

TELEFONICA S A
Form 6-K
March 31, 2005

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of March, 2005

Commission File Number: 001-09531

Telefónica, S.A.

(Translation of registrant's name into English)

Gran Vía, 28

28013 Madrid, Spain

3491-459-3050

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F X Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No X

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No X

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Telefónica, S.A.

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ANNUAL REPORT ON CORPORATE GOVERNANCE

LISTED COMPANIES

DATA IDENTIFYING ISSUER	FINANCIAL YEAR	2004
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TAX ID CODE: A-28015865

Registered name:

TELEFONICA, S.A.

Registered offices:

GRAN VIA, 28

MADRID

MADRID

28013

SPAIN

MODEL OF ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

A SHAREHOLDING STRUCTURE

A.1. Fill in the following tables on the company's share capital:

Latest date of any change	Share Capital (€)	Number of shares
10-06-2003	4,955,891,361.00	4,955,891,361.00

If there are different types of shares, indicate in the following table:

Type	Number of shares	Nominal unit value
ALL THE SHARES ARE OF THE SAME TYPE.	4,955,891,361.00	1.00

A.2. List the direct and indirect holders of significant shareholdings in your organisation at the end of its financial year, excluding members of its Board of Directors:

Name or corporate name of shareholder	Number of shares held directly	Number of shares held indirectly (*)	% Total/share capital
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CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	92,380,486	174,095,736	5.377
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	89,027,259	194,997,590	5.731

(*) Through:

Name or corporate name of direct shareholder	Number of shares held directly	%/ Share capital
CAIXA HOLDING, S.A.	155,686,356	3.141
CAIXA DE BARCELONA DE SEGUROS DE VIDA, SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS, S.A.	18,409,380	0.371
CONSOLIDAR CIA. DE SEGUROS DE VIDA, S.A.	16,100	0.000
BBVA SEGUROS, S.A.	369,941	0.007
CORPORACIÓN INDUSTRIAL Y DE SERVICIOS, S.L.	104,611,549	2.111
SOCIEDAD DE ESTUDIOS Y ANÁLISIS FINANCIEROS, S.A.	90,000,000	1.816
Total:	369,093,326	

Indicate the most significant movements in the shareholding structure during the financial year:

Name or corporate name of shareholder	Date of transaction	Description of transaction
CAJA DE AHORROS Y PENSIONES DE BARCELONA, "LA CAIXA"	30-03-2004	Exceeding the 5% limit on shareholdings

A.3. Fill in the following tables on company directors holding company shares:

Name or corporate name of Company Director	Date of first appointment	Date of last appointment	Number of shares held directly	Number of shares held indirectly	% Total /share capital
MR. CÉSAR ALIERTA IZUEL	29-01-1997	12-04-2002	632,012	0	0.013
MR. ISIDRO FAINÉ CASAS	26-01-1994	15-06-2001	7,164	0	0.000
MR. JOSÉ ANTONIO FERNÁNDEZ RIVERO	12-04-2002	12-04-2002	115	0	0.000
MR. FERNANDO DE ALMANSA MORENO-BARREDA	26-02-2003	11-04-2003	2,112	0	0.000

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MR. JESÚS MARÍA CADENATO MATÍA	11-04-2003	11-04-2003	9,906	0	0.000
MR. MAXIMINO CARPIO GARCÍA	29-01-1997	12-04-2002	5,836	0	0.000
MR. CARLOS COLOMER CASELLAS	28-03-2001	15-06-2001	543	0	0.000
MR. ALFONSO FERRARI HERRERO	28-03-2001	15-06-2001	1,811	99,500	0.002
MR. JOSÉ FONOLLOSA GARCÍA	11-04-2003	11-04-2003	0	0	0.000
MR. GONZALO HINOJOSA FERNÁNDEZ DE ANGULO	12-04-2002	12-04-2002	37,958	0	0.001
MR. MIGUEL HORTA E COSTA	17-03-1998	11-04-2003	354	0	0.000
MR. PABLO ISLA ALVAREZ DE TEJERA	12-04-2002	12-04-2002	386	0	0.000
MR. LUIS LADA DÍAZ	10-08-2000	15-06-2001	30,000	0	0.001
MR. ANTONIO MASSANELL LAVILLA	21-04-1995	15-06-2001	2,106	642	0.000
MR. ENRIQUE USED AZNAR	12-04-2002	12-04-2002	19,450	17,988	0.001
MR. MARIO EDUARDO VÁZQUEZ	20-12-2000	15-06-2001	10	0	0.000
MR. ANTONIO VIANA-BAPTISTA	12-01-2000	04-02-2000	21,944	0	0.000
MR. GREGORIO VILLALABEITIA GALLARRAGA	27-02-2002	12-04-2002	53	0	0.000
MR. ANTONIO J. ALONSO UREBA	28-03-2001	16-06-2001	8,438	0	0.000

(*) Through:

