

Telefonica

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Madrid, 1 de marzo de 2000

COMISIÓN NACIONAL DEL MERCADO DE VALORES **MADRID**

Muy señores míos:

Adjunto se remite copia impresa de la presentación en inglés a analistas e inversores -como complemento de la comunicación de resultados realizada en el día de ayer- que se está efectuando en el día de hoy a través de una multiconferencia.

Esta información va a ser registrada también ante la "Securities Exchange Commission" (SEC) de los Estados Unidos de América.

Un cordial saludo.

Teleformica

**January - December 1999
Quarterly Results**

FINANCIAL AND OPERATING HIGHLIGHTS

	%Change		
Thousands	1999	1998	99/98
Lines in service (*)	37,613.2	34,174.1	10.1%
Cellular customers (*)	15,507.9	8,071.1	92.1%
Pay TV customers (*)	1,036.4	867.8	19.4%
Total Connections (*)	54,157.5	43,113	25.6%
Euros in millions			
Operating Revenues	13,552.8	12,266.2	10.5%
EBITDA	6,577.3	6,611.0	(0.5%)
EBITDA/Revenues	48.5%	53.9%	(5.4 p.p.)
Net Income	1,804.8	1,307.7	38.0%

(*) Managed operators

IMPROVED QUALITY OF THE RESULTS

Write-off before taxes: 2,313.6 MM Euros

Euros in millions

	1999	1998	% Change
TELEFONICA DE ESPAÑA			
Workforce reduction	155.9	756.6	(79.4%)
Accelerated depreciation & amortization	296.2	0	n.c.
Fixed assets write-off	1,322.6	0	n.c.
Others	0	90.2	(100%)
TOTAL	1,774.7	846.8	109,6%
Assets turnover (*)	0.7x	0,6x	
Depreciation rate	10.7	9.5	

TELEFONICA INTERNACIONAL

Accelerated amortization of goodwill	0	30.1	(100%)
Financial investments write-off	373.3	0	n.c.
Others	165.6	99.9	65.7%
TOTAL	538.9	130.0	314.6%

(*) Operating Revenues/Net Assets



TELEFONICA DE ESPAÑA GROUP: REVENUES, MARGIN AND OPERATING DRIVERS

	99/98	
	1999	%Change
<i>Euros in millions</i> <i>(audited figures)</i>		
Operating Revenues	10,075	2.4%
Operating Expenses	5,404	7.5%
EBITDA	5,037	-4.4%

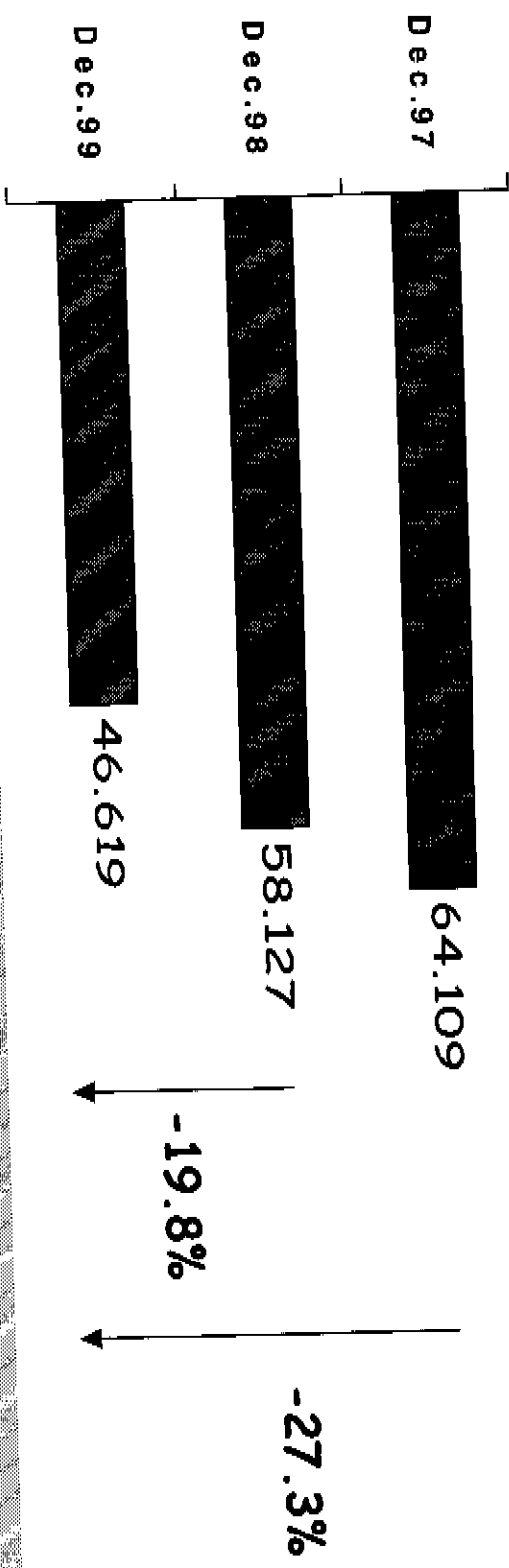
TELEFONICA DE ESPAÑA (PARENT COMPANY)	1999/1998	1998/1997	1997/1996
	%Change	%Change	%Change
Total lines in service	5.6%	6.4%	4.5%
Total traffic (mill. min.)	15.9%	14.0%	10.7%
Fixed Mobile traffic (mill. min.)	33.7%	46.3%	72.8%
Internet Traffic	81.7%	102.3%	n.s.
Price / minute domestic call ⁽¹⁾	-19.3%	-13.5%	-5.1%
Productivity			
Employees	-19.8%	-9.3%	-4.6%
Lines/employee (absolute terms)	412.4	313.2	266.8

