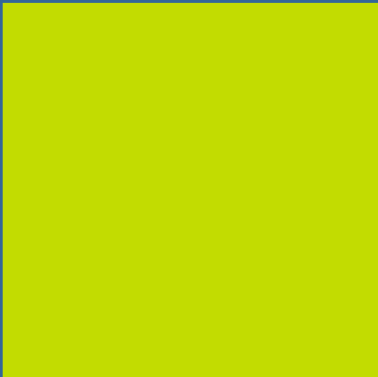
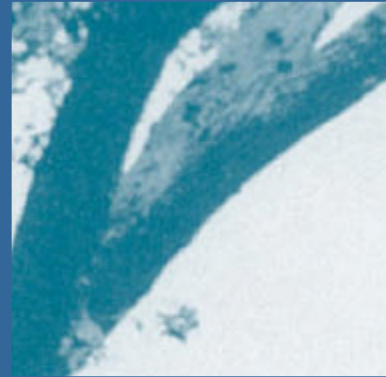


Antonio
Viana-Baptista
Executive
Chairman
Telefónica
Latinoamericana

M a r c h
2 0 0 1
Rio de Janeiro



Telefónica Latinoamericana (T. LATAM)

The leading player in the Latin American

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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 .

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T. Latam Highlights



I. T. Latam's market position in Latin America

II. Recent developments by operator

III. Consolidating leadership in Latin America

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T. Latam, the leading player in the Latin America

Before 2000

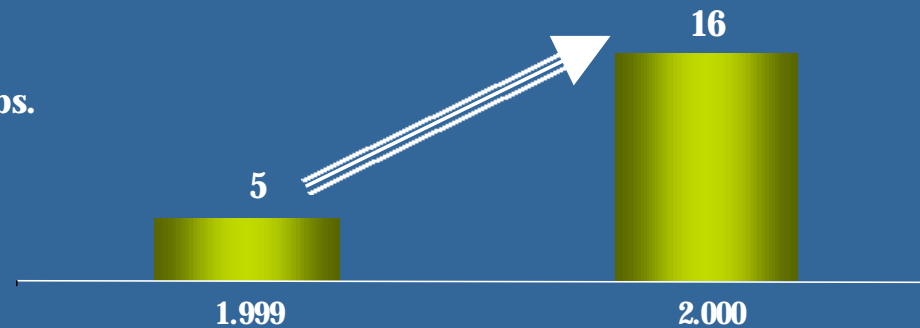
- TISA was Telefonica's subsidiary for **International Investments.**
- **Integrated** incumbent operators
- **Country focused** strategy

**Latam's
Tender
Offers**

Present situation

- **Segregation** of assets and launching of **global business lines.**
- Focus on **wireline business** and **management of remaining integrated assets**
- **Search of synergies** and economies of scale by business line

Equity wireline Subs.
(Million)

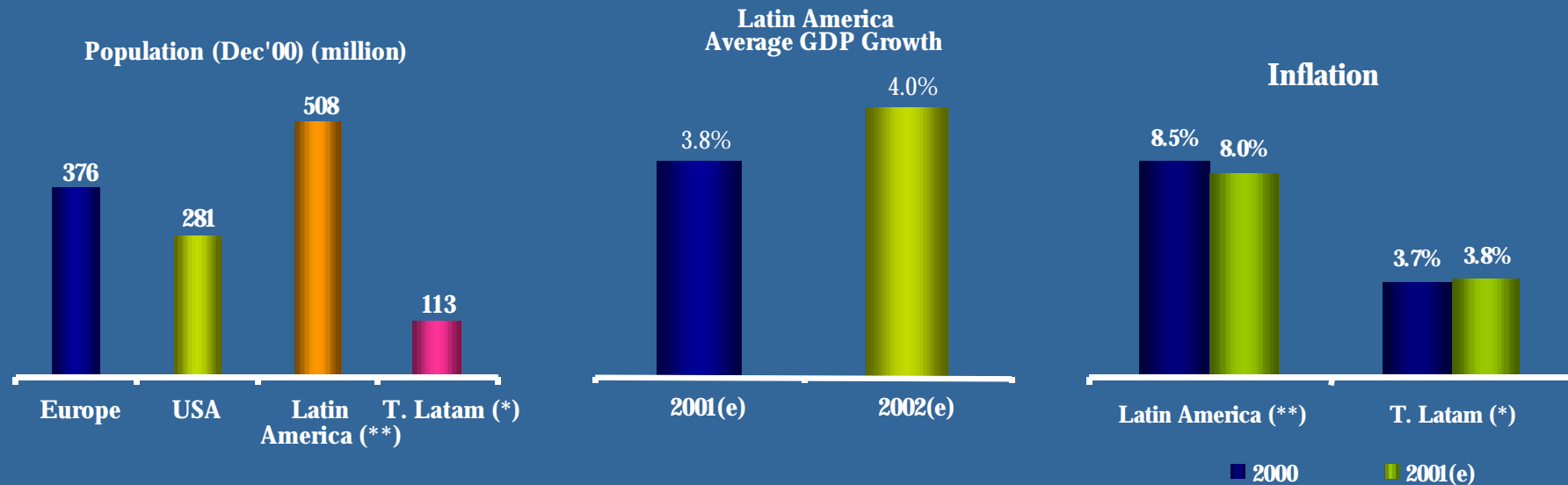


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Macroeconomic highlights for Latin America

- **Latin America is a fast growing market** with a population of **508 Mill.** (forecasted growth 2000-2005: 14.6%)
- **Strong GDP growth**
- Further progress on **price control** in Latin America.