Name or corporate name of direct shareholder	Number of shares held directly
INVERSIONES SINGLADURA, S.A.	79,500
FINALFESA, S.A.	20,000
MS.GEMMA MASSANELL BOLET	642
REVIEW INVERSIONES SICAV, S.A.	17,988

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Total:	118,130
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% of total equity held by the Board of Directors	0.018
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Fill in the following tables on company directors holding company share options:

Name or corporate of Company Director	Number of options held directly	Number of options held indirectly	Equivalent number of shares	%Total/share capital
MR. JOSÉ FONOLLOSA GARCÍA	115	530	645	0.000

A.4. Where applicable, indicate any family, commercial, contractual or corporate relationships between owners of significant shareholdings, as far as the Company is aware, unless of little relevance or ensuing from ordinary trading or exchange:

Name or corporate name of related party	Type of relationship	Brief description

A.5. Where applicable, indicate any commercial, contractual or corporate relationships between owners of significant shareholdings and the company, unless of little relevance or ensuing from ordinary trading or exchange:

Name or corporate name of related party	Type of relationship	Brief description
BANCO BILBAO VIZCYA ARGENTARIA, S.A.	Corporate	JOINT SHAREHOLDING WITH TELEFÓNICA MÓVILES, S.A. IN MOBIPAY ESPAÑA, S.A. AND IN MOBIPAY INTERNACIONAL, S.A.
BANCO BILBAO VIZCYA ARGENTARIA, S.A.	Corporate	JOINT SHAREHOLDING WITH TELEFÓNICA DE CONTENIDOS, S.A. IN HISPASAT, S.A.
BANCO BILBAO VIZCYA ARGENTARIA, S.A.	Corporate	JOINT SHAREHOLDING WITH TERRA NETWORKS IN UNO-E BANK, S.A.
BANCO BILBAO VIZCYA ARGENTARIA, S.A.	Corporate	JOINT SHAREHOLDING WITH TELEFÓNICA, S.A. IN ATENTO, N.V.

A.6. Indicate any shareholders agreements that have been reported to the company:

Parties to paracorporate agreements	% of share capital affected	Brief description of the agreement

Indicate any concerted actions among company shareholders of which the company is aware:

Parties to concerted actions	% of share capital affected	Brief description of the concerted action

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Expressly indicate any change in or break-up of said concerted actions or agreements.

A.7. Indicate whether any person or organisation exercises or may exercise control over the company pursuant to Article 4 of the Securities Market Law:

Name or corporate name

Comments

A.8. Fill in the following tables on the company's treasury stock:

At year end:

Number of shares held directly	Number of shares held indirectly	% Total /share capital
207,245,179	0	4.182

(*) Through:

Name or corporate name of direct shareholder	Number of shares held directly
Total:	

List any significant variations that have occurred during the financial year, according to Royal Decree 377/1991:

Date	Number of direct shares	Number of indirect shares	% Total /share capital
05-05-2004	80,175,320	0	1.618
30-06-2004	131,075,320	0	2.645
04-10-2004	183,447,879	0	3.702

Revenue from treasury stock transactions throughout the year (in thousands of euros)	0
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A.9. Detail the terms and conditions of any authorisation(s) conferred by the General Shareholders' Meeting to the Board of Directors to purchase and/or transfer the treasury stock described in section A.8. above.

The Ordinary General Shareholders' Meeting of Telefónica, at its session held on April 30th 2004, resolved to renew the authorisation granted by the GSM of April 11th 2003, for the derivative acquisition of treasury stock, either directly or through Group companies, in the terms literally transcribed as follows:

"To authorise, as set forth in Articles 75 and next of the current Spanish Corporations Law (Ley de Sociedades Anónimas), the acquisition, at any moment and as many times as considered necessary by Telefónica, 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 authorisation is granted for a period of 18 months, reckoned from the date 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 authorisation, added to that already held by Telefónica, 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 authorisation granted for the acquisition of treasury stock can be used wholly or partially for the acquisition of these shares of Telefónica, S.A., and that the Company must deliver or transfer to its directors or employees, or to those of the companies in its Group, directly or as a consequence of these having exercised their option rights, all within the framework of the referenced remuneration systems as the market value of the company shares approved in due form.

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.

The unexecuted part of the resolution adopted by the Company's Annual General Shareholders' Meeting of April 1st, 2003, in relation to point IV of the Agenda of this same Meeting, shall remain null and void."

A.10. Indicate any restrictions under law or the company articles of association on exercising voting rights and any legal restrictions on the acquisition and/or transfer of company stock:

(i) Restrictions on exercising voting rights:

In accordance with Article 21 of the Company Articles of Association, no shareholder shall be allowed to cast a number of votes representing more than ten percent of the overall share capital entitled to voting rights existing at any time, regardless of the number of shares he/she actually holds. In ascertaining the maximum number of votes which each shareholder may cast, only those shares owned by each shareholder shall be taken into account, and the shares belonging to other shareholders who have appointed such shareholder as their proxy shall not be included, without prejudice to the aforementioned ten percent limit, which shall apply equally to every represented shareholder.