(1) Price related to the month of December. Includes local, provincial and DLD calls, taking into account discount plans



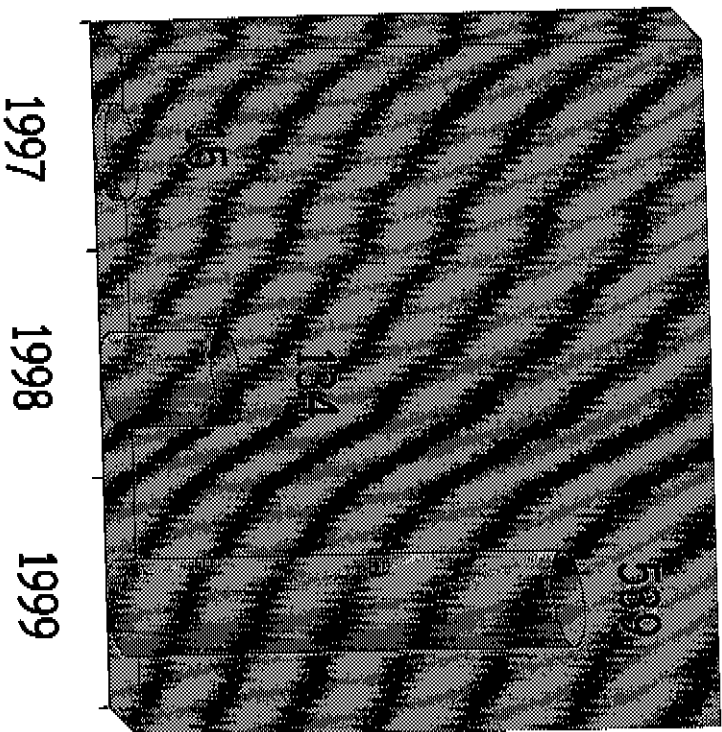
T. DE ESPAÑA: COST STRUCTURE

	Euros in millions	% annual growth
<u>(Parent company)</u>		
Personnel	2,316	-11.0%
Supplies (ex. interconnection)	418	16.5%
Subcontracts	758	15.6%
Taxes	180	-5.6%
TOTAL OP. EXPENSES (ex. interc)	3,672	-3.5%
Interconnection	1,295	41.6%
TOTAL OP. EXPENSES	4,968	5.2%
EBITDA	4,976	-4.8%
<u>Headcount reduction</u>		



T. MOVILES: THE WIRELESS DATA OPPORTUNITY

Short Messages (millions)