Source: Telefónica's estimates

(*) Includes Sao Paulo, Argentina, Chile y Perú

(**) Includes Latinoamerica

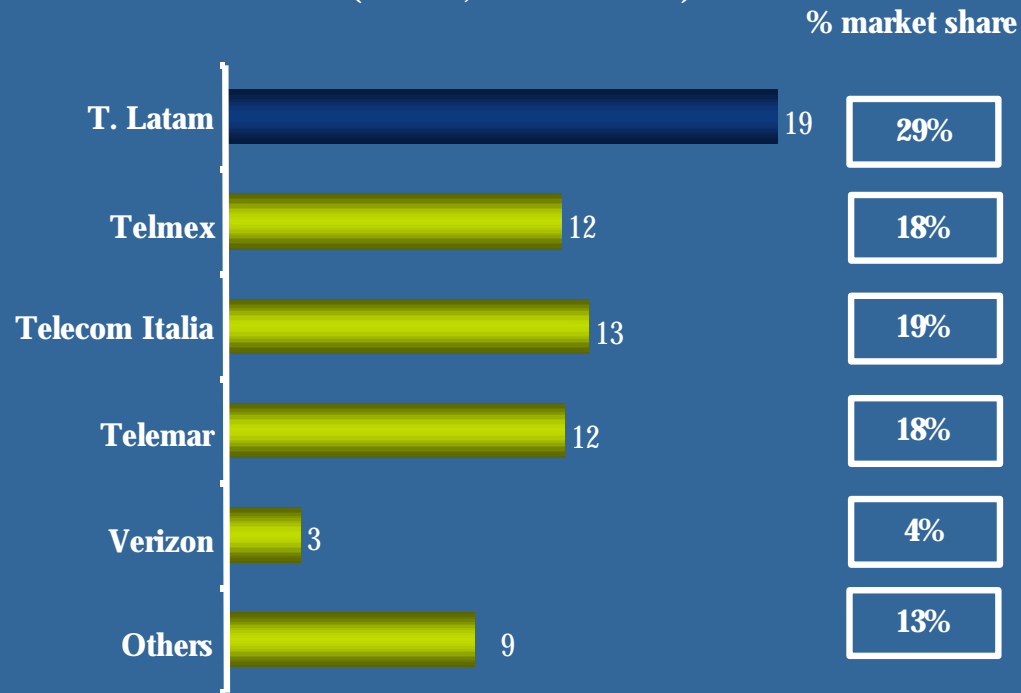
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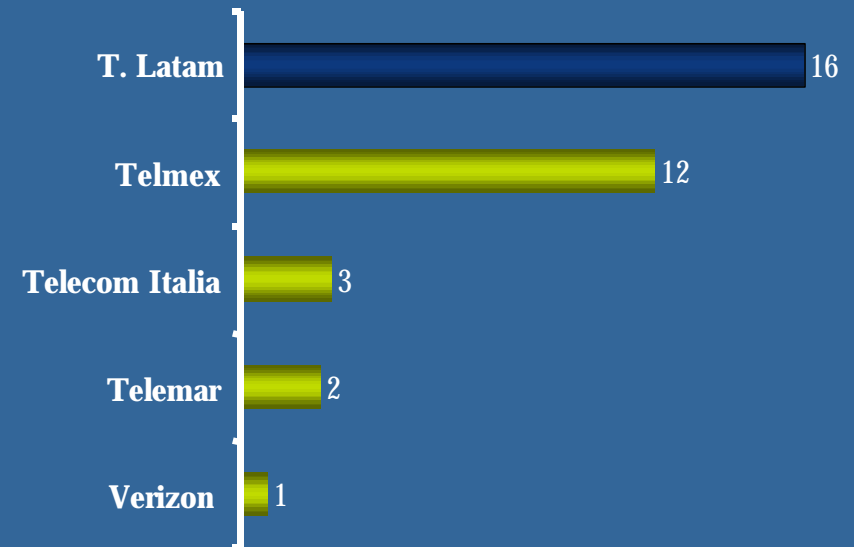
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T.Latam is the leading wireline player

Total LIS in Latin America by operator
(Dec '00, million of lines)



Equity LIS in Latin America by operator
(Dec '00, million of lines)

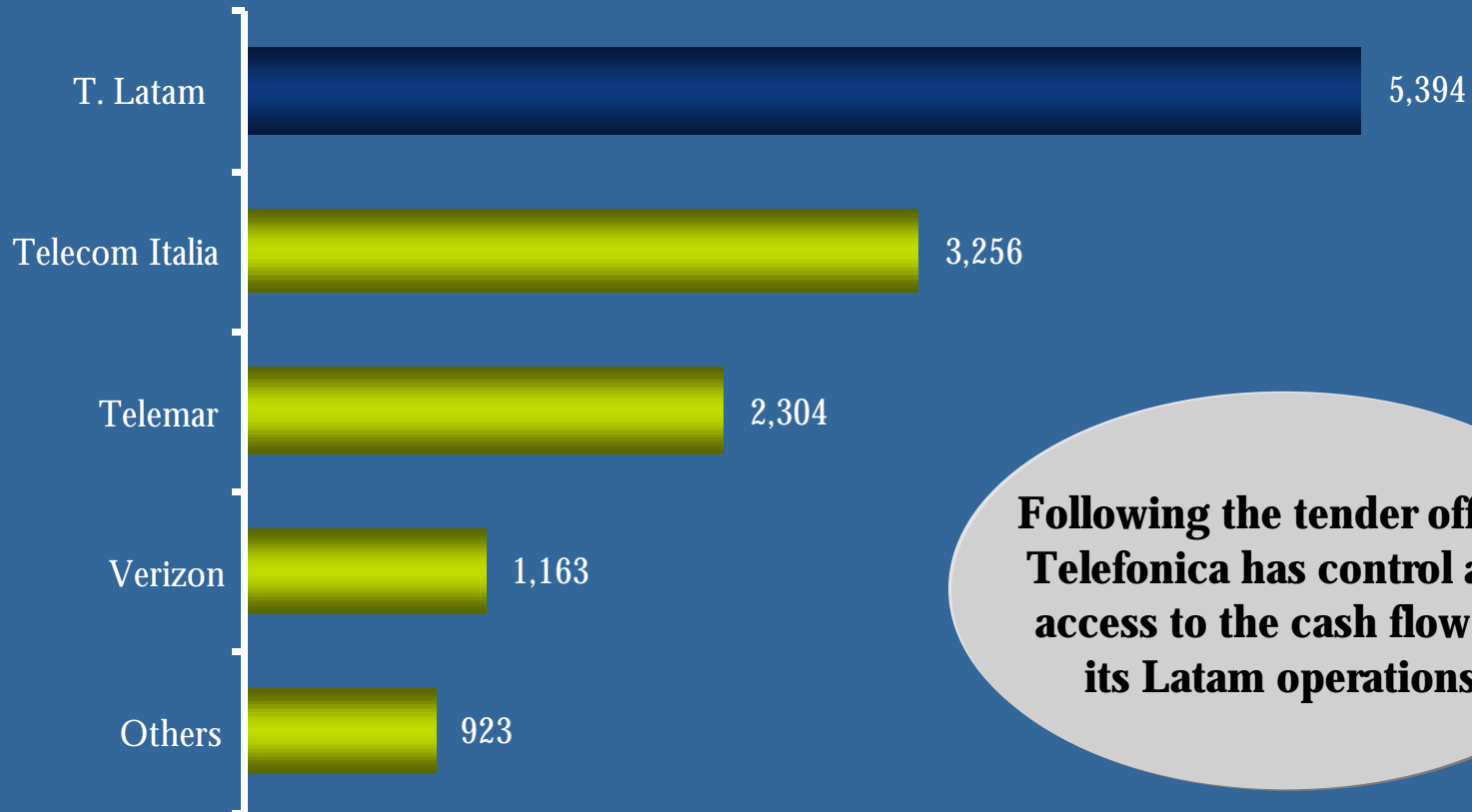


LIS: Lines In Service

With 29% of the fixed line market share, T. Latam manages more than 19 million lines in the region with an **CAGR 00-04 between 5% - 9%**.

