



chronology

january

- **Telefónica de España** offers its «ADSL Line» customers free access to the 'Terra' games platform, the most complete service on the market for ADSL users.
- **Telefónica Móviles** and Microsoft sign an agreement to access MSN ®Hotmail®, (to send and receive e-mail) using SMS (short message service) technology.
- The Spanish government chooses **Telefónica** as its telecommunications operator during the Spanish presidency of the European Union in the first six months of 2002.
- **The Foundation** signs agreements for collaboration and the reciprocal lending of works from Madrid's Reina Sofia Museum, Barcelona's Contemporary Art Museum, and Valencia's Modern Art Institute.
- **www.telefonica.es** (Telefónica's Internet website) inaugurates «telefonica.es Stores», a gateway offering information about Telefónica's Internet stores in Spain, Telefónica mobiles, Terra and TPI.
- **Telefónica I+D** is chosen by the European Commission to head the development programme for the new Internet, denominated Ipv6.

february

- **Telefónica** is classified as the world's second most transparent company with regard to its relationship with investors according to «Institutional Investo», one of the USA's most prestigious financial journals.

- **Telefónica de España**, in complying with currently applicable legislation on local access loops, completes work to provide 73 exchanges for new operators. The «Digital Home» becomes a top priority amongst the strategic plans of Telefónica de España.
- **Telefónica Móviles** is the first European telephone company to offer Java services prior to launching innovative GPRS services in the following months.
- **Telefónica Móviles España** and Openwave announce the development and marketing of a service for its «e-moción» users to download multi-media contents.
- **Telefónica Data** purchases HighwayOne Germany, one of the country's leading Broadband service providers with xDSL technology for corporate clients.
- **Terra Lycos** announces that it is to offer special coverage of the 2002 Football World Cup in Spain, Latin America and for the Hispanic market in the USA.
- **TPI Páginas Amarillas** (Yellow Pages) strengthens its international expansion strategy with the purchase of Telefónica del Perú's directory service.

march

- **Telefónica** is the first telephone operator in **Brazil** to receive certification from the Agencia Nacional de Telecomunicaciones (Anatel) for complying in advance with its plans to extend telephony services, planned for December 2003.
- Telefónica approves the Property Efficiency Plan, to be developed by **Inmobiliaria Telefónica S.L.U.**, responsible for the correct maintenance and



management of all properties belonging to the Telefónica Group.

- **Telefónica de España** presents its new range of ADSL Solutions for Small and Medium Sized Enterprises: «Solución ADSL Intranet (ADSL Intranet Solution)», «Solución ADSL Web (ADSL Web Solution)» and «Solución ADSL e-comercio (E-commerce ADSL Solution)». It also sponsors the World IPv6 Summit on the future of Internet in Europe.
- **Telefónica Móviles** signs an agreement to acquire 65% of the Mexican mobile telephone company Pegaso. As a result, Telefónica Móviles becomes the second largest mobile telephone operator in the Mexican market, with more than two million active customers.
- **International Wholesale Services** is created to offer integral solutions for the international wholesale services belonging to the Telefónica Group, and its supporting network.
- **Emergia**, the company that provides Broadband infrastructure services integrated within Telefónica International Wholesale Services, becomes Latin America's leading fibre optic connection provider after one year of service.
- The Extraordinary Annual Shareholders' Meeting of Spain's **Antena 3** television network approves the purchase of **Onda Cero Radio** for a total of 129 million Euros, to be paid from share capital and reserves.

april

- **César Alierta** announces the possibility of a new share-out of dividends for shareholders in the following year. The President emphasises the Company's dedication to providing Broadband services, focused towards the efficiency and profitability of all the different activity areas within the Group.
- **Telefónica de España** approves a code of conduct to establish guidelines for relations with contractors and suppliers.
- **Telefónica Móviles Spain** starts its roaming service with SK Telecom in South Korea and NTT DoCoMo in Japan.

- **Telefónica** obtains a licence in **Brazil** to operate as a provider of long-distance, national and international telephony services in the country. The licence also authorises Telefónica to offer local telephony services beyond the area of its concession (São Paulo) and to offer the same services throughout the whole country.
- **Terra Lycos** launches Educaterra, *www.educaterra.com*, a vertical gateway offering on-line educational and training services for the Spanish-speaking market.
- **Vía Digital** acquires exclusive rights in Spain for all of the matches to be played during the football World Cup in 2006 to be held in Germany.
- **Paginas Amarillas.es** launches its New Technologies Channel so that its contents may be accessed by SMS and WAP mobile telephones, personal electronic agendas and interactive TV.

