

INTERNATIONAL ALLIANCES

The internationalization and globalization of the economy has made the forming of agreements with other operators a "must", although this alone does not suffice in the serving of our transnational customers. These agreements allow us all to take on new investments aimed at consolidating our leadership, to open up new markets and to share opportunities.

In April 1997, **Telefónica** withdrew from its international alliance with MCI and BT, which included, among others, agreements on international traffic and the distribution of multinational services.

The more than likely success of Worldcom's acquisition offer for MCI enhances the appeal of a possible collaboration agreement between **Telefónica** and this American company.

The increased potential of this new company will allow the undertaking of more ambitious projects, including that of entering the US Spanish-speaking market.

The agreement reached with Portugal Telecom on April 16th 1997, forms part of the double objective of strengthening our international strategy, at the same time as jointly developing businesses, both in Spain and Latin America, with particular emphasis on the Brazilian market and future operations in the Magreb countries.

The agreement with Portugal Telecom aims at jointly strengthening international strategies and developing our businesses