T.Latam operation generates significant EBITDA for

EBITDA '00 distribution by operator
(in mill. of Euros)



**Following the tender offers,
Telefonica has control and
access to the cash flow of
its Latam operations**

T.LATAM's presence in the region

(LIS'00: '000)

**T.Latam manages
19 Million LIS**



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What is T. Latam now?

BASIC INDICATORS 2000

	Lines in service ('000)	Penetration	LIS/employee	Monthly Revenues / LIS (euros)	Revenues'00 (Million Euros)	% EBITDA margin
Telesp	10,596	30%	790	33	3,696	66%
TASA	4,259	23%	469	62	3,055	61%
T. CTC Chile	2,701	21%	582	33	1,039	44%
TdP	1,717	7%	516	54	1,044	63%

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Macroeconomics highlights in Brazil

	2000	2001	2002
Population (million)	168.0	170.1	172.5
Real GDP growth (%)	3.9%	4.2%	4.2%
GDP per capita (\$USA)	3,474	3,468	3,642
Consumer Price (%)	6.0%	4.6%	4.0%

Brazil is the strongest economy in the region

- strong growth
- low inflation

A view of Sao Paulo

- 36 Mill. pops- similar to Spain
- GDP per cápita (5.025 \$USA) higher than Mexico or Chile
- 80% of the top 250 largest Brazilian companies have their headquarters in Sao Paulo



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TELESP: A spectacular growth story

Main Indicators	1998	1999	2000	% change 00/98
Penetration (%)	19%	24%	30%	11 p.p
LIS ('000)	6,409	8,251	10,596	65%
Average LIS ('000)	5,997	7,330	9,423	57%
Waiting list (Million)	7.4	5.3	2.5	-67%
LIS per employee	339	566	790	133%
Revenues (Mill. reales*)	4,092	4,631	6,294	54%
EBITDA before M. Fee (Mill. reales*)	2,402	2,835	4,127	72%
EBITDA margin	59%	61%	66%	7 p.p

(*) Includes fixed and data business line.

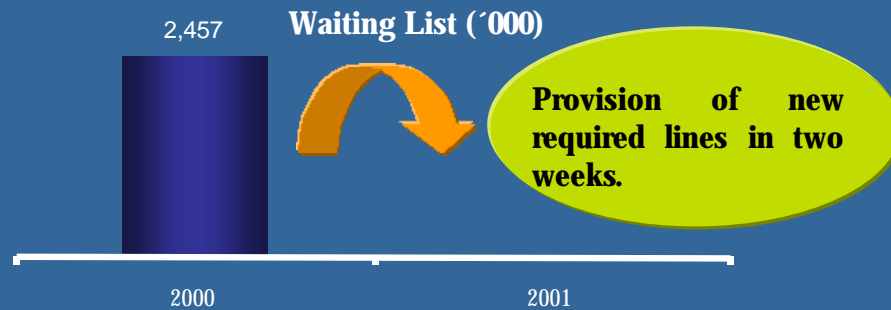
Telesp: 2000 performance (*)

Revenues	€3.7 bn	
Ebitda	€2.4 bn	
Ebitda margin	66%	
Net income	€0.9 bn	
Operating cash flow	€2.1 bn	
Lines in service (million)	10.6	28%
Gross adds (million)	2.6	38%
Net adds (million)	2.3	27%
Waiting list (million)	2.5	(53%)
LIS per employee	790	40%
DLD Market Share	83%	(9 p.p.)

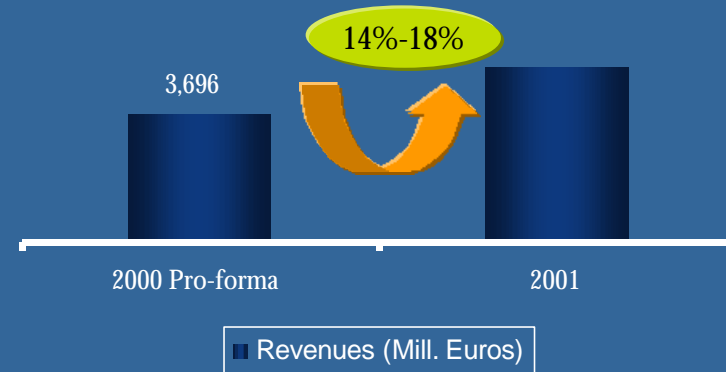
(*) 2000 Pro-forma

TELESP: Outlook for 2001

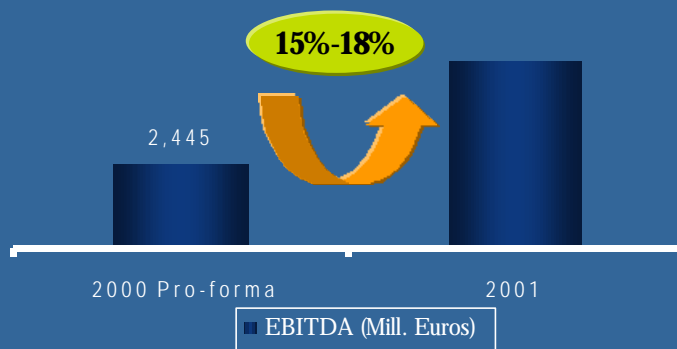
...Anticipating regulatory requirements from '03 to '01



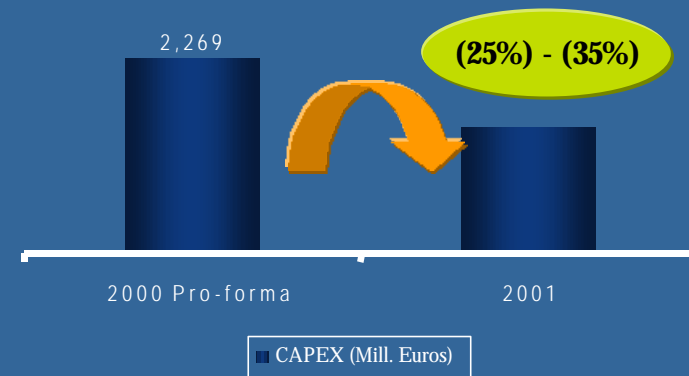
...Added services, broadband expansion and an increase in LIS will boost revenues