may

- **Telefónica de España** presents 'ADSL Net-LAN Solution', a remote-access service for distance work.
- **Telefónica Móviles** signs a definitive agreement to acquire 65% of the capital of the Mexican mobile telephony operator Pegaso PCS.
- In conjunction with IBM and Microsoft, **Telefónica Móviles España** develops 'Oficin@ MoviStar', a new data service for businesses, completing the initial installation of 750 'Third Generation' (3G) stations in 21 Spanish cities within the planned schedule.
- **Mobipay España**, the payment system for Telefónica Móviles España, starts operations following its launch in Valladolid.
- Sogecable and Telefónica (through its media subsidiary **Admira**) sign an agreement to integrate DTS Distribuidora de Televisión por Satélite (Vía Digital) and Sogecable.
- **Antena 3** signs an agreement with Vía Digital to acquire the rights to broadcast matches from the 2002 Football World Cup considered to be of public interest.



- Telefónica starts to operate its international long-distance service in **Brazil** with the prefix 15 for calls from the State of Sao Paulo (Brazil).
- **Telefónica Data** España and IBM sign an agreement whereby IBM controls the operations of Telefónica data Internet Center (TIC) platforms.
- **Terra España** launches its new 'Food Channel', offering its users detailed information about food and gastronomy via Internet.
- **Telefónica de Argentina** re-established the sale and installation of its Broadband Internet Access services "Speedy", both for residential and corporate clients or SMEs.
- **www.telefonica.es** (Telefónica's Internet gateway) launches 'N-TÉRATE', a new service aimed at younger users with on-line services and contents about the Group's Business services.

June

- The first phase of the Property Efficiency Plan starts in Spain, as part of the **Telefónica Group's Property Project**. The first 35 buildings are made available to the Spanish market.
- **Telefónica** presents its report «The Information Society in Europe. The Present, and Future Prospects» in Madrid.
- **Telefónica de España** incorporates its Text Message service into its fixed telephony network. It also opens a Demonstration Centre in the Canary Islands.
- **Telefónica Móviles** develops the structure needed to commercialise its Multimedia Messaging Service. In Brazil, it now has more than six million active customers.
- **Telefónica Móviles España** launches Xtrazona e-moción, the first service in Spain offering users the possibility to download games via the menus of their mobile telephones.
- **The Telefónica Foundation** signs the re-launch of the 'Educared' programme for a further three years, together with fifteen of the Spanish educational community's foremost organisations.

- **Terra**, via its financial gateway 'Invertia', signs an agreement with the stockbrokers Tressis to distribute investment funds marketed by the same company to its more than 225,000 users.

July

- **Telefónica** and Portugal Telecom establish the first international connection between European operators based on the new-generation Internet protocol, Ipv6.
- **Telefónica de España** launches two new services: its 'Fórmula e-factura' electronic billing system, and Internet Call Attention.
- **Telefónica Móviles** and Pegaso PCS are given authorisation by Mexico's Federal Competition Commission (COFECO) for the purchase 65% of Pegaso PCS. Telefónica Móviles Mexico also signs a strategic agreement with the Mexican tele-operator Marcatel to use its commercial network (with more than 350 commercial assessors throughout the country). By the end of the first half of 2002, the operator has exceeded a total of 31.5 million active customers.
- **Telefónica Móviles España** becomes a founding member of the Open Mobile Alliance (OMA), created to offer solutions for more open and compatible mobile services.
- **Terra Lycos** announces the sale of its holdings in Lycos Korea, and draws up a strategic agreement granting Lycos Korea the use of the trademark and some Lycos products under licence.
- **Invertia**, Terra Lycos' vertical finance gateway for Latin America is consolidated as the leading financial community within this market, after registering more than 225,000 users.
- The **Admira Media** Group completes the operation to sell its shares in Azul Televisión in Buenos Aires, in compliance with Argentina's currently existing regulations that prevent the same Group of businesses from having a presence in more than one television channel.
- The **Fundación Telefónica** presents an exhibition in Brazil about the 126-year history of Telecommunications in the country, entitled «Estação Telefónica».



- **Telefónica Data España** and Logic Control, a leading software company, sign a collaboration agreement to improve the data network and Internet connectivity.
- Telefónica Gestión de Servicios Compartidos (**t-gestiona**) now offers its financial and administrative services to more than 80 companies within the group in Spain and Europe.
- **Telefónica S.A.'s** Board of Directors approves a new organisational system for the Company. The General Directorate of Corporate Strategy and Regulation is created, including the areas of Strategy, Corporate Development, Regulation and Institutional Relations, together with the Management Committee, including the President, Managing Director, General Director of Corporate Strategy and Regulation, the General Director of Corporate Finances, and the Presidents of Telefónica Móviles, Telefónica de España and Telefónica Internacional.

august

- **Telefónica de España** extends the functionality of its Automatic Network Answering Service, with the new 'Mensavoz' service.
- **Telefónica Móviles** announces it is to offer its new Multimedia Message Service (MMS) to send and receive messages with colour photos, including voice, sound and text.

