

Telefónica S.A.

HIGHLIGHTS

JANUARY

- ACEA-SpA, the Italian telecommunications operator managed by Telefónica InterContinental, obtains a licence to operate in the whole of the Italian market from the Italian regulatory authority "Autorita per la Comunicazioni".
- Telefónica S.A approves the creation of two new global businesses: Telefónica Móviles, grouping all mobile operations to become one of the world's ten largest mobile operators, and Telefónica Datacorp to handle the data business.
- Banco Bilbao Vizcaya Argentaria (BBVA), acquires 3% of Terra Networks. Terra is listed on the Ibex-35 stock market index and launches its www.terra.com portal for the Hispanic community in the United States.



FEBRUARY

- Atento Centroamérica announces that it will commence activities in Guatemala, creating approximately one thousand direct jobs as part of a business plan for Central America in 2000.
- Telefónica's shareholders approve two capital increases to fund the tender offers for 100% of Telesp, Tele Sudeste Celular, Telefónica de Argentina and Telefónica del Perú as part of "Operation Veronica".
- Telefónica Móviles obtains one of the two digital trunking licences in Spain to be developed using the TETRA (Terrestrial Trunked Radio) standard.
- Telefónica B2B, the Telefónica Group company engaged in business to business e-commerce, and Ariba, the world leader in B2B e-commerce services and software development, reach a strategic agreement whereby Telefónica will extend its B2B activity in Latin America, Spain and Portugal on the basis of solutions developed by Ariba.

- Subscribers of Telefónica Móviles' prepaid services (MoviStar Activa and MoviLine Óptima) can recharge their mobile phones at any of the 13,000 cash points operated by Red 6000 in Spain using credit or debit cards. Red 6000 thus joins the cash points operated by other entities such as La Caixa, Telebanco 4B, Cajas Rurales, BBVA and the Visa network.

MARCH

- Telefónica S.A. lists its shares on the Lima stock market as a first step in the public offer to exchange the shares of Telefónica del Perú for shares of Telefónica, S.A.
- Telefónica Móviles doubles the number of subscribers in Spain in just over fourteen months, ending the first quarter of 2000 with over 10 million customers. Only four other operators in Europe have reached this figure. Meanwhile, Telefónica Móviles and Microsoft sign an agreement for co-operation in the development of mobile internet products, services and applications.
- The ATLANTIS 2 International Submarine Cable enters service, linking Portugal, Spain, Senegal, Cape Verde, Brazil and Argentina. The new system has been promoted by 24 major international operators.
- The Real Academia Española de la Lengua (Royal Academy for the Spanish Language) signs an agreement with Telefónica for the development and hosting of the Academy's "Español al día" (Spanish today) service and a project for the preparation of a "Normative Dictionary of Doubts".



MAY

- Terra Networks, S.A. and Lycos, Inc., the Internet's principal multi-brand network, publicly announce the final merger agreement under which Terra will acquire Lycos.
- Invertia.com, Terra's finance portal, consolidates its position as Spain's leading financial portal with more than 21 million page hits per month.
- The Securities and Exchange Commission (SEC) approves the tender offers for all shares not already owned by Telefónica, S.A. in four of its Latin American subsidiaries (Telesp and Tele Sudeste Celular de Brasil, Telefónica de Argentina and Telefónica del Perú).
- In Brazil Telefónica achieves the mark of 3 million new lines in service since privatization, having successfully completed the objectives set by Anatel, the regulatory agency, one year ahead of schedule.
- TPI launches its first multi-product offer in the Brazilian directories market, combining paper products and services, telephone services and Internet.

- Telefónica de España launches the "Pais 30" consumer plan for inter-provincial traffic which is unprecedented in Spanish telecommunications.
- Telefónica Móviles commences operations in Morocco through the Médi Telecom consortium, with the launch of the Méditel service.

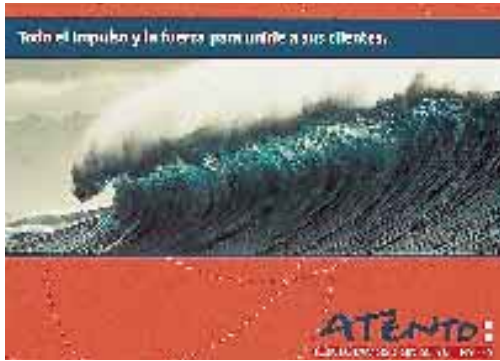
APRIL

- Telefónica Móviles España begins commercialization of WAP services.
- In Italy, Telefónica reaches an agreement with ACEA to participate jointly in the process for the award of five UMTS licences. However, the Company decides to withdraw from the processes for the award of UMTS licences in the United Kingdom and two GSM licences in Turkey in view of the high prices at previous auctions in both countries, which would make it very difficult to obtain reasonable returns on these projects.
- Telefónica de Argentina launches its first public telephone card using Eurochip technology.



JUNE

- Telefónica Móviles launches its e-moción service in Spain, initially based on WAP (Wireless Application Protocol) technology, for all Internet access services using Telefónica MoviStar handsets.
- Atento commences its activity in Spain under the name Atento España with 5,500 teleoperation positions nationwide serviced by 13,000 operators.



- Terra Networks launches portals in Venezuela and Uruguay.
- The Telefónica de São Paulo Corporate Unit launches its Internet DataCenter, and in Peru, the Telefónica del Perú Corporate Unit reaches an agreement with Banco de Crédito for the implementation of an integrated corporate communications project.
- ACEA-Telefónica SpA, the Telefónica Group's Italian subsidiary, announces its intention of merging with Telexis, a FIAT Group corporate services company specializing in the Internet.
- Telefónica de Argentina and IBM Argentina enter into an agreement for outsourcing of the telephone operator's IT services.
- Telefónica, S.A. announces its public offer to purchase all outstanding ordinary shares in ENDEMOL. The shareholders of Endemol agree to exchange 97.4% of their shares for Telefónica, S.A. shares.

