



Second Investor Conference

March 2002, Sevilla



Telefonica



What to expect from Telefónica?

César Alierta
Chairman & CEO
Telefónica S.A.

Safe harbour

This presentation contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation relating to the Company .

Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward looking statements as a result of various factors.

Analysts and investors are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. Telefónica undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Telefónica's business or acquisition strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's Annual Report on Form 20-F as well as periodic filings made on Form 6-K, which are on file with the United States Securities and Exchange Commission.

Our Dual Strategic Position

Continued emphasis on management

- Our operational and financial performance are not accidental
- They are the result of years of work and focus on doing things right
- We will cultivate our strong fundamentals and will improve them on a daily basis
- We reaffirm our commitment to profitable growth, based on:
 - developing our existing customer relationships and geographies
 - a fundamental understanding of our business
 - maximizing FCF through tight control of Operating Cost and Capex
- Additionally we will continue to explore growth opportunities that leverage our strength and skill set

A bias for growth, a will to lead

We are Excited about the Future

The Digital Revolution



A strategic opportunity to develop our 78 million customer relationships into additional revenues and profits within a 500 MM pops potential market

We have the necessary requirements

- Track record
- Core skills
- Financial flexibility

Sector revolution

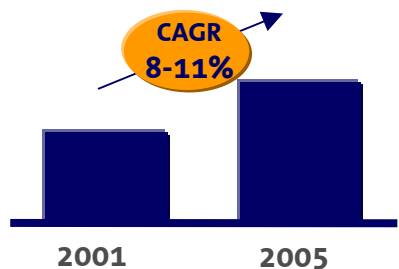


Disparities in performance will accelerate a redefinition of industry borders that will translate into new non organic growth opportunities

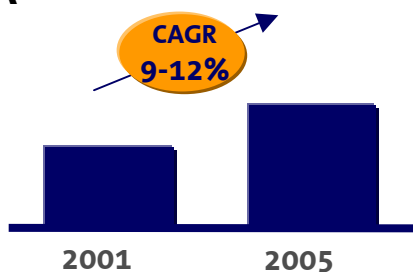
Medium Term Outlook

(Constant FX)

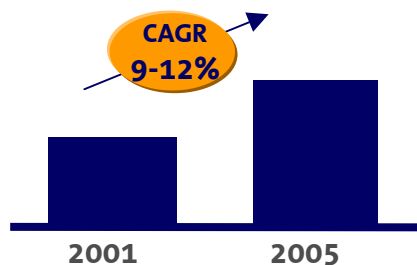
REVENUES



EBITDA

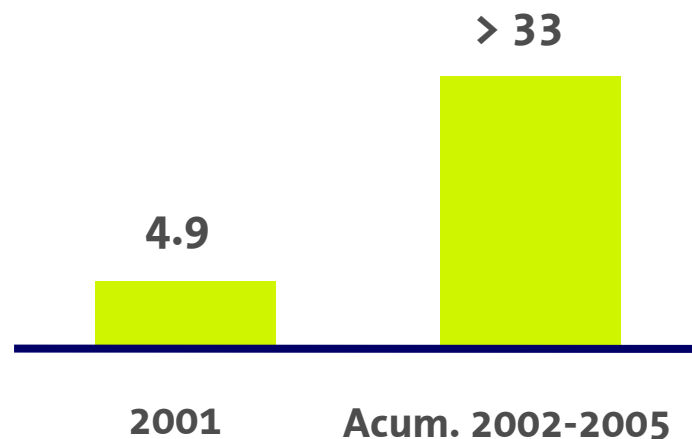


EBIT



Operating Cash Flow (*)

Eur bn



CAPEX / Revenues	25.5%	12-16%
------------------	-------	--------

(*) EBITDA-CAPEX

Telefonica
