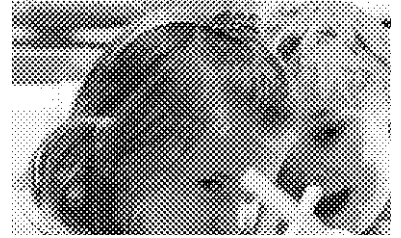


*With operations in 14
countries on 4
continents, Atento has
consolidated its
position as the leading
CRM business with
global reach*

Other businesses



Over the past year, Atento has embarked upon the consolidation of its business, passing from a stage of rapid growth to the generation of profit

Atento

Atento is the Telefónica business line established to handle CRM (Customer Relationship Management) services, integrating personalized and value added services for each of its customers. It includes a wide range of solutions such as telesales, customer care, collections, loyalty, data base management, market research, CRM consultancy, and internet call centres, all of which rests on an advanced, multi-channel (telephone, fax, e-mail, direct mail, web, etc.) technology platform.

The total CRM industry worldwide generated revenues of USD 200 thousand million in 2000, with estimated annual growth running at 20%. The market for outsourced CRM services shows annual growth of around 30%, which is above average for the CRM industry as a

whole. The increasing outsourcing of CRM services is a clear sign that companies have assigned considerable strategic value to this activity.

The CRM industry is a highly fragmented market in which Atento is pioneering the development and implementation of a global strategy. This represents a tremendous opportunity for Atento to confirm its position as a world leader in the industry. With operations in 14 countries spanning 4 continents, Atento already has a significant international presence and has been able to consolidate its position as the leading CRM provider with a truly global vocation. Atento's growth strategy prioritizes the fast-growing markets of America, Europe and Asia.

Atento commenced its activities as a strategic partner of the Telefónica Group companies in response to the increasingly competitive business environment in the telecommunications market, where the client plays an ever more important role.

From the outset, the company has been leadership oriented in its various markets with the objective of achieving a volume of sales to external customers exceeding the revenues generated from services provided to internal Telefónica Group clients.

Externally generated revenues currently represent 30% of total sales compared to 10% in 1999. Growth in this area has been over 500% in 2000.

GLOBAL CRM OUTSOURCING MARKET

(billions of dollars)

	1999	2004 E	% CAGR
United States	18.8	63.9	28%
Canada	1.1	4.1	30%
Western Europe	9.4	34.2	30%
Japan	1.4	6.6	37%
Latin America	1.0	6.3	43%
Asia/Pacific	1.5	6.5	33%
Rest of the world	1.1	3.6	26%
Total CRM Services	34.4	125.2	30%

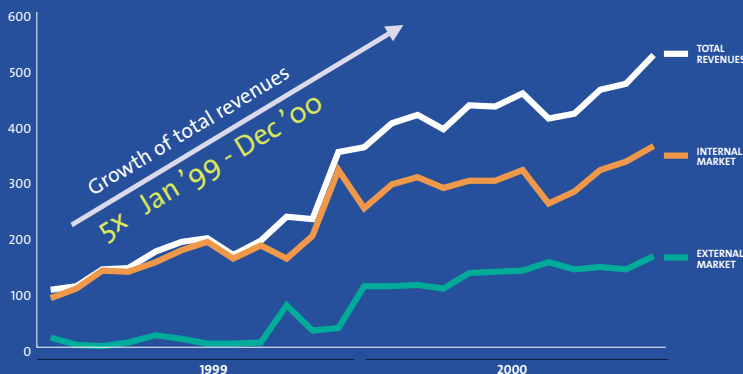
EVOLUTION OF THE CRM OUTSOURCING MARKET IN THE WORLD

(billions of dollars)

	1999	2001 E	% CAGR
Customer Care	23.0	75.1	27%
Integration/Implementation	6.7	30.9	36%
Consulting	2.2	7.1	26%
Training	2.2	9.1	33%
Support	0.3	3.0	57%
Total CRM Services	34.4	125.2	30%

ATENTO SALES EVOLUTION 1999 / 2000

(in millions of euros)



Atento's total revenues have increased fivefold between January 1999 and December 2000

Throughout 1999 and a part of 2000, Atento's main objective was to seize the opportunities presented by the various markets. These operations included significant acquisitions in Brazil (Quatro A), Spain (GSE and Tempotel) and Argentina (Telinver).