The limit set out in the above paragraph shall likewise apply to the maximum number of votes that may be cast – either jointly or individually – by two or more shareholding companies belonging to the same group of companies, and to the maximum number of votes which may be cast by an individual or a corporate body holding shares in the Company which are directly or indirectly controlled by that individual or corporate body.

Taking into account the total share capital of Telefónica, and in view of its current shareholding structure, the aforementioned limit on the number of votes established in the Company Articles of Association is, in practise, not applicable, as at present there are no shareholders with a stake, whether direct or indirect, of over 6 percent of the company share capital.

(ii) Limits on the acquisition and/or transfer of company stock:

There are no provisions in the Articles of Association restricting or limiting the free transfer of Telefónica stock.

The above notwithstanding, in response to the Ruling from the European Court of Justice of 13th May 2003, Law 62/2003, of 30th December on Tax, Administrative and Social Order Measures, has altered the administrative authorisation regime set out in Law 5/1995, of 23rd March, on the Legal Regime for Transfer of Public Stock in certain companies, to which certain commercial transactions and corporate agreements existing in Telefónica and its subsidiary companies, Telefónica Móviles, S.A., Telefónica Móviles de España, S.A.U. and Telefónica de España, S.A.U. are subject by virtue of Royal Decree 8/1997, of 10th January.

Therefore, the direct or indirect or acquisition of shares in Telefonica or Telefónica Móviles, S.A., including through third party trustees or intermediaries, is subject to a regime of administrative notification when it entails the disposal of at least 10 percent of the Company share capital. However, mere financial transactions that are not addressed at taking over control and/or management of such companies, are not included in this regime.

B	STRUCTURE OF CORPORATE ADMINISTRATION
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B.1. Board of Directors

B.1.1. Detail the maximum and minimum number of directorships established under the articles of association:

Maximum number of Directors	20
Minimum number of Directors	5

B.1.2. Fill in the following table with the Board members and their details.

Name or corporate name of director	Represented by	Post	Date of first appointment	Date of last appointment	Election procedure
MR. CÉSAR ALIERTA IZUEL		CHAIRMAN	29-10-1997	12-04-2002	COOPTION WITH SUBSEQUENT RATIFICATION BY THE GENERAL SHAREHOLDERS' MEETING
MR. ISIDRO FAINÉ CASAS		VICE CHAIRMAN	26-01-1994	15.06.2001	COOPTION WITH SUBSEQUENT RATIFICATION BY THE GENERAL SHAREHOLDERS' MEETING

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MR. JOSÉ ANTONIO FERNÁNDEZ RIVERO		DIRECTOR	12-04-2002	12-04-2002	GENERAL SHAREHOLDERS' MEETING
MR. FERNANDO DE ALMANSA MORENO-BARREDA		DIRECTOR	26-02-2003	11-04-2003	COOPTION WITH SUBSEQUENT RATIFICATION BY THE GENERAL SHAREHOLDERS' MEETING
MR. JESÚS MARÍA CADENATO MATÍA		DIRECTOR	11-04-2003	11-04-2003	GENERAL SHAREHOLDERS' MEETING
MR. MAXIMO CARPIO GARCÍA		DIRECTOR	29-01.1997	12-04-2002	COOPTION WITH SUBSEQUENT RATIFICATION BY THE GENERAL SHAREHOLDERS' MEETING
MR. CARLOS COLOMER CASELLAS		DIRECTOR	28-03-2001	15-05-2001	COOPTION WITH SUBSEQUENT RATIFICATION BY THE GENERAL SHAREHOLDERS' MEETING
MR. ALFONSO FERRARI HERRERO		DIRECTOR	28-03.2001	15.06.2001	COOPTION WITH SUBSEQUENT RATIFICATION BY THE GENERAL SHAREHOLDERS' MEETING
MR. JOSE FONOLLOSA GARCÍA		DIRECTOR	11-04-2003	11.04.2003	GENERAL SHAREHOLDERS' MEETING
MR. GONZALO HINOJOSA FERNÁNDEZ DE ANGULO		DIRECTOR	12.04.2002	12.04.2002	GENERAL SHAREHOLDERS' MEETING
MR. MIGUEL HORTA E COSTA		DIRECTOR	17-03-1998	11.04.2003	GENERAL SHAREHOLDERS' MEETING
		DIRECTOR	12-04-2002	12-04.2002	