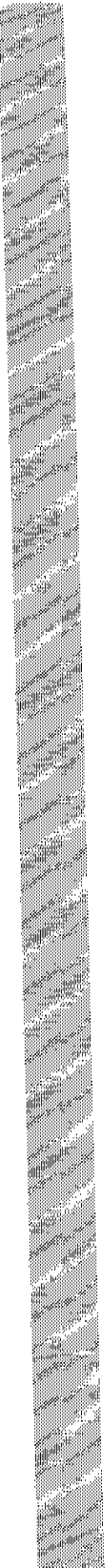
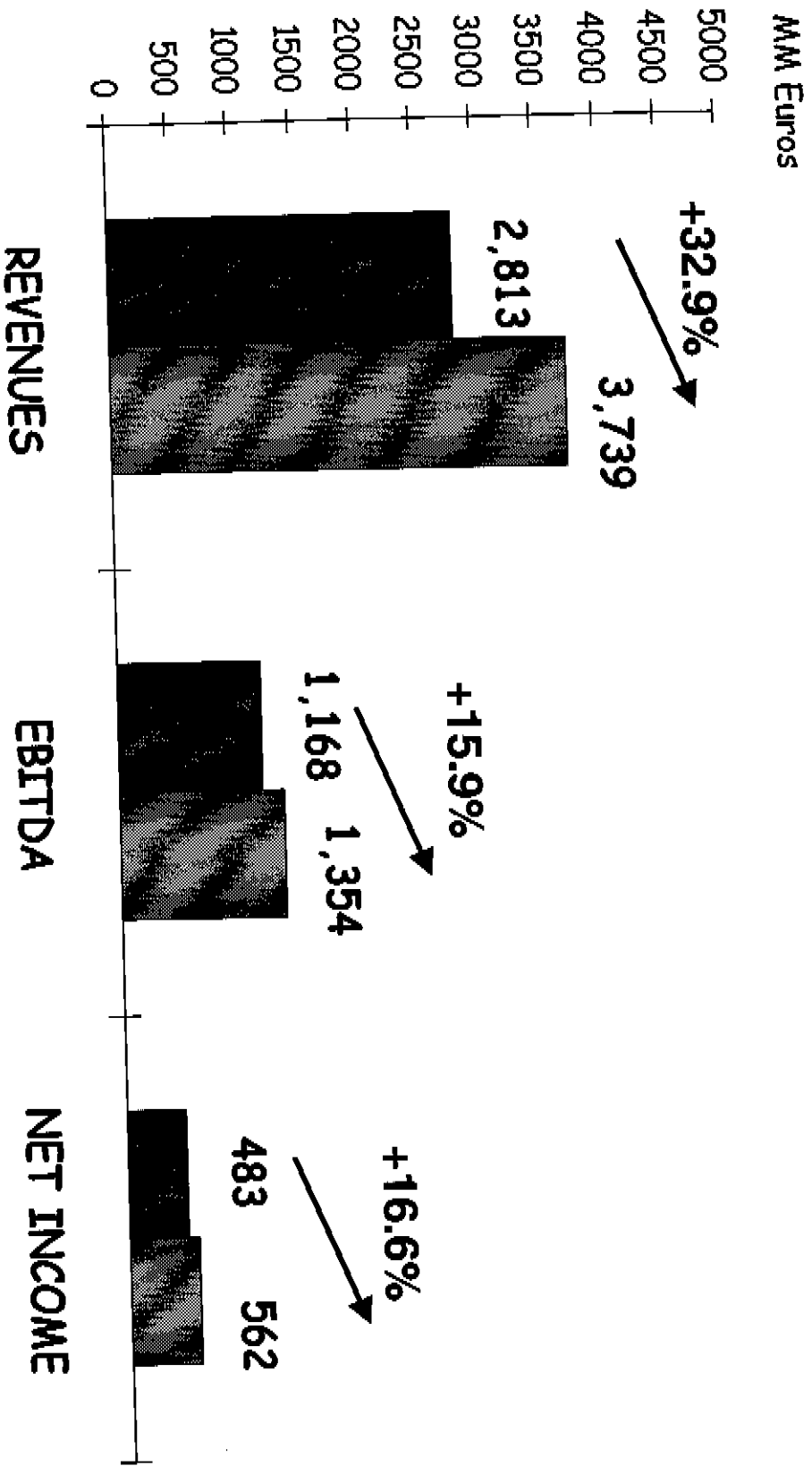


JANUARY-2000
142 millions SMS
16.5 messages per customer

- WAP PORTAL: 1.3 million page views in January-00, three months after the pre-commercial release presentation.
- CORREO MOVISTAR: E-mail accounts for all customers. 2.8 million messages correo Movistar-mobile in January-2000.
- MOVISTAR NET: alert, recovery and answering facilities for any e-mail account through the mobile. 785,000 messages in 4Q99.
- MOVISTAR INTERNET PREMIUM: Data transmission with billing by volume of information.
- Commercial GPRS network available in second half of 2000.