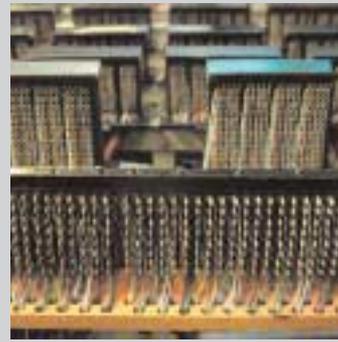
september

- **Telefónica S.A.** is included in the FTSE4Good Global Index, one of the main reference indices for institutional investors.
- **Telefónica** signs an agreement, together with the companies Agbar, BBVA and Repsol YPF, to create the **Forum for Corporate Reputation**, to share information and experiences about organisational aspects in this field.
- **Telefónica de España** starts its 'Internet Answering Service', for the remote control of answering machines from any computer connected to the Internet.
- Telefónica de España, Telefónica R+D and Telefónica Móviles España publish their Environmental Reports.

- **Telefónica Móviles** and the Pegaso Group finalise the process of integrating the operators Telefónica Móviles Mexico and Pegaso PCS. This integration produces a new combined entity, of which Telefónica Móviles controls 92% of the capital and the Pegaso Group the remaining 8%.
- **Telefónica Móviles España** completes the trial period of the UMTS network that started in July, complying with its commitment to the Government when it was granted its UMTS licence.
- The **TPI Páginas Amarillas** (Yellow Pages) Group adopts an organisational structure in Europe to improve global customer management, and to take advantage of common strengths among its different businesses.
- In Puerto Rico, Telefónica Larga Distancia (**TLD**) launches the first pre-paid Internet access card service.
- **Gestmusic Endemol** becomes fully owned by the Dutch company Endemol Holding, part of the Telefónica Group, after increasing its participation in the company by 40%.
- **Zeleris** ceases to use its trademark «Aeris» and adapts its logo and corporate image to integrate its involvement in logistics and distribution with the different member companies of the Telefónica Group.

october

- **Telefónica** starts its Corporate Volunteer project in Spain, to encourage and support activities of this type carried out by currently employed and retired staff from the Group.
- **Telefónica, S.A.** approves Internal Conduct Guidelines that not only refer to the personal operations of Directors and members of Telefónica's Board of Directors, but also to the treatment given to confidential information and the communication of conflicting interests. A Committee and Compliance Unit are also created to guarantee compliance, responsible for overseeing its correct functioning. With these new Internal Conduct Guidelines, Telefónica takes another step forward in adopting new practices



of 'Good Administration', according to the latest recommendations of the New York Stock Exchange Corporate (NYSE).

LORCET in companies belonging to the group to reduce costs and increase the quality of services offered to customers.

- **Telefónica de España** launches Red L@r ADSL, a practical solution for connecting several PC's in homes and small businesses using one single ADSL line.
- **Telefónica Móviles** and Portugal Telecom form a Joint Venture grouping with 100% of the shares held by both groups in Brazilian mobile telephone companies. By the end of the final quarter of 2002, it has more than 33.4 million active customers.
- **Telefónica Móviles España** signs a new agreement with Hewlett Packard to stimulate the development of its Oficin@ Movistar service. It also signs an agreement with Citroën to jointly develop a vehicle equipped with voice control, mobile mail and localisation system, amongst other features.
- **Telefónica Audiovisual Services**, part of the Admira Media Group, offers Canal Plus France its production and transmission services for the *Champions' League*.
- **TPI-PaginasAmarillas** (Yellow Pages) presents a new Catalogue channel that allows famous brands including Ikea, Carrefour and El Corte Inglés to be purchased over the Internet.
- **Telefónica Data** launches its new Roaming IP service for large-scale corporations with coverage in more than 150 countries. In Spain, it signs an outsourcing agreement with «La Caixa» bank for communications in its offices, numbering more than 34,500.
- The Tribunal de Defensa de la Competencia (Competition Defence Tribunal) authorises the agreement signed between Telefónica Móviles, Santander Central Hispano, Banco Bilbao Vizcaya Argentaria, Vodafone and Amena to jointly form a company (**Mobipay**) for payment via mobile telephone.
- **Logística Corporativa** announces that it will implant the Integral Response Control model