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MR. PABLO ISLA ÁLVAREZ DE TEJERA					GENERAL SHAREHOLDERS' MEETING
MR. LUIS LADA DÍAZ		DIRECTOR	10-08-2000	15-06-2001	COOPTION WITH SUBSEQUENT RATIFICATION BY THE GENERAL SHAREHOLDERS' MEETING
MR. ANTONIO MASSANELL LAVILLA		DIRECTOR	21-04-1995	15-06-2001	GENERAL SHAREHOLDERS' MEETING
MR. ENRIQUE USED AZNAR		DIRECTOR	12.04.2002	12-04-2002	GENERAL SHAREHOLDERS' MEETING
MR. MARIO EDUARDO VÁZQUEZ		DIRECTOR	20-12-2000	15-06-2001	COOPTION WITH SUBSEQUENT RATIFICATION BY THE GENERAL SHAREHOLDERS' MEETING
MR. ANTONIO VIANA-BAPTISTA		DIRECTOR	12-01-2000	04-02-2000	COOPTION WITH SUBSEQUENT RATIFICATION BY THE GENERAL SHAREHOLDERS' MEETING
MR. GREGORIO VILLALABEITIA GALARRAGA		DIRECTOR	27-02-2002	12-04-2002	COOPTION WITH SUBSEQUENT RATIFICATION BY THE GENERAL SHAREHOLDERS' MEETING
MR. ANTONIO J. ALONSO UREBA		SECRETARY TO BOARD OF DIRECTORS	28-03-2001	15.06.2001	COOPTION WITH SUBSEQUENT RATIFICATION BY THE GENERAL SHAREHOLDERS' MEETING
Total number of Directors			19		

Indicate any members leaving the Board during this period:

Name or corporate name of director	Date of leaving

B.1.3 Fill in the following table on the Board members and their different directorships:

EXECUTIVE DIRECTORS

Name or corporate name of director	Commission proposing appointment	Post within the company organisation
MR. CESAR ALIERTA IZUEL	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	CHAIRMAN
MR. LUIS LADA DÍAZ	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	DIRECTOR
MR. MARIO EDUARDO VÁZQUEZ	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	DIRECTOR
MR. ANTONIO VIANA-BAPTISTA	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	DIRECTOR
MR. ANTONIO J. ALONSO UREBA	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	SECRETARY TO THE BOARD OF DIRECTORS

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of director	Commission proposing appointment	Name or corporate name of the significant shareholder represented or who proposed the appointment
MR. JOSÉ FONOLLOSA GARCÍA	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
MR. ANTONIO MASSANELL LAVILLA	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	LA CAIXA, CAJA DE AHORROS Y PENSIONES DE BARCELONA
MR. GREGORIO VILLALABEITIA GALARRAGA	NOMINATING, COMPENSATION, AND	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

	CORPORATE GOVERNANCE COMMITTEE	
MR. ISIDRO FAINÉ CASAS	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
MR. JOSÉ ANTONIO FERNÁNDEZ RIVERO	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
MR. JESUS MARIA CADENATO MATÍA	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

EXTERNAL INDEPENDENT DIRECTORS

Name or corporate name of director	Commission proposing appointment	Profile
MR. FERNANDO DE ALMANSA MORENO-BARREDA	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	HOLDER OF LAW DEGREE, ON LEAVE FROM THE DIPLOMATIC CORPS. FORMERLY HEAD OF STAFF AT THE HOME OF HIS MAJESTY KING JUAN CARLOS I.
MR. MAXIMO CARPIO GARCÍA	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	DOCTOR IN ECONOMICS. PROFESSOR OF APPLIED ECONOMICS AT THE UNIVERSIDAD AUTÓNOMA DE MADRID.
MR. CARLOS COLOMER CASELLAS	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	HOLDER OF AN ECONOMICS DEGREE. CHAIRMAN OF THE COLOMER GROUP.
MR. ALFONSO FERRARI HERRERO	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	HOLDER OF ECONOMICS DEGREE. FORMERLY EXECUTIVE CHAIRMAN OF BETA CAPITAL, S.A. AND SENIOR MANAGER AT BANCO URQUIJO
MR. GONZALO HINOJOSA FERNÁNDEZ DE ANGULO	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	INDUSTRIAL ENGINEER. CHAIRMAN AND MANAGING DIRECTOR OF CORTEFIEL, S.A.
MR. MIGUEL HORTA E COSTA	NOMINATING, COMPENSATION, AND	HOLDER OF ECONOMICS DEGREE. CHAIRMAN OF

	CORPORATE GOVERNANCE COMMITTEE	PORTUGAL TELECOM, SGPS, S.A.
MR. PABLO ISLA ÁLVAREZ DE TEJERA	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	HOLDER OF LAW DEGREE. STATE LAWYER. CHAIRMAN OF ALTADIS, S.A. AND LOGISTA, S.A.
MR. ENRIQUE USED AZNAR	NOMINATING, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE	TELECOMMUNICATIONS ENGINEER. CHAIRMAN OF AMPER, S.A.