T. MOVILES: FINANCIAL HIGHLIGHTS





TELEFONICA DATA

Telefonica Data Group: Financial Highlights

(MM\$)	1999	1998	%change 99/98
Revenues	575	459	25.2%
EBITDA	120	71.5	68.0%
EBITDA/Revenues	20.9%	15.6%	5.3 p.p.

GROUP HIGHLIGHTS

- Strategic agreements with large customers: BBVA, La Caixa, BSCH, Sol Meliá and Terra Networks.
- Commercial alliances: Microsoft, IBM, EDS, MCI-WorldCom.
- Alliances for services development: Ariba, Hewlett Packard, SAP.
- Technology and infrastructure alliances: Lucent, Cisco and Nortel.
- High growth of the data bussiness in Spain:
 - IP network backbone capacity doubled during 1999 .
 - Internet access service for corporate customers (Infonegocio) has grown over 2,500% in 1999.



TISA: MANAGED OPERATORS

	Customers		Revenues	
	1999	% Change 99/98	% Change 99/98 US\$	% Change 98/99 local currency
Wireline Telephony (LIS)				
CTC	2,592,397	-2.2%	-14.6%	-11.5%
TASA (*)	3,934,041	-1.0%	-2.5%	-2.5%
TDP	1,689,098	8.6%	-0.4%	5.1%
Telesp	8,250,861	28.7%	-27.7%	13.2%
CRT	1,630,157	12.5%	-17.7%	28.9%
Wireless telephony				
CTC Startel	1,153,794	108.2%	99.4%	104.6%
TCP (Argentina) (**)	839,949	65.2%	6.4%	6.4%
TDP	711,638	41.1%	16.2%	22.5%
CRT Celular	967,574	78.3%	1.1%	58.3%
TeleSudeste	1,851,753	139.8%	3.2%	61.6%
Teleleste	535,009	98.3%	-17.3%	29.6%