JULY

- Telefónica successfully completes its public bids for the shares it did not control in Telefónica de Argentina, Telesp, TeleSudeste Celular and Telefónica del Perú. Also, the shares of Telefónica, S.A. are listed on the São Paulo (Brazil) and Buenos Aires (Argentina) stock exchanges.
- Telefónica Móviles and BBVA agree to form a joint venture between them, each with a 50% stake, to market the Movilpago payment system based exclusively on mobile telephones. The company Movipay International would be created in December.

- Terra Networks and Telefónica Móviles set up Terra Mobile, the company responsible for the development and operation of the Telefónica Group's global mobile portal.
- The Spanish monarchs open the exhibition "Esplendores de España: de El Greco a Velázquez" (Splendours of Spain: from El Greco to Velázquez) in Río de Janeiro (Brazil). Telefónica is the principal sponsor of this event, which is designed to illustrate the reality of Spain in the 17th century.
- Telefónica, SA acquires the interest held by Portugal Telecom (PT) in the Brazilian operator Telesp SA through an operation in which the Spanish company simultaneously sold its stake in Telesp Celular, a company controlled by PT.
- Telefónica On-line, the interactive communications of Telefónica de España, comes into service.
- The Board of Directors of Telefónica S.A. appoints César Alierta to the office of Chairman.



AUGUST

- The Chairman proposes, and Telefónica's Board of Directors appoints, Fernando Abril-Martorell as chief executive officer of Telefónica, S.A.
- Terra Mobile announces the acquisition of 100% of IOBOX, one of the principal European mobile portals and content providers.

SEPTEMBER

- Telefónica Móviles enters the German UMTS market following the award of one of the 6 UMTS licences auctioned in the Federal Republic. The company notifies the Spanish Securities Market Commission (CNMV) of its flotation via an initial public offering and applies for Telefónica Móviles shares to be listed on each of the four Spanish exchanges, on the Continuous Market, and on the New York Stock Exchange (NYSE).
- Telefónica Media, the Union of European Basketball Leagues and Mediapro form "Euroleague Marketing S.L.", to hold and manage all rights (audiovisual, Internet, merchandising, sponsorships, etc.) for the new European basketball competition, the "Euroleague".

OCTOBER

- One of the two UMTS licences is awarded to Telefónica in Italy.
- Telefónica enters the Mexican market through an agreement made by its mobile phones subsidiary to acquire four cellular operators providing services in northern Mexico. These operators (Bajacel, Movitel, Norcel and Cedetel) were partly owned by Motorola.
- The shareholders of Lycos approve the creation of Terra-Lycos.
- Terra Networks, S.A. presents its TERRA COLOMBIA portal in Bogotá, bringing the total countries with local and global information portals up to 16.



- Telefónica Data enters into an agreement with the Banco Santander Central Hispano Group to manage the banking group's International Network, which will cover more than 20 countries in Europe and Latin America.



NOVEMBER

- Telefónica Móviles wins a UMTS licence in the auction held in Austria through its subsidiary Telefónica InterContinental.
- Atento launches its subsidiary in Argentina. With Atento Argentina, Atento Holding now has a presence in 14 countries with over 24,000 operational positions.
- The first stage of the Emergia fiber optic network linking Brazil, Argentina and Chile enters service.
- The shares of Telefónica Móviles, S.A. are listed on the Spanish stock exchanges following the IPO.
- Terra Lycos and Telepizza launch "A Tu Hora" with the objective of creating a market leader using an innovative e-commerce system.
- Telefónica Data Colombia wins the "Internet Social" project promoted by the Colombian State to encourage Internet use in Colombia.
- Telefónica Media is structured into three business areas (Open TV and Radio, Content and Pay TV) in order to ensure consistent management of these assets. The objective is to consolidate the group as the leader in the Spanish language audiovisual sector.
- The Spanish monarchs open the exhibition "25 Years On – A Photographic Record of the Transition" at Telefónica headquarters in Madrid. The exhibition reflects the changes in Spanish society over the twenty-five year reign of King Juan Carlos.



- Telefónica DataCorp enters into a strategic alliance with America On Line Inc. to become an AOL provider offering a wide range of services worldwide.
- TPI-Páginas Amarillas purchases 51% of a holding company owned by Telefónica Internacional. This holding company controls Publiguías (Chile), the leading publisher of Directories (yellow pages) in Chile.
- Telefónica de España implements the Seis Sigma system as a benchmark in Customer Service excellence, one of the Company's key objectives.
- Terra Mobile and POPcast Communications Corp. enter into an agreement for the development by the latter of personal video-communications services for users of the Terra Mobile portal.

DECEMBER

- Telefónica Media launches the akimusica.com portal, a point of reference for on-line Latin music, through its subsidiaries ST-Hilo and Antena 3.
- Terra Lycos launches its portal in Thailand, extending its presence to 41 countries. It also acquires a majority stake in Bumeran.com, one of Latin America's leading Human Resources portals.
- Telefónica Móviles wins one of the four third generation mobile licences awarded in the Swedish auction through its subsidiary Telefónica InterContinental.
- Telefónica opens its Operations and Supervision Center (OSC) in São Paulo (Brazil). With the capability to handle up to 50 million fixed lines, this is the largest center of its kind in Latin America and one of the most technologically advanced in the world.