OTHER EXTERNAL DIRECTORS

Name or corporate name of director	Committee proposing appointment

List the reasons why they cannot be considered independent or proprietary:

Indicate any variations that have occurred in the type of each director:

Name or corporate name of director	Date of change	Previous type	Current type

B.1.4. Indicate whether the types of directors set out in the previous point corresponds to the distribution established in the Board Regulations:

When considering the present composition of the Board of Directors and the principles governing the same – established in the Board of Directors Regulations – the current composition is fully in line with the aforementioned Regulations and with the established guidelines of Corporate Governance. The Board is comprised of a significant number of independent Directors (eight), and the external Directors (including Proprietary and Independents) are in ample majority over executive Directors (fourteen vs. five). Furthermore, there is a majority of independent Directors over proprietary Directors (eight vs. five) on the Board.

B.1.5. Indicate, if the case may be, any powers delegated to the Managing Director(s):

Name or corporate name of director	Brief description
CESAR ALIERTA IZUEL	At the date of preparation of the present report, the position of Managing Director does not exist. However, the Executive Chairman has been delegated all the powers of the Board of Directors, except those which may not be delegated by law or under the Articles of Association.

B.1.6. Identify any board members in senior management or directive posts in other companies forming part of the listed company:

Name or corporate name of director	Corporate name of the group company	Post

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MR. JOSE ANTONIO FERNÁNDEZ RIVERO	ADQUIRA ESPAÑA, S.A.	CHAIRMAN
MR. ANTONIO MASSANELL LAVILLA	TELEFÓNICA MÓVILES, S.A.	DIRECTOR
MR. FERNANDO DE ALMANSA MORENO-BARREDA	TELEFÓNICA INTERNACIONAL, S.A.	DIRECTOR
MR. FERNANDO DE ALMANSA MORENO-BARREDA	TELEFÓNICA MÓVILES, S.A.	DIRECTOR
MR. FERNANDO DE ALMANSA MORENO-BARREDA	TELEFÓNICA DE PERÚ, S.A.A.	DIRECTOR
MR. FERNANDO DE ALMANSA MORENO-BARREDA	TELEFÓNICA DE ARGENTINA, S.A.	DIRECTOR
MR. FERNANDO DE ALMANSA MORENO-BARREDA	TELECOMUNICAÇÕES DE SAO PAULO, S.A.	DIRECTOR
MR. JESUS MARÍA CADENATO MATÍA	UNO E BANK, S.A.	DIRECTOR
MR. MAXIMO CARPIO GARCÍA	TELEFÓNICA MÓVILES, S.A.	DIRECTOR
MR. ALFONSO FERRARI HERRERO	TELEFONICA INTERNACIONAL, S.A.	DIRECTOR
MR. ALFONSO FERRARI HERRERO	TELEFÓNICA CTA CHILE, S.A.	DIRECTOR
MR. ALFONSO FERRARI HERRERO	TELEFÓNICA DE PERÚ, S.A.A.	DIRECTOR
MR. LUIS LADA DÍAZ	TELEFÓNICA MÓVILES, S.A.	DIRECTOR
MR. ENRIQUE USED AZNAR	TERRA NETWORKS, S.A.	DIRECTOR
MR. ENRIQUE USED AZNAR	TELECOMUNICAÇÕES DE SAO PAULO, S.A.	DIRECTOR
MR. ENRIQUE USED AZNAR	TELEFÓNICA DE PERÚ, S.A.A.	DIRECTOR
MR. ENRIQUE USED AZNAR	TELEFÓNICA INTERNACIONAL, S.A.	DIRECTOR
MR. MARIO EDUARDO VÁZQUEZ	TELEFÓNICA DE ARGENTINA, S.A.	CHAIRMAN
MR. MARIO EDUARDO VÁZQUEZ	TELEFÓNICA HOLDING ARGENTINA, S.A.	VICE CHAIRMAN
MR. MARIO EDUARDO VÁZQUEZ	COMPAÑÍA INTERNACIONAL DE TELECOMUNICACIONES, S.A.	VICE CHAIRMAN
MR. MARIO EDUARDO	TELEFÓNICA MÓVILES	CHAIRMAN