(*) Figures corresponding to TASA's fiscal year, october'98-september'99

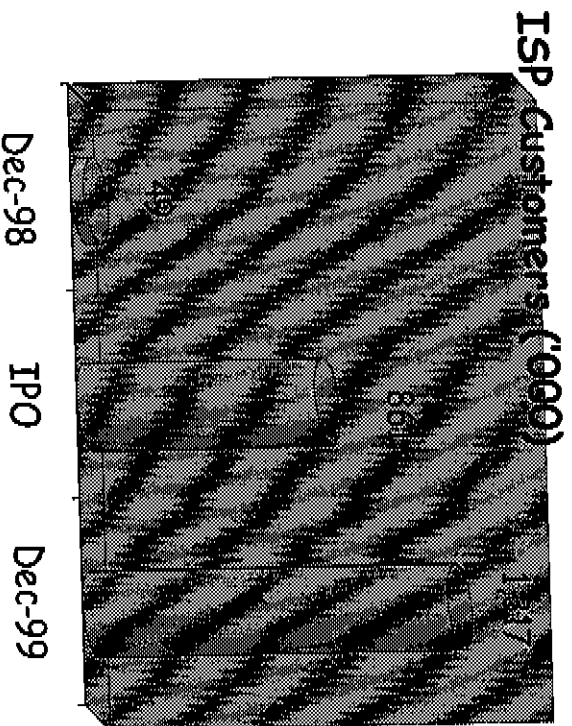
(**) TCP includes 50% of Miniphone



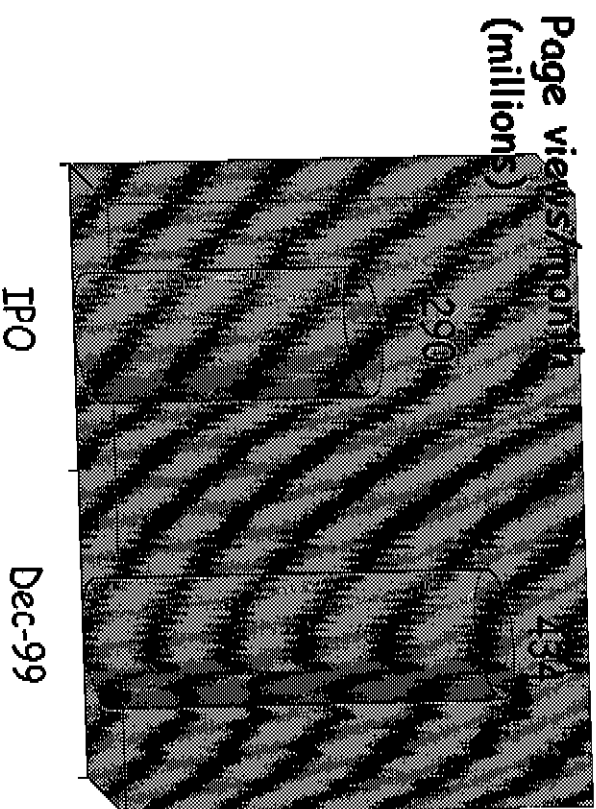
BRAZIL: RESULTS AFTER ONE YEAR OF MANAGEMENT

	1998	1999	% Var.
GDP Growth	0.6%	0.8%	+0.2 p.p.
TELESP			
Lines Installed (000)	6,877	9,548	39%
Lines in Service (000)	6,409	8,251	29%
Penetration Sao Paulo	18.8%	23.8%	5 p.p.
LIS/employee	338	566	67%
Waiting time (months)	105	34	(68%)
TELESUDESTE CELULAR			
Customers (000)	772	1,852	140%
Net adds (000)	281	1,332	374%
Penetration Rio Janeiro	4.7%	16.7%	12 p.p.
Market share	83%	67%	(16 p.p.)
Customers/1000 employees	906	1,584	75%
TELEESTE CELULAR			
Customers (000)	270	535	98%
Net adds (000)	62	268	332%
Penetration Bahia	2.4%	5.4%	3 p.p.
Market share	77%	67%	(10 p.p.)
Customers/1000 employees	1,054	1,210	15%

ISP BUSINESS



PORTAL BUSINESS



- **ISP:** Launch of free access service in Brazil (ZAZ)
- **PORTAL:** Launch of the U.S. portal with IDT
- **CONTENTS:** Agreements with the Estado Group-Sao Paulo and Disney
- **E-COMMERCE:** 49% participation in Uno-E bank (BBVA)
- **E-COMMERCE:** 30% participation in the Internet auction company "Deremate.com"



TPI PÁGINAS AMARILLAS

Unconsolidated financial highlights

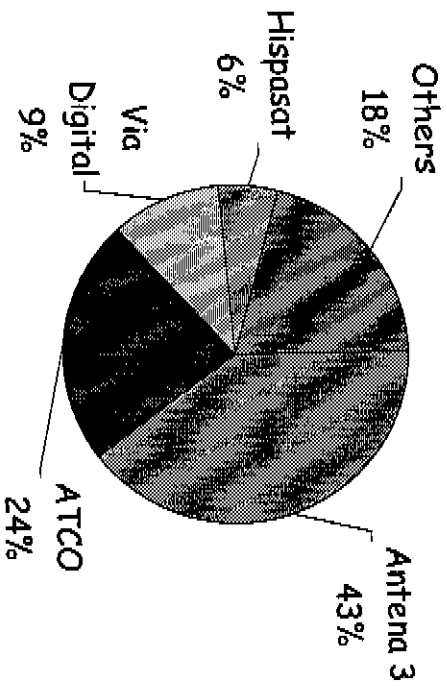
<i>Euros in millions</i>	1999	% 99/98
Revenues	334.8	28.5%
EBITDA	108.3	58.6%
Net Income	82.8	93.0%

Multimedia Products	March -99	December -99
Calls to Talking Yellow Pages	61,000	115,462
On Line Yellow Pages page views	5,117,000	12,988,000

Paper Products	annual average 1999
Queries Yellow Pages	422,778,548
Queries White Pages	564,681,808



TELEFÓNICA MEDIA



Aggregated revenues of Telefonía
Media: MM 1,370 Euros
(1999 proforma)



