

TELEFÓNICA, S.A.

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** on April 29th, 2004 at 12:00 a.m. on first call **at Recinto Ferial de la Casa de Campo, Pabellón de Cristal, Avenida de Portugal, s/nº.**, and **on April 30th, 2004 at 12:00 a.m.** on second call in the same place, if necessary legal quorum is not reached on first call.

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 the Company's Board of Directors, all for the 2003 financial year.
- II. Shareholder remuneration: distribution of dividends from 2003 net income and from the Additional Paid- in capital reserve.
- III. Designation of the Accounts Auditor for the 2004 financial year
- IV. Authorization for the acquisition of treasury stock, directly or through Group companies.
- V. Approval, if appropriate, of the Regulations of the General Meeting of Shareholders of "Telefónica, S.A."
- VI. Delegation of powers to formalize, construe, correct and execute the resolutions adopted by the Annual General Shareholders' Meeting.

In addition, pursuant to the provisions of article 115 of the Spanish Stock Market Act (*Ley del Mercado de Valores*), in accordance with the wording of this article stipulated in Act 26/2003 of July 17th, 2003, the General Shareholders' Meeting shall be informed of the Regulations of the Board of Directors of "Telefónica, S.A.", as adapted to this Act.

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 Spanish Corporations Act (*Ley de Sociedades Anónimas*) in relation with articles 101 and 103 of the Mercantile Registry's rules and regulations (*Reglamento del Registro Mercantil*)

RIGHT TO INFORMATION

In accordance with the provisions of applicable legislation, it is hereby stated that as from the publication date of this notice of the meeting, shareholders are entitled to examine and obtain the following documents at the registered headquarters of the Company, or to request that they be forwarded to them promptly and free of charge:

- The Individual Annual Accounts and the proposed application of the results of "Telefónica, S.A.", and the Consolidated Annual Accounts of the corporate group whose parent company is "Telefónica, S.A.", all for the 2003 financial year.
- The Management Report of "Telefónica, S.A." and the consolidated Management Report for the corporate group whose parent company is "Telefónica, S.A.", all for the financial year 2003.
- The audit reports of the account auditor "Deloitte & Touche España, S.L." for the Individual Annual Accounts of "Telefónica, S.A." and the Group Consolidated Annual Accounts for 2003.
- The complete text of proposals of resolutions regarding the Agenda prepared by the Board of Directors, to be submitted for deliberation and if appropriate approval by the General Meeting, particularly the complete text of the proposed Regulations of the General Meeting of Shareholders, to be submitted for the approval of the General Meeting.
- The Amended Text of the Regulations of the Board of Directors of "Telefónica, S.A." as approved by it on March 31st, 2004.
- The Annual Report on Corporate Governance approved by the Board of Directors of "Telefónica, S.A." on February 25th, 2004.

The abovementioned documents shall be available at the Company web pages: www.telefonica.es.

In accordance with the provisions of article 112.1 of the Spanish Corporations Act, up until the seventh day before to that foreseen for holding the General Meeting, shareholders may request such information or clarification as they deem necessary or ask questions they consider pertinent regarding matters on the Agenda or information available to the public that may have been provided by "Telefónica, S.A." to the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) since April 11th, 2003, the date the last General Meeting was held, by completing the corresponding form available on the Company web page or by writing to the Shareholder Assistance Service (*Servicio de Atención al Accionista*) of the Company at its registered headquarters at Gran Vía 28, planta 3^a, 28013 Madrid, Spain.

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 book entries no less than five 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 participating entities ("*entidades participantes*") affiliated to the Spanish Management Company of Securities Registration, Clearing and Settlement Systems (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores*) or by any other means contemplated under the legal provisions in force.

Any shareholder entitled to attend shall be allowed to delegate his or her representation at the General Meeting upon another person, who needs not be a shareholder. This representation may be granted through the filling in of the section on the attendance card that refers to delegation, or in any way that is accepted by the Law. In the documents that reflect the representations for the Shareholders' Meeting, the instructions regarding voting will appear, and it is understood that should no specific instructions be given the representative will vote in favour of the proposed resolutions drawn up by the Board of Directors regarding the points included on the Agenda, and in accordance with his/her own criteria regarding any other matter not included on the Agenda and submitted for voting by the Shareholders' Meeting, as at the date of delegation this matter was unknown. Should the delegation form not reflect the specific person in whom the shareholder has delegated, it will be understood that the vote favours the Chairman of the Board of Directors of "Telefónica, S.A." or, should the case arise, the vote will be cast in favour of the person responsible for presiding over the Annual General Shareholders' Meeting.

Shareholders who hold a lesser number of shares shall be allowed at any time to delegate the 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.

CONVENING OF MEETING ON SECOND CALL

Shareholders are advised that based on experience in previous years, the General Meeting may foreseeably be held on second call at 12:00 a.m. on April 30th, 2004 at the address given earlier.

Madrid, April 1st, 2004

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