...Cost control will lead to EBITDA improvement



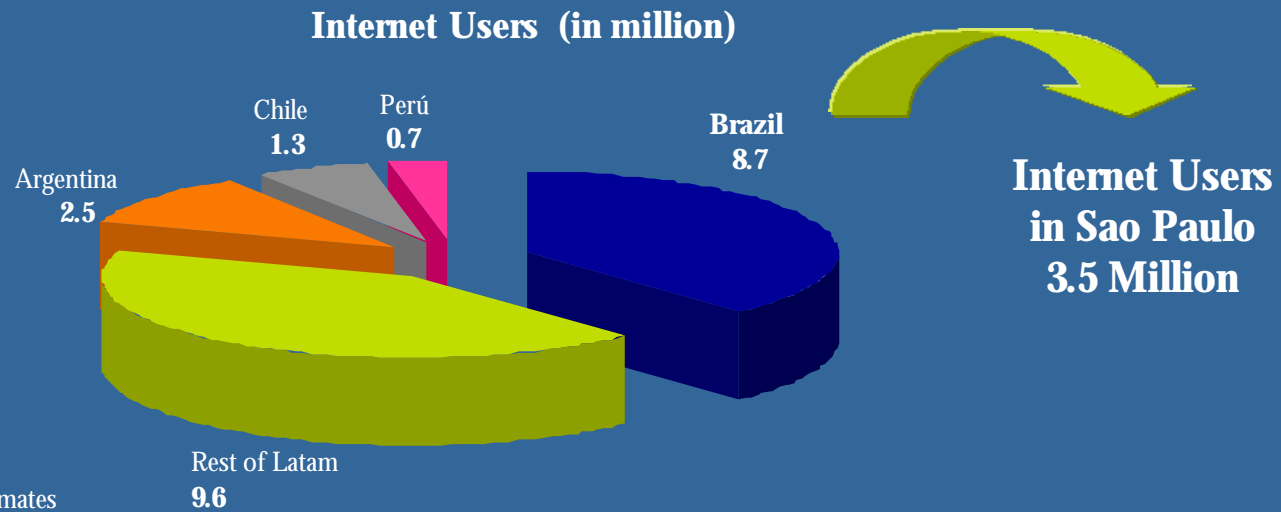
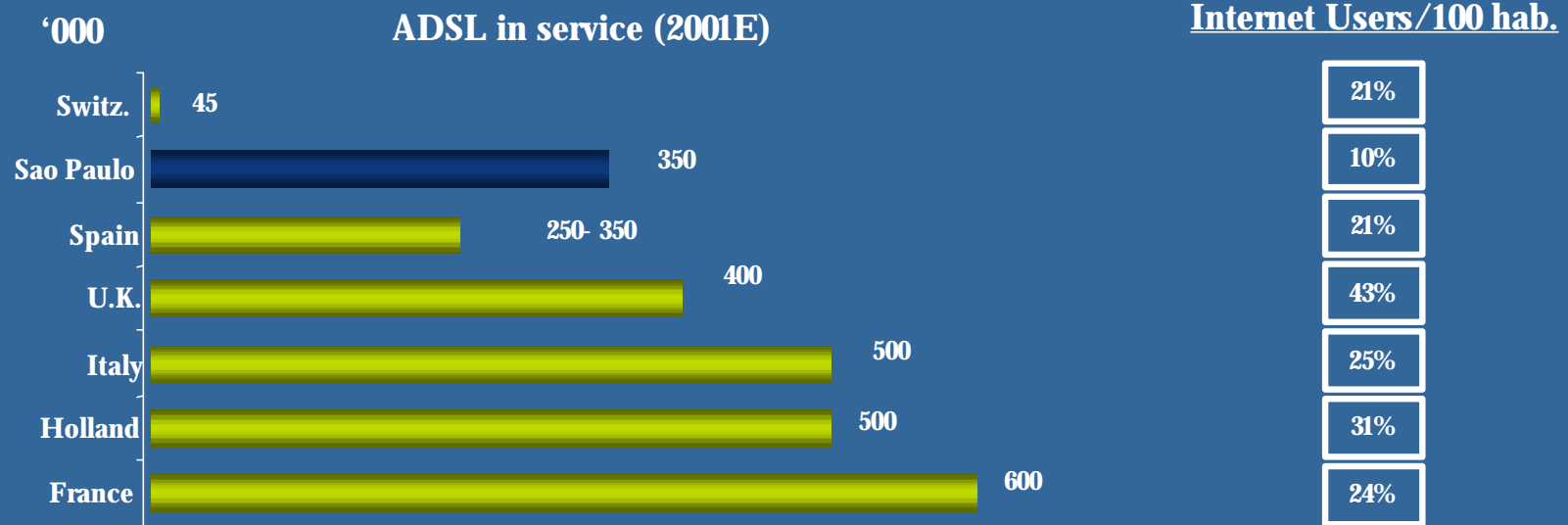
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Sao Paulo - The City of BroadBand



(*) Source: ABN and Telefonica's estimates

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Telesp - Future outlook

- Anticipation of regulatory requirements in Brazil, from Dec '03 to first half of 2001 **qualifies Telesp to provide services outside Sao Paulo**
- Strong growth in LIS.

Figures in Mill. Euros

Revenues
EBITDA
EBITDA margin (%)
Capex
Operating cash-flows

	2000 Pro-forma	CAGR 00-04
Revenues	3,696	6% - 10%
EBITDA	2,445	6% - 10%
EBITDA margin (%)	66.1%	-
Capex	2,269	(20%) - (25%)
Operating cash-flows	2,068	6%-10%

- Leadership in **broadband services**
- Strengthened competitive position in to launch LD services in 2002

Lines in service ('000)
LIS per employee
Traffic/line/day
DLD market share
DLD traffic (million of min)

	2000	CAGR 00-04
Lines in service ('000)	10,596	4% - 8%
LIS per employee	790	3% - 7%
Traffic/line/day	16	2% - 5%
DLD market share	82.7%	-
DLD traffic (million of min)	6,643	(3%) - (7%)

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T.LATAM's presence in Argentina



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Macroeconomics highlights in Argentina

	2000	2001	2002
Population (million)	37.0	37.5	37.9
Real GDP growth (%)	0.8%	3.0%	4.0%
GDP per capita (\$USA)	7,776	8,042	8,413
Consumer Price (%)	-0.2%	0.9%	1.7%

- **IMF's support plays a major role in maintaining confidence in the economy's performance**
- **Coming months will be critical to prove Argentina's recovery**

TASA- 2000 highlights

- **Significant increase of 7% in lines in service**
- **Productivity improvement of 12% in 2000 (469 LIS/employee)**
- **EBITDA levels maintained despite increasing competition increase since November '99**
- **Better performance than its main competitor**

TASA: 2000 performance (*)

Revenues	€3.1 bn	
Ebitda	€1.9 bn	
Ebitda margin	61%	
Net income	€0.5 bn	
Operating cash flow	€0.9 bn	
Lines in service (million)	4.3	7%
Gross adds ('000)	156	(5%)
LIS per employee	469	12%
Local Traffic/line/day (min)	16	13%
DLD Market Share	41%	(3 p.p.)
ILD Market Share	47%	(3 p.p.)