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VÁZQUEZ	ARGENTINA, S.A.	
MR. MARIO EDUARDO VÁZQUEZ	TELEFÓNICA COMUNICACIONES PERSONALES, S.A.	CHAIRMAN
MR. MARIO EDUARDO VÁZQUEZ	RADIO MÓVIL DIGITAL ARGENTINA, S.A.	CHAIRMAN
MR. MARIO EDUARDO VÁZQUEZ	RADIO SERVICIOS, S.A.	CHAIRMAN
MR. MARIO EDUARDO VÁZQUEZ	TELINVER, S.A.	CHAIRMAN
MR. MARIO EDUARDO VÁZQUEZ	TELEFÓNICA DATA ARGENTINA, S.A.	CHAIRMAN
MR. MARIO EDUARDO VÁZQUEZ	KATALYX ARGENTINA, S.A.	CHAIRMAN
MR. MARIO EDUARDO VÁZQUEZ	KATALYX FOOD SERVICES ARGENTINA, S.R.L.	MANAGER
MR. MARIO EDUARDO VÁZQUEZ	KATALYX CATALOGUING ARGENTINA, S.R.L.	MANAGER
MR. MARIO EDUARDO VÁZQUEZ	KATALYX CONSTRUCTION ARGENTINA, S.R.L.	MANAGER
MR. MARIO EDUARDO VÁZQUEZ	KATALYX TRANSPORTATION ARGENTINA, S.R.L.	MANAGER
MR. MARIO EDUARDO VÁZQUEZ	TERRA NETWORKS ARGENTINA, S.A.	VICE PRESIDENT
MR. MARIO EDUARDO VAZQUEZ	ADQUIRA ARGENTINA, S.A.	CHAIRMAN
MR. ANTONIO VIANA-BAPTISTA	TELEFÓNICA INTERNACIONAL, S.A..	DIRECTOR
MR. ANTONIO VIANA-BAPTISTA	TELEFÓNICA MÓVILES, S.A.	CHAIRMAN
MR ANTONIO VIANA-BAPTISTA	TELEFÓNICA MÓVILES DE ESPAÑA, S.A.	DIRECTOR
MR. ANTONIO VIANA-BAPTISTA	TELEFÓNICA DE ESPAÑA, S.A.	DIRECTOR
MR. ANTONIO VIANA-BAPTISTA	TELEFÓNICA DE ARGENTINA, S.A.	DIRECTOR
MR. GREGORIO VILLALABEITIA GALARRÁGA	TELEFÓNICA INTERNACIONAL, S.A.	DIRECTOR

B.1.7. List any company board members who are also members of the board(s) of directors in other companies listed on official securities markets in Spain, other than your own group, that have been

reported to the company:

Name or corporate name of director	Listed company	Post
MR. CESAR ALIERTA IZUEL	ALTADIS, S.A.	DIRECTOR
MR. ISIDRO FAINES CASAS	ABERTIS INFRAESTRUCTURAS, S.A.	CHAIRMAN
MR. JOSÉ ANTONIO FERNÁNDEZ RIVERO	IBERDROLA, S.A.	DIRECTOR
MR. CARLOS COLOMER CASELLAS	INDO INTERNACIONAL, S.A.	VICE CHAIRMAN
MR. CARLOS COLOMER CASELLAS	ALTADIS, S.A.	DIRECTOR
MR. CARLOS COLOMER CASELLAS	AHORRO BURSÁTIL, S.A. SICAV	CHAIRMAN
MR. CARLOS COLOMER CASELLAS	INVERSIONES INMOBILIARIAS URQUIOLA, S.A. SICAV	CHAIRMAN
MR. CARLOS COLOMER CASELLAS	SANTANDER CENTRAL HISPANO, S.A.	DIRECTOR
MR. GONZALO HINOJOSA FERNÁNDEZ DE ANGULO	ALTADIS, S.A.	DIRECTOR
MR. GONZALO HINOJOSA FERNÁNDEZ DE ANGULO	CORTEFIEL, S.A.	CHAIRMAN
MR. PABLO ISLA ÁLVAREZ DE TEJERA	ALTAIDS, S.A.	CHAIRMAN
MR. PABLO ISLA ÁLVAREZ DE TEJERA	COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA, S.A.	CHAIRMAN
MR. PABLO ISLA ÁLVAREZ DE TEJERA	IBERIA LÍNEAS ÁEREAS DE ESPAÑA, S.A.	DIRECTOR
MR. LUIS LADA DÍAZ	SOGECABLE, S.A.	DIRECTOR
MR. ENRIQUE USED AZNAR	AMPER, S.A.	CHAIRMAN
MR. GREGORIO VILLALABEITIA GALARRAGA	REPSOL YPF, S.A.	DIRECTOR
MR. GREGORIO VILLALABEITIA GALARRAGA	GAS NATURAL, S.A.	DIRECTOR
MR. GREGORIO VILLALABEITIA GALARRAGA	IBERIA LÍNEAS AÉREAS DE ESPAÑA, S.A.	DIRECTOR

B.1.8. Fill in the following tables regarding the accrued aggregate remuneration of Directors during the year:

a) in the company subject to this report:

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Remuneration from	Thousand euros
Fixed remuneration	5,035
Variable remuneration	2,575
Allowances	140
Token payments	0
Share options and/or other financial instruments	0
Others	3
TOTAL:	8,023

Other benefits	Thousand euros
Advances	0
Loans granted	0
Pension Plans and Funds: Contributions	36
Pension Plans and Funds: Obligations contracted	0
Life insurance premiums	66
Guarantees constituted by the company in favour of directors	0

b) for directors belonging to other boards of directors and/or senior management of group companies:

Remuneration from	Thousand euros
Fixed remuneration	1,741
Variable remuneration	645
Allowances	27
Token payments	0
Share options and/or other financial instruments	0
Others	48
TOTAL:	2,461