- **Maptel Networks**, part of the Terra Lycos Group that offers localisation services and solutions, develops the first localisation software aimed at the PDA market jointly with HP.

november

- **Telefónica** takes a major step forward in applying the Sarbanes-Oxley Law of Good Corporate Administration with the implantation of new guidelines for information and financial/accountancy issues. Together with MRW and Eroski, it is also the best-perceived Spanish company with regard to its social actions, according to the yearly ranking presented by the Fundación Empresa y Sociedad (Business and Society Foundation).
- **Telefónica de España** implements an electronic signature device for signing contracts with the Company over the Internet. It also signs an agreement with Philips to jointly encourage the use of Broadband and other similar technologies in the home.
- **Telefónica Móviles** joins the Management Committee of the Open Mobile Alliance, (OMA), an international forum created to promote compatibility between cellphone networks.
- **Telefónica Móviles España** makes its Multimedia Message service available to all its clients, and incorporates its «e-moción voz» service, allowing voice access to the contents of e-moción.
- **Terra Networks, S.A.** communicates to the Comisión Nacional del Mercado de Valores (National Equity Market Commission) the start of the second phase of the strategic agreement signed in 2000 between Bertelsmann, Terra Networks, Lycos and Telefónica. As a result of this, Telefónica and Terra Lycos have signed a strategic alliance by which Terra Lycos guarantees the generation of a minimum annual value of 78.5 million Euros over six years.
- **Telefónica R+D** opens its new centre in Barcelona. The Company is also awarded the Prince Felipe Award for Business Excellence.



- The **Telefónica Group in Argentina** organises a business meeting in Spain with Argentinean companies, with the aim of promoting the exportation of its products.
- **Telefónica Data** and the Agencia de Certificación Electrónica (Electronic Certification Agency) jointly launch a new Regulated Services Line, adapted to the new legislation covering data protection and electronic commerce (LOPD and LSSICE).
- The 'Plan Marco' (Framework Plan) enters into service to co-ordinate Telefónica's Internet presence. The websites www.telefonica.pais become entry points to Telefónica via the Internet.
- On 29 November, the Spanish Government approved the integration operation of Vía Digital (Distribuidora de Televisión por Satélite, S.A.) with Sogecable (Sogecable, S.A.), with the obligation to fulfil 34 conditions. Telefónica stated that it would thoroughly examine the conditions imposed by the Government with regard to the fusion between **Sogecable and Vía Digital** before making any comments.

december

- **Telefónica** starts up the second phase of its Property Efficiency Plan in Spain, putting 349 properties on the market valued at 387 million Euros. The properties are due to be sold through an auction over the Internet in April 2003.
- **Telefónica de España** now has more than 950,000 ADSL lines, reaching its objectives for 2002.
- **Telefónica Móviles España** creates Ofidata, a multi-disciplinary workgroup for initiatives connected with Mobile Data Services. It also becomes the Spanish mobile operator with the most extensive GPRS roaming coverage.
- For the second year running, **Fonditel**, Entidad Gestora de Fondos de Pensiones, S.A del Grupo Telefónica, is awarded the prize for Best Investment Strategy by the renowned specialist journal «Investment & Pensions Europe».
- Anatel, the Brazilian regulatory body, approves the creation of a **Joint Venture** grouping between the

mobile telephone operators **Telefónica Móviles and Portugal Telecom** in Brazil. The Joint Venture is consolidated as South America's most important mobile telephone operator, with more than 13 million customers in regions with a potential market of more than 94 million inhabitants. The Company has a market share of more than 60% in the areas in which it operates, representing 70% of Brazil's Gross Domestic Product.

- **The Telefónica Foundation** starts its Christmas campaign offering free communications to 30,000 Spanish voluntary workers in the third world. It also creates a thematic channel, Risolidaria, to help immigrants and refugees arriving in Spain.
- **t-gestiona** defines the implantation plans in different countries of the different administrative processes in the Telefónica Group.
- **The Corporate Responsibility section of the Telefónica Group** launches its new section in www.telefonica.es offering complete details on the specific policies and actions which demonstrate the responsible operations of the Group.
- The Board of Directors of **Telefónica S.A.** approves presenting at the next Shareholders' AGM a proposal to share out dividends for a value of 0.25 Euros per share, with freely available reserve incorporation.
- In Galicia, **Telefónica** sets up a special communications system to support the work of volunteers and to assist in the co-ordination of vessels involved in the clean-up operation following the oil spill from the «Prestige». Telefónica Móviles also donates 1.1 million Euros to the region, corresponding to the cost of all SMS messages sent on New Year's Eve.