Atento is deeply committed to the quality of its services, as attested by the ISO 9002 certification obtained by its operations in Brazil, Spain, Chile, Peru, Central America and Puerto Rico. The assessment process is already under way for the remaining services, and certification is expected during 2001.

Activities in 2000

Atento undertook the consolidation of its business during 2000, thus moving from a phase of investment and growth to concentrate on generating profits.

The Company's main objectives during the year have centered around the selection of contracts with major customers in order to create long-term, high value-added relations.

The Company has also sought operational efficiencies in order to improve margins and has intensified cost and investment controls with a view to generating appropriate returns.

During 2000, Atento recorded revenues in excess of EUR 528

million representing an increment of 150% compared to 1999. The main centers of operations are Brazil, Spain, Chile and Peru.

The commercial relations established with clients such as BBVA, BSCH, Banco Popular, Citibank, Unibanco, Cepsa, Bosch, Cigna, Sanitas, Direct TV, Fiat, Ford, Aerolíneas Argentinas, Iberia, Varig, Globo, Unilever, Procter & Gamble, and the Spanish tax authorities, among others, provide clear evidence of the work that has gone into expanding the external market and represent the basis for future organic growth in revenues.

The impact of the strategy followed during 2000 has enabled the Company to achieve positive EBITDA of EUR 25.4 million, representing 4.8% of total revenues for the year, only 18 months after operations commenced.

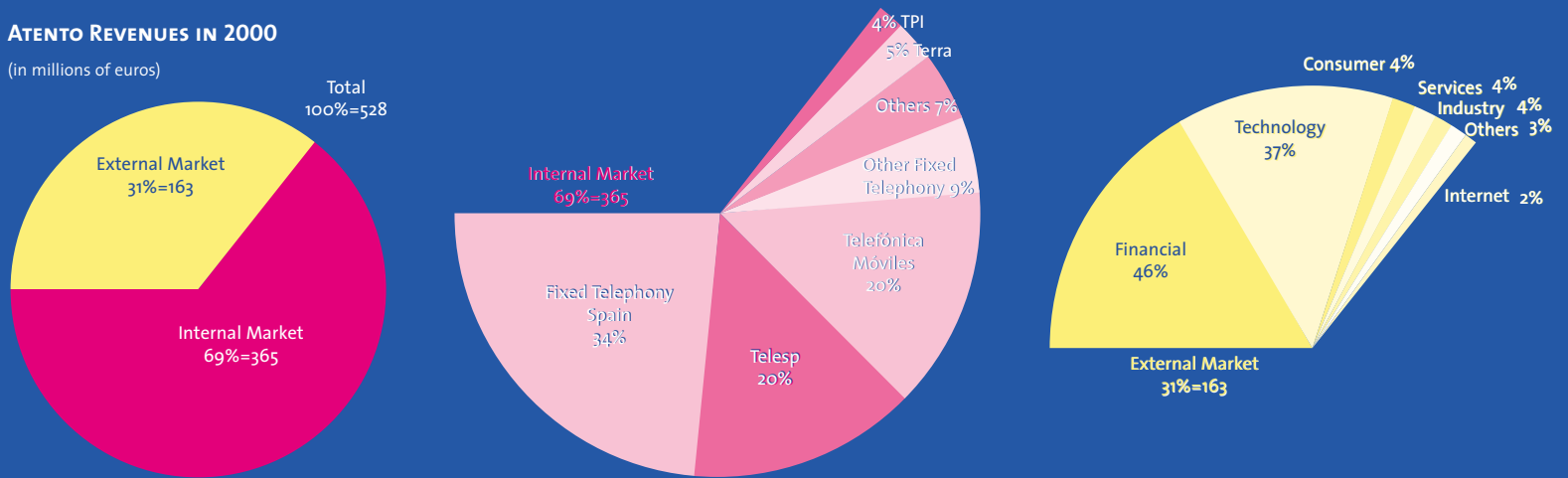
The main contributions to these profits were generated in Brazil, Spain and Peru, where the market is sizeable and mature, and business experience is strong.

The efforts made to achieve efficiency gains resulted in significant improvements in the Company's main operating indicators, with monthly revenues per position in December of over EUR 2.250.