Other benefits	Thousand euros
Advances	0
Loans granted	0
Pension Plans and Funds: Contributions	8
Pension Plans and Funds: Obligations contracted	0
Life insurance premiums	12

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Guarantees constituted by the company in favour of directors	0
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c) total remuneration by type of directorship:

Type of director	By company	By group
Executive	6,004	1,883
External proprietary	982	98
External independent	1,037	480
Other external	0	0
TOTAL	8,023	2,461

d) regarding the attributable profit of the controlling company:

Total directors' remuneration	10,484
Total directors' remuneration / attributable profit of the controlling company	0.360

B.1.9. Identify the members of senior management who are not executive directors and indicate total remuneration accruing to them during the year:

Name or corporate name	Post
MR. SANTIAGO FERNÁNDEZ VALBUENA	GENERAL MANAGER OF FINANCE AND SHARED RESOURCES
MR. LUIS ABRIL PÉREZ	GENERAL MANAGER OF CORPORATE COMMUNICATION
MR. CALIXTO RÍOS PÉREZ	GENERAL MANAGER OF AUDITING AND MANAGEMENT RESOURCES
MR. GUILLERMO FERNÁNDEZ VIDAL	GENERAL MANAGER OF COMMERCIAL DEVELOPMENT AND SUBSIDIARIES
MR. FRANCISCO DE BERGIA GONZÁLEZ	GENERAL MANAGER OF INSTITUTIONAL RELATIONS
MR. JULIO LINARES LÓPEZ	EXECUTIVE CHAIRMAN OF TELEFÓNICA DE ESPAÑA, S.A.U.
MR. JOSÉ MARÍA ÁLVAREZ-PALLETE LÓPEZ	EXECUTIVE CHAIRMAN OF TELEFÓNICA INTERNACIONAL, S.A.U.

Total remuneration of senior management (thousand euros)	6,912
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B.1.10. Identify in aggregate terms any guarantees or "golden parachute" clauses benefiting senior managers (including executive directors) of the company or its group. Indicate whether these contracts must be reported to and/or approved by the governing bodies of the company or its group.

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Number of beneficiaries	11

	Board of Directors	General Shareholders' Meeting
Body authorising the clauses	x	

	YES	NO
Is the General Shareholders' Meeting informed of these clauses?	X	

B.1.11. Indicate the process for establishing board members' remuneration and any relevant clauses in the Articles of Association regarding such payment.

In accordance with Article 28 of the Articles of Association of Telefónica, Directors' remuneration shall be comprised of a fixed monthly allowance plus expenses for attending meetings of the Board of Directors and its management or consultative Committees. Any remuneration the Company may pay its Directors collectively under either of the foregoing headings shall be that set for that purpose by the General Shareholders' Meeting, and shall remain in force until this body resolves that it be changed. The Board of Directors shall determine the exact amount to be paid within that ceiling and how it is divided amongst the various Directors. To this effect, the General Shareholders' Meeting held on April 11th 2003 fixed the maximum gross annual sum for remuneration to the Board of Directors at 6 million euros.

Additionally, and apart from such remuneration as is provided for under the previous section, other remuneration systems may be created that may either be indexed to the list value of the shares, or consist of stock or of stock options for the Directors. The application of said remuneration systems must be authorised by the General Shareholders' Meeting, which shall fix the stock value that is to be taken as the term of reference thereof, the number of shares to be given to each Director, the exercise price of the stock options, the term of such remuneration system and such other terms and conditions as deemed appropriate.

At present, there is no remuneration system in existence at Telefónica indexed to the list value of shares or that entails the handover of stock or stock options to Directors.

The remuneration systems set out in the preceding paragraphs, arising from membership in the Board of Directors, shall be deemed compatible with any and all other professional or work-based compensations to which the Directors may be entitled in consideration for whatever executive or advisory services they may provide for the Company other than such supervisory and decision-making duties as may pertain to their posts as Directors, which shall be subject to the applicable legal provisions.

Pursuant to Article 38 of the Regulations of the Board of Directors, Directors shall be entitled to obtain the remuneration set by the Board of Directors according to statutory provisions and following a report issued by the Nominating, Compensation and Corporate Governance Committee.

The Board shall ensure that the remuneration of Directors is in keeping with that paid on the market at companies of a similar size and activity.

Remuneration of Directors shall be fully transparent. To that end, the Nominating, Compensation and Corporate Governance Committee shall annually examine the policy regarding Directors' remuneration. In addition, and in keeping with the provisions of the Company Articles of Association, the Annual Report clearly sets out the

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remuneration paid for each post and position on the Board and its Committees (Chairman, Vice Chairman and Member). The remuneration paid to executive Directors for their executive functions in the Company are set out in aggregate form, but broken down into the various remunerative items or concepts.