(*) 2000 Pro-forma

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TASA vs TECO (*)

(million US\$)	2000 Fiscal year			1999 Fiscal year		
	TASA	TECO	% difference	TASA	TECO	% difference
Revenue	3,613	3,226	12.0	3,399	3,183	6.8
EBITDA	1,716	1,464	17.2	1,763	1,509	16.8
EBITDA Margin	47%	45%	2.0	52%	47%	5.0
Net Income	343	271	26.6	456	358	27.4
LIS ('000)	4,259	3,713	14.7	3,934	3,423	14.9
LIS / employee	427	378	13.0	386	369	4.6
Local Minutes (million)	14,975	13,457	11.3	14,358	14,302	0.4
NLD Minutes (million)	2,254	2,240	0.6	2,195	2,287	(4.0)
ILD Minutes (million)	239	198	20.7	203	185	9.7

(*) Consolidated figures, including mobile business

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TASA- Regulatory Framework

- **Market deregulation since Nov'00**
- **Unique licenses with low capex requirements**
- **Interconnection tariff reduction of 50%**
- **Dial-up multicarrier for long distance from Nov'00/
March'01 (*)**
- **Unbundling of the local loop (*)**
- **Number portability (*)**

(*) Conditions to be negotiated

TASA- Future outlook

- Aggressive penetration in the north of the country
- Development of bandwidth services
- Minimize impact on revenues due to competition
- Focus on bad debt control

Figures in Mill. Euros

	2000	CAGR 00-04
Revenues	3,055	0% - 2 %
EBITDA	1,877	0% - 2 %
EBITDA margin (%)	61.4%	0pp - 2pp
Capex	685	(8%) - (12%)
Operating Cash Flow	872	1% - 2%

	2000	CAGR 00-04
Lines in service ('000)	4,259	3% - 7%
LIS per employee	469	5% - 8%
Traffic/line/day	14	15% - 25%
DLD traffic (million of min)	2,944	10% - 15%
ILD traffic (million of min)	225	3% - 7%

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T.LATAM's presence in Chile



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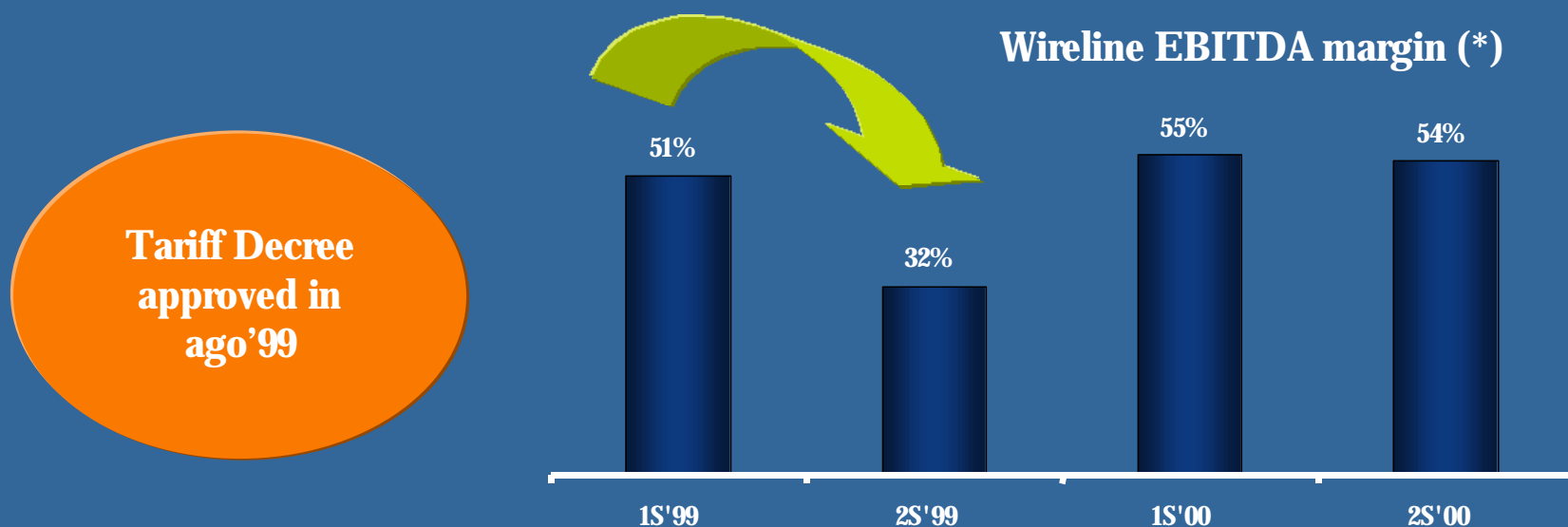
Macroeconomics highlights in Chile

	2000	2001	2002
Population (million)	15.2	15.4	15.6
Real GDP growth (%)	5.6%	5.2%	6.3%
GDP per capita (\$USA)	4,656	4,812	5,205
Consumer Price (%)	4.5%	3.7%	3.5%

Relaunching internal demand in Chile will be a critical factor for 2001- 2002

Tel CTC Chile: 2000 highlights

- Despite the adverse regulatory conditions, CTC has adapted successfully to the new scenario through cost reduction



- Significant increase of 27% in productivity ratio (582 LIS/employee)
- Effort in maintaining LD market share
- Adoption of debt management policy of Telefonica Group in 2000

(*) Extraordinary effects not included

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Telefónica CTC Chile: 2000 performance (*)

Revenues	€1.1 bn	
Ebitda	€0.5 bn	
Ebitda margin (**)	44%	
Net income	€(0.1) bn	
Operating cash flow	€0.4 bn	
Lines in service (million)	2.7	4%
Gross adds ('000)	288	(9%)
LIS per employee	582	27%
Local Traffic/line/day (min)	20	2%
DLD Market Share	37%	0 p.p.
ILD Market Share	29%	1 p.p.

(*) 2000 Pro-forma

(**) Extraordinary effects included

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Telefonica CTC Chile - Future outlook

- **Continue improving EBITDA margins** after significant cost reduction in 2000.(*)
- High growth potential **in broadband services**
- Increase long distance traffic due to the of the flat rate

Figures in Mill. Euros

Revenues
EBITDA
EBITDA margin (%)
Capex
Operating Cash-Flow

	2000	CAGR 00-04
Revenues	1,039	2% - 5%
EBITDA	460	9% - 13%
EBITDA margin (%)	44.2%	1pp - 3pp
Capex	204	(1%) - (3%)
Operating Cash-Flow	379	10% - 15%

Lines in service ('000)
LIS per employee
Traffic/line/day
DLD traffic (million of min)
ILD traffic (million of min)

	2000	CAGR 00-04
Lines in service ('000)	2,701	2% - 6%
LIS per employee	582	3% - 7%
Traffic/line/day	20	2% - 4%
DLD traffic (million of min)	722	3% - 6%
ILD traffic (million of min)	57	5% - 8%

(*) Excluding the impact of changing the accounting policy for bad debt.