At the end of the year, Atento had over 38,500 teleoperations staff worldwide, representing workforce growth of 85% compared to 1999.

ATENTO REVENUES IN 2000

(in millions of euros)



EVOLUTION OF ATENTO'S KEY OPERATING INDICATORS IN 2000

	Six months to 30 June 2000	Six months to 31 December 2000	Year 2000
Service positions	21,761	24,122	24,122
% Occupation	70%	74%	72%
% Utilisation	30%	33%	32%
Productivity	52%	57%	55%
Monthly revenue per position *	1,979	2,199	2,094

(* euros)

Objectives for 2001

The key management objective for the coming year is therefore to achieve growth and consolidate the Company at both the commercial and operational levels. Specific objectives for 2001 are as follows:

- To continue geographical expansion into high-growth markets of strategic value, thereby confirming Atento's leadership in its global strategy for the CRM market. This will include growing market share through customer diversification and providing integrated solutions for leading companies at both the local and global levels.
- To advance with the provision of CRM services, adapting commercial solutions to enable customers to improve results within a highly competitive environment. The consolidation of long-term relations with key customers, which enhance Atento's added value as a global partner, will remain a priority.
- To offer excellent service, in terms of the both efficiency and quality of provision, while optimizing resource management in order to underpin the versatility demanded in the CRM market and applying Atento's technological advantage over competitors.
- To maintain appropriate levels of investments and spending in order to generate maximum returns and achieve financial self-sufficiency for Atento in line with 2000.

In a rapidly expanding market, Atento has successfully completed the initial growth phase in 2000 and is now ready to face the challenges of consolidation and earnings growth in 2001. As a consequence, the Company is in a position to become globally competitive as a leading provider of CRM services.

Business to Business

In January 2000, Telefónica formed a new company to embrace its B2B businesses in Spain, Portugal and Latin America. Katalyx now has valuable knowledge about this new market.

This activity is structured as a holding supported by Telefónica's experience and assets and a series of strategic business partners. During the year, strategic, technological and financial alliances have been cemented both locally and internationally with companies such as Ariba, Descartes Systems Group, IBM, Arthur Andersen, Hewlett Packard, Origin, Assa Group, GoCoop, Sol Melia, Barcelo Hotels, Iberostar, and others.

During the first phase, operations have been carried out in Spain, the United States, Argentina, Brazil and Mexico.



Emergia has 12 anchor stations in 6 countries (Argentina, Brazil, Chile, Guatemala, Peru and the United States)



The revenue model for this activity is based on commissions for transactions, specific B2B-software sales and implementation, licences, subscriptions, hosting and advertising, among other sources in the various electronic markets. The businesses created around B2B offer tailored solutions for companies of all kinds in the following areas: B2B Horizontal Portals (Adquira), B2B Vertical Portals and B2B Solutions.

Adquira

This is a horizontal electronic market providing e-commerce solutions for suppliers and purchasers of indirect goods and services such as office equipment, stationery, travel services, IT, maintenance, etc. It offers tailored solutions under three differentiated value proposals: Purchaser, Marketplace and Club.

Adquira has started up operations in Spain, Argentina, Brazil and Mexico and is already operating in all these countries.

Vertical portals

Katalyx manages 5 vertical markets and its mission is to become the leader in electronic commerce in strategic goods and services between companies operating in the construction, hotels, food, supermarkets

and transport sectors. These sectors have been strategically identified as those with the highest potential for the creation of value.

- Electronic Market for the Transport Sector set up via a technology alliance with Descartes Systems Group, the global leader in internet-based logistics platforms commenced operations in Mexico and Brazil and in the second half of 2001 will enter the Spanish and other Latin American markets.

- Electronic Market for the Food Sector. Katalyx Food has developed a portal to enable catering firms to carry out purchases from multiple suppliers over the Internet. Katalyx Food Operates in Spain, Mexico and Argentina.

- Electronic Market for the Supermarkets Sector. Created through the acquisition of 54% of Mercador.com in June 2000. It is the first B2B operation of its kind in the Brazilian on-line supermarkets sector. In just 10 months, over 1,500 suppliers have registered with over 30,000 catalogued products.