Antena 3

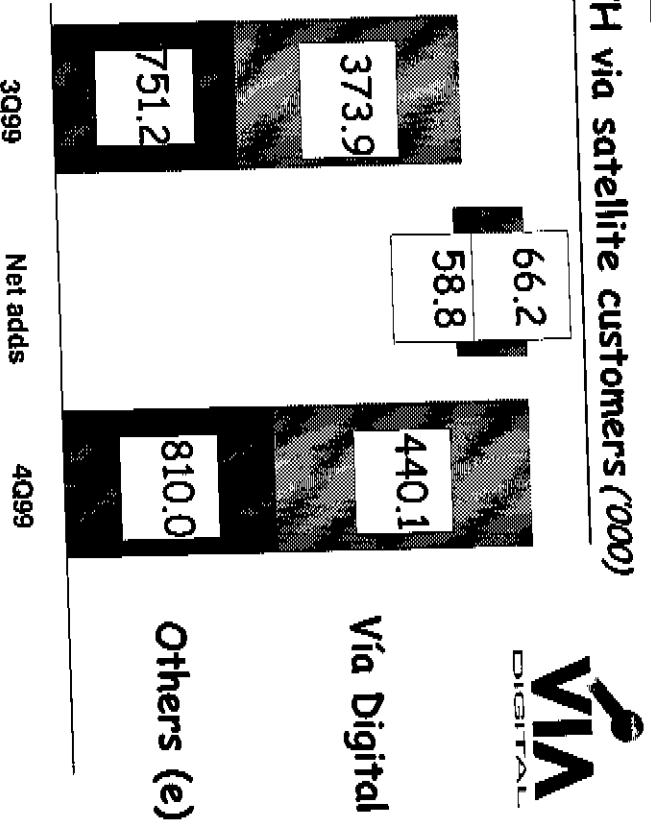
Euros in millions

99/98

% Change

Jan-Dec 99	% Change
Revenues 593.3	38.0%
EBITDA 182.1	35%
Net Inc. 126.0	59.5%

DTH via satellite customers ('000)



NET FINANCIAL EXPENSES (*)

	1999	1998	% Change
Euros in millions			
Debt financial expenses	(1,060.3)	(1,007.6)	5.2%
Other financial expenses	(26.9)	(24.9)	8.2%
Financial Income	172.7	182.3	(5.2%)
Net interests	(914.5)	(850.3)	7.6%
Financial provisions and net forex	338.9	(46.2)	c.s.
Net financial results	(575.6)	(896.5)	(35.8%)

(*) Latam subsidiaries consolidated by the equity method



TELEFÓNICA GROUP: INVESTMENTS

Euros in millions	1999	1998	% Change ^{99/98}
	Total investment (*)	7,024.6	9,854.9
• Investments in fixed assets	2,725.5	2,317.8	17.6
• Investments in intangible assets	458.6	579.9	(20.9)
• Financial Investments	3,840.5	6,957.2	(44.8)

Figures by full consolidation

	1999	2000E
CAPEX	7,186	7,125
Telefónica de España Group	1,833	1,812
Telefónica Móviles Group	771	964
Telefónica Internacional Group	4,451	3,876
TASA	1,054	996
TDP	375	298
CTC	589	438
Brazilian companies	1,892	1,954
Others	541	189
TPI-Páginas Amarillas	12	22
Terra Networks	22	95
Telefónica Media	30	47
Others	66	310

(*) Latam subsidiaries consolidated by the equity method




OPAS: CURRENT SITUATION LEGAL CONSIDERATIONS

	Argentina	Brazil	Peru
F-4 Review Process	<ul style="list-style-type: none">SEC approval expected last week of March.	<ul style="list-style-type: none">Currently under review	<ul style="list-style-type: none">Possible SEC approval last week of March
Local Prospectus Review Process	<ul style="list-style-type: none">CNV approval expected last week of March.	<ul style="list-style-type: none">CVM approval expected by mid-march	<ul style="list-style-type: none">CONASEV approval expected mid-March
Exclusion from Local Index	<ul style="list-style-type: none">No limitationsImmediate inclusion of Telefónica in Merval index	<ul style="list-style-type: none">Telefónica shares considered for inclusion only after one year of local tradingSubject to Bovespa's Board Approval	<ul style="list-style-type: none">BVL positive reactionDecision expected mid-2000
Local Listing	<ul style="list-style-type: none">Approved by BCBACNV's approval of Telefónica expected March 2	<ul style="list-style-type: none">Currently under way	<ul style="list-style-type: none">Approval by BVL and CONASEVOfficial listing scheduled February 29
Pension Funds Participation	<ul style="list-style-type: none">Very positive overall reactionNo legal restrictions	<ul style="list-style-type: none">Authorities signalled intention to issue formal instruction enabling participation	<ul style="list-style-type: none">Superintendencia de AFPs and Asociación de AFPs have made formal proposal to Ministry of Economy for change in regulationPositive decision expected before offer is launched



**TELEFÓNICA: LEADING FIRST MOVER
ADVANTAGE, AS A BENCHMARK REFERENCE**

- A truly GLOBAL telco multinational
- Industry innovator
- Vision
- Active risk management policy



*Ranking in the Top 6 in all segments of the sector
Leadership in the Spanish & Portuguese speaking markets
Best competitive position to offer broadband solutions and Internet
Successful risk management and optimization of tax issues*