T.LATAM's presence in Peru



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Macroeconomics highlights in Peru

	2000	2001	2002
Population (million)	25.7	26.1	26.5
Real GDP growth (%)	4.0%	2.5%	2.0%
GDP per capita (\$USA)	2,100	2,143	2,201
Consumer Price (%)	4.0%	5.5%	6.0%

Political instability in the 1st quarter would impact in a lower GDP growth for 2001.

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TdP- 2000 highlights

- Significant cost control has allowed the maintenance of
- Productivity ratio reached 516 lines in service / employee
- Low impact of new competitors in DLD in 2000 (96% DLD market share)
- Launching of new products oriented to low income

TDP: 2000 performance (*)

Revenues	€1.0 bn	
Ebitda	€0.7 bn	
Ebitda margin	63%	
Net income	€0.1 bn	
Operating cash flow	€0.4 bn	
Lines in service (million)	1.7	2%
LIS/employee	516	1%
Local revenue/line (€)	16	12%
Local Traffic/line/day (min)	20	12%
DLD Market Share	96%	(4 p.p.)
ILD Market Share	85%	(12 p.p.)

(*) 2000 Pro-forma

TDP - Regulatory Framework

- **New regulatory environment taking place**
 - **reduction of interconnection charges**
 - **new local tariff system (price cap)**
- **Dial-up multicarrier for long distance at the end of 2001.**

TDP - Future outlook

- Expected stabilization of political environment
- **Market segmentation** and tailor made products
- **Adapting to further competition**

Figures in Mill. Euros

2000

CAGR 00-04

Revenues

1,044

0% - 2%

EBITDA

655

2% - 5%

EBITDA margin (%)

62.7%

1pp - 3pp

Capex

220

(2%) - (5%)

Operating cash-flow

423

4% - 7%

2000

CAGR 00-04

Lines in service ('000)

1,717

1% - 5%

LIS per employee

516

3% - 5%

Local traffic/line/day

20

6% - 9%

DLD traffic (million of min)

567

2% - 5%

ILD traffic (million of min)

93

0% - 2%

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New opportunities for T. Latam

(Million Euros)

2000 Pro-forma

Revenues	9,548
Operating expenses	(4,154)
EBITDA	5,394
EBITDA margin	56.5%
Net Income	930

T. Latam constitutes a very strong basis for growth

Strong synergies opportunities:

New opportunities for growth

**T. Latam manages companies with high levels of profitability and productivity...
still opportunities to**

**2001 TARGET:
6% cost/LIS
reduction**

- -
 -
 -
 -
 -
 -
 -
- lower interest rate expenses**



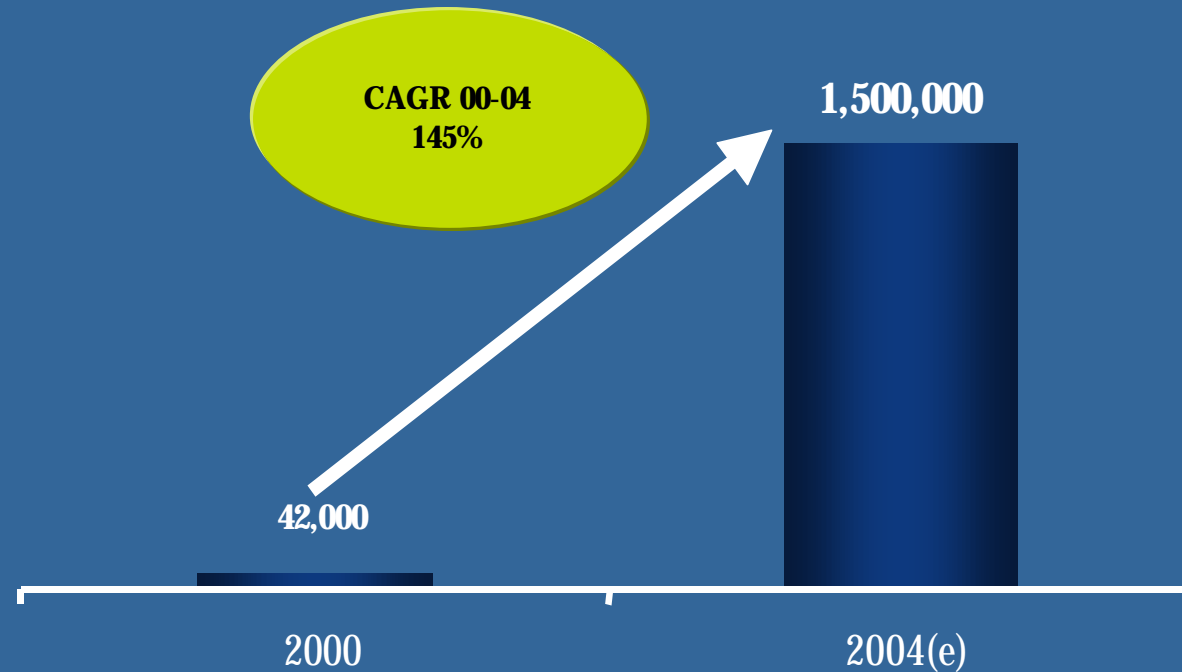
Strategic guidelines: New Opportunities for Growth

Strong growth of internet traffic to be captured
**development of broadband
products.**



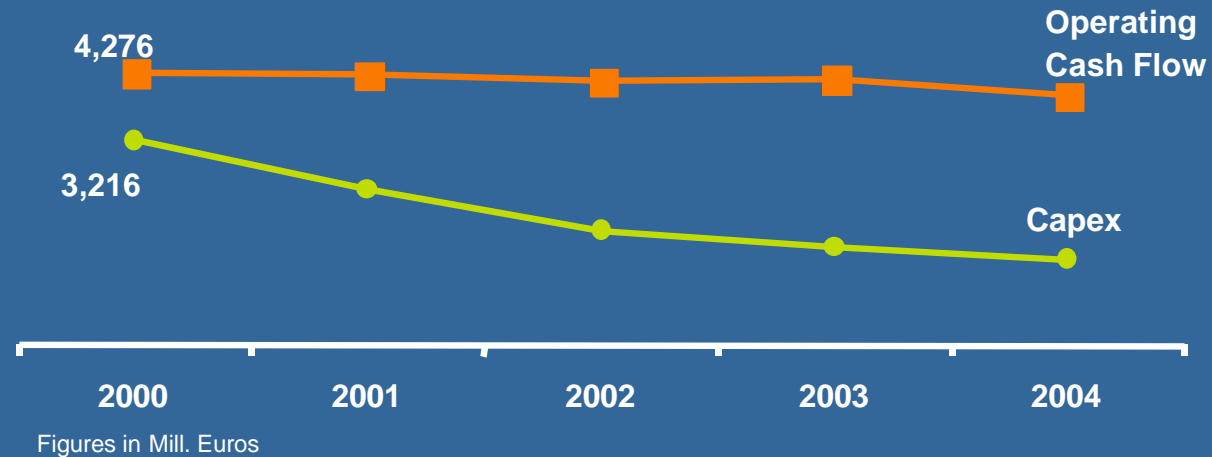
**Selective deployment of
broadband access**