- Electronic Market for the Construction Sector. Katalyx Construction is about to start operating a marketplace designed to cover the specific e-commerce needs of manufacturers and distributors in the building materials sector, with more than 60,000 catalogued products. The portal expects to form strategic alliances with companies in the sector's main industrial and technological groups.

EMERGIA: KEY FIGURES

- Fully operational network and service, including expansion into North America and Europe.
- City-to-city, door-to-door connectivity.
- Ultra-fast service and response times.
- Two Network Operations Centers (NOCs) providing a 24-hour service.
- Reliability of over 99.995%.
- 40 Gbps, scalable to 1.92 Tbps.
- IP/SDH/SONET.



- Electronic Market for the Hotel Sector. Set up in April 2000 with the participation of BBVA, HotelNetB2B is a joint initiative with leading hotel groups (Sol Meliá, Barceló Hotels, Iberostar, AC Hotels, Fiesta Hotels, H10 Hotels, HUSA Group, Hesperia Hotels, etc). HotelNetB2B is already operational in Spain, having entered into an alliance with GoCoop in 2000 to supply the technology for this electronic market.

B2B Solutions

In this area, services have been developed to facilitate B2B e-commerce transactions between companies, such as:

- Cataloguing and Content Management Services. Katalyx produces and administers Spanish and Portuguese language catalogues for companies in the region. With over 40,000 products catalogued and customers in 4 countries, the service currently has a production center in Barcelona and another in Brazil.

- Service and Infrastructure Provider (SIP): This operation provides hosting and corporate applications operations services. Alliances have been formed with Ariba, EMC, Telefónica DataCorp, Web Methods, etc.

Business to Business activity in 2001 will strive to develop a strategy of helping Telefónica Group companies improve their operations as well as those of their clients in this area.

Emergia

Emergia is the Telefónica Business Line providing broadband infrastructure for the wholesale market. It offers services to international carriers, ISPs and other companies that make intensive use of communications services requiring city-to-city, door-to-door connectivity both within Latin America and from Latin America to the U.S.A.

The broadband market is expected to grow at an annual rate of around 100% over the next four years. Emergia is in a privileged position in this market as it is the first company to offer services throughout the Latin American region. It also enjoys the competitive advantage of forming part of the leading telecommunications group in the Spanish and Portuguese language markets.

Infrastructure investment was completed in March 2001 with the closure of a terrestrial and undersea loop comprising 25,000 km. of optical fiber cable. With an investment of approximately EUR 1.518 billion, Emergia has been launched with initial capacity for 40 Gbps, scalable to 1.92 Tbps.

Emergia is the first broadband service provider to offer services integrating the main countries of Latin America in a single loop and with a direct presence in the United States. With city-to-city

Emergia serves telecommunications operators and Internet service providers

connectivity on an open network, Emergia is able to offer total accessibility without restriction, placing Latin America in the forefront of modern communications.

International data and communications traffic has evolved from conventional voice services to mass traffic in voice, data and video. This evolution has been based, inter alia, on the following factors: exponential growth in the number of internet users and the number of computers, increasing broadband access at ever lower cost, development of new applications and content making intensive use of broadband such as data, video, etc., expansion of applications associated with the internet such as e-commerce and corporate networks, and ever-closer cultural, linguistic and economic ties between the Latin American countries and between the Region as a whole and the United States. The need for intra-regional and international connectivity between companies may be expected to increase still further due to the transformations implicit in the "e-business way of doing business".

A "seamless-network"

Emergia has 12 landing stations in 6 countries (Argentina, Brazil, Chile, Guatemala, Peru and the United States) at the following locations: Boca

Raton (USA), Puerto Barrios (Guatemala), Puerto San José (Guatemala), Lurín (Peru), Arica (Chile), Valparaíso (Chile), Las Toninas (Argentina), São Paulo / Santos (Brazil), Rio de Janeiro (Brazil), Salvador de Bahía (Brazil), Fortaleza (Brazil), San Juan (Puerto Rico). The network initially includes a terrestrial (backhaul) network of some 1,600 Km. in length, connecting the landing stations with the major Latin American cities.

The Network Management and Operations and Customer Service Centers provide support and personalized services 24 hours a day and 365 days a year, to supply and supervise the bandwidth of each Emergia client.