidiary companies of which it is the dominant company – of the Company’s treasury stock, through a purchase-sale or by any other legal onerous title.

The minimum acquisition price or compensation will be equivalent to the nominal value of the treasury stock acquired and the maximum acquisition price or compensation will be equal to the market value of the treasury stock on an official secondary market at the time of the acquisition.

Said authorization is granted for a period of 18 months reckoned from the date of the holding of the current Annual General Shareholders’ Meeting, and is expressly subject to the limitation that, at any time, the nominal value of the treasury stock acquired under this authorization, added to those already held by “Telefonica, S.A.” and any of the controlled subsidiary companies, may exceed 5 percent of the share capital at the time of the acquisition, respecting the limitations set for the acquisition of treasury stock as imposed by the regulatory authorities of the markets on which Telefónica, S.A. shares are quoted.

It is expressly noted that the authorization granted for the acquisition of treasury stock can be used wholly or partially for the acquisition of these shares of Telefonica, S.A., and that the Company must deliver or transfer to its directors or workers, or to those of the companies of its Group, directly or as a consequence of these having exercised their option rights, all within the framework of the referenced remuneration systems at the market value of the shares of the company approved in due form.

- B) To empower the Board of Directors, in the broadest possible terms, to exercise the authorization derived from this resolution and to execute the remaining items included in this, enabling the Board of Directors to delegate in the Executive Committee, the Executive Chairman of the Board or any other person expressly empowered by the Board to this effect.
- C) The unexecuted part of the resolution adopted by the Company's Annual General Shareholders' Meeting of April 11th, 2003, in relation with point IV of the Agenda of this same Meeting, shall remain null and void.

Point V on the Agenda: Approval, if appropriate, of the Regulations of the General Meeting of Shareholders of Telefónica, S.A.

Approval of the proposed Regulations of the General Meeting of Shareholders of Telefónica, S.A. submitted to this body by the Board of Directors of the Company.

Point VI on the Agenda: Delegation of powers to formalize, construe, correct and execute the resolutions adopted by the Annual General Shareholders' Meeting.

To jointly empower the Executive Chairman, the Director-Secretary and Vice Secretary non Director of the Board of Directors, so that any of them may formalize and execute the preceding resolutions, and may grant the public and private documents that are necessary or appropriate for such purpose (including those for the interpretation, clarification, rectification of errors, and correction of defects) for their most exact compliance and registration, when mandatory, in the Mercantile Registry (*Registro Mercantil*) or any other public registry.