Total ADSL in service (T. Latam)



Strategic guidelines: New Opportunities for Growth

strong cash flow. T. capacity to generate a



Strong FCF generation gives way to investments in new markets and

Strategic guidelines: New opportunity for growth

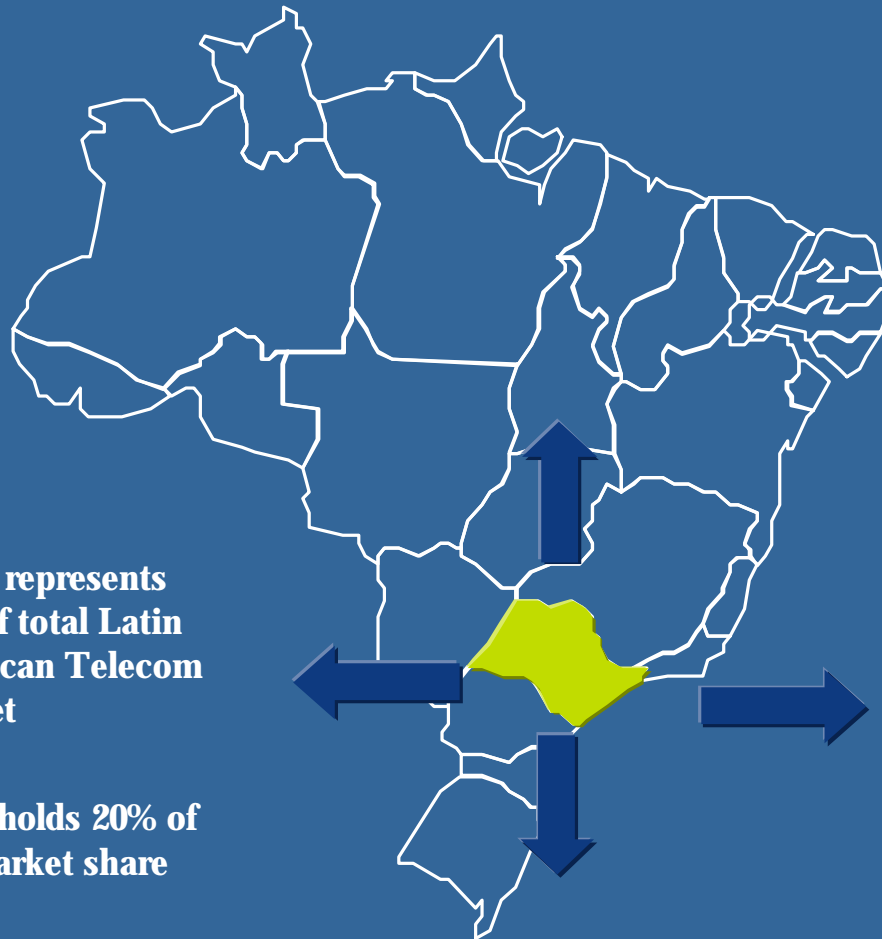
New Opportunities



Expanding to the rest of Brazil after 2001

New Opportunity: Expanding to the rest of Brazil

The anticipation of regulatory requirements will open many opportunities for Telefonica's Group from



Brasil represents 40% of total Latin American Telecom Market

TEF holds 20% of the market share

to
Universalization Goals in

:

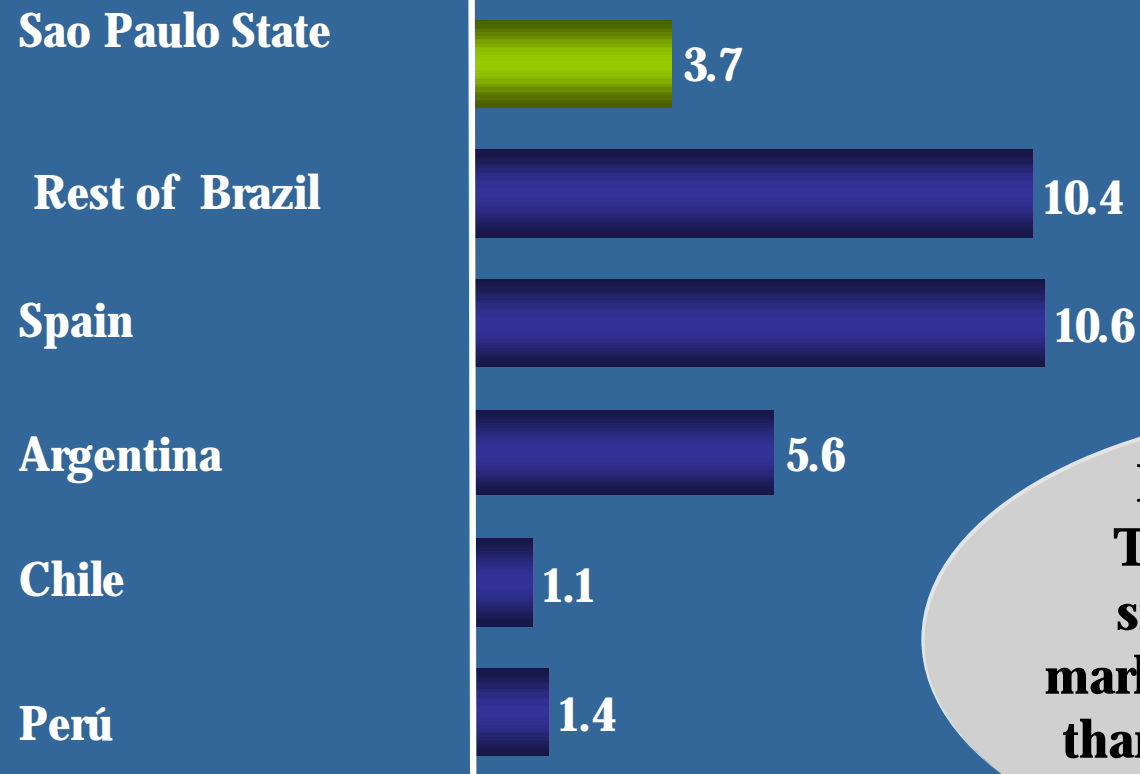
- to
- Telesp's customers
- Consolidation of our relationship
- Offering Long Distance Services

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REVENUES 2000 (*)
(Billion of euros)



Potential market for Telefonica in Brazil is similar to the Spanish market and over 28% higher than Argentina, Chile and Peru together.