B.1.12. Indicate the identity of any board members who sit on board(s) of directors or hold senior management posts in companies having significant shareholdings in the listed company and/or its group companies:

Name or corporate name of director	Name or corporate name of the significant shareholder	Post
MR. ISIDRO FAINÉ CASAS	LA CAIXA, CAJA DE AHORROS Y PENSIONES DE BARCELONA	DIRECTOR GENERAL
MR. JOSÉ ANTONIO FERNÁNDEZ RIVERO	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR
MR. FERNANDO DE ALMANSA MORENO-BARREDA	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR OF BANCOMER, S.A.
MR. FERNANDO DE ALMANSA MORENO-BARREDA	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	MANAGING DIRECTOR OF EXTERNAL SERVICES AT APOYO EMPRESARIAL, S.A.
MR. JESÚS MARÍA CADENATO MATÍA	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR OF LARGE INDUSTRIAL CORPORATIONS
MR. ANTONIO MASSANELL LAVILLA	LA CAIXA, CAJA DE AHORROS Y PENSIONES DE BARCELONA	DEPUTY EXECUTIVE DIRECTOR GENERAL

Detail, if appropriate, any relevant relations other than those indicated in the section above that link members of the board of directors with significant shareholders and/or their group companies:

Name or corporate name of director	Name or corporate name of significant shareholder	Relationship
MR. JOSÉ FONOLLOSA GARCÍA	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR GENERAL IN EARLY RETIREMENT
MR. GREGORIO VILLALABEITIA GALARRAGA	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	DIRECTOR GENERAL IN EARLY RETIREMENT

B.1.13. Indicate any changes made in the Board Regulations during this year:

On March 31st 2004, the Board of Directors of Telefónica resolved to adapt the Regulations of the Board of Directors in effect at that time to the provisions of Law 26/2003, of 17th July (Transparency Law), and consequently approved a new Redrafted Text of the aforementioned Regulations. The new Redrafted Text of the Regulations of the Board of Directors of Telefónica was reported to the Spanish National Securities Market Commission on April 1st 2004 and to the General Shareholders' Meeting at its session on April 30th 2004, thus complying with the provisions of the Securities Market Law in its new redrafted form.

In general, the new Regulations respect and maintain the main parameters, structure, content and drafting of the previous Regulations. The principal amendments introduced are as follows:

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- Amendments arising from the Aldama Report. The concepts of executive and independent Directors are adapted to the recommendations established in the Aldama Report.
- Amendments arising from the Transparency Law. The Regulations are adapted to the said Law with regards to the duties of Directors (rights and duties of Directors and the obligations of loyalty, diligence and confidentiality to be fulfilled by the same), already regulated in the previous version of the Regulations of the Board of Directors.
- Amendments arising from the new structure of listed companies in the Telefónica Group. Amongst the new general duties of the Board of Directors, the supervision and control of Telefónica and its subsidiary companies is expressly regulated, establishing that such duties shall be carried out through the suitable and efficient coordination between the Company and the companies in its Group, respecting the decision-making powers of their administrative and management bodies, in keeping with the corporate good of the Company and each of the said subsidiaries.

The following amendments are also worthy of note:

- The wording of certain articles is amended to adapt them to the current Articles of Association. Thus, Article 24 of the Regulations was adapted to the provisions of Article 31 bis of the Articles of Association, on the Audit and Control Committee, which was approved at the General Shareholders' Meeting held on April 11th 2003 pursuant to Law 44/2002, of 22nd November, on Financial System Reform Measures. Likewise, Article 38 of the Regulations was adapted to the provisions of Article 28 of the Articles of Association, on the system for remuneration to Directors, and its new wording was approved by the General Shareholders' Meeting of April 1th 2003.
- Regarding the Board of Directors Committees:
 - * The new version provides the new name of the Nominating, Compensation and Corporate Governance Committee (formerly the Nominating and Compensation Committee) and the Human Resources and Corporate Reputation Committee (formerly, the Human Resources Committee), and
 - * The new version also regulates the Board committees created after the previous version of the Regulations entered into effect: the Service Quality and Customer Service Committee and the International Affairs Committee.
- Finally, for the purpose of improving organisation, slight modifications were made to the text and in the order of the articles in the Regulations.

B. 1.14. Indicate any procedures for appointment, re-election, assessment and removal of Directors. List the competent bodies, the steps to be followed and the criteria to be applied in each of the procedures.

APPOINTMENT

Telefónica's Articles of Association establish that the Board of Directors shall be composed of a minimum of five and a maximum of twenty members, who shall be appointed by the General Shareholders' Meeting. The Board of Directors may, in accordance with the provisions set out in the Spanish Corporations Law and in the Company Articles of Association, fill vacant positions temporarily by cooption.

To this effect, it is important to note that the appointment of Board members in Telefónica is, as a general rule, submitted for approval by the General Shareholders' Meeting. It is only on certain occasions, when such a measure is essential due to vacancies on the Board arising after the last GSM, that the Board appoints members by cooption, in keeping with the provisions of the Corporations Law, subject to later ratification by the first subsequent