Only includes Wireline companies

New Opportunity: Expanding to the rest of Brazil

Telefonica Group's strategy in Brazil will increase the value of the

Competitive Advantage

Approximately 40% of long distance and international calls are generated from Sao Paulo

Telefonica has a market share of 83% in the market where competes with Embratel

Close to 30% of the traffic is originated in markets where Telefonica operates

largest Brazilian companies have their headquarters in Sao Paulo are Telefonica's customers

Telesp is the leading company in broadband offering

Energia will provide city to city connectivity

Opportunities

Creation of leading Long Distance Carrier

Developing Corporate businesses

Broadband

Complete Brazilian broadband network

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New opportunity: Expanding to the rest of Brazil

Brasil “2002” : A highly attractive project

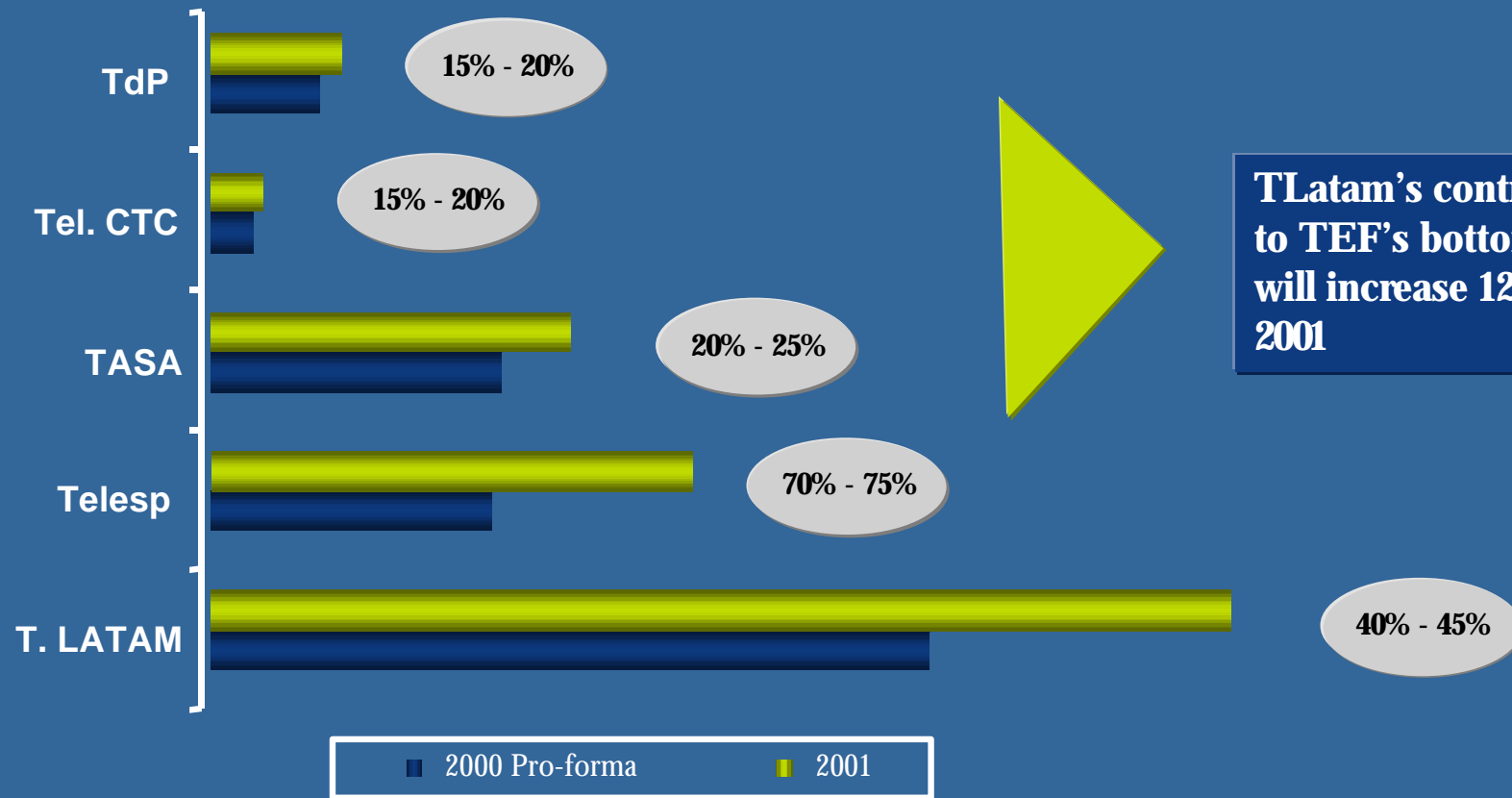
- **Marginal investments when compared with the value of investments already done**
- **No need to pay any premium for the acquisition of licences or**
- **Positive cash flow generation starting in**
- **Start up of operations with strong growth potential**

Additional opportunities for being a

- **International carrier (CTI)**
 - Unified management of international long distance traffic
 - Capturing outgoing and incoming traffic from USA
- **T. Latam's capilarity together with Emergia's network** play a major role in providing best connectivity for Corporate clients.
- Development of **regional products.**

T. Latam: Contribution to Telefonica

EBITDA contribution to Telefonica



TLatam's contribution to TEF's bottom line will increase 128% in 2001

T.Latam Benchmark Comparables

	TELMEX 2000	T. LATAM 2000
POPS (mm)	101.3	112.9
GDP per capita (*)	5,010	5,190
LIS 2000 (mm)	12.1	19.3
REVENUES (mm US\$)	10,844	8,784
REV/LIS (US\$)	896	455
EBITDA (mm US\$)	5,995	4,962
EBITDA Margin	55.3%	56.5%
EBITDA / LIS	495	257
MARKET CAP 02/15/01 (mm US\$)	23,648	
FINANCIAL DEBT (mm US\$)	7,878	
Enterprise Value (EV, mm US\$)	31,526	
EV/REVENUES	2.9	
EV/EBITDA	5.3	
EV/LIS	2,605	

T.Latam's implicit value (mm US\$)

25,537

26,093

25,537 ()**

(*) T. : compounded average of countries with presence

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