

the  
Telefónica  
Group

1

A Group oriented to satisfying all of its clients' communication requirements

more than  
**89 million<sup>1</sup>**  
clients

more than  
**44 million<sup>1</sup>**  
telephone lines

more than  
**43 million**  
mobile telephone clients

more than  
**1.4 million**  
ADSL accesses

more than  
**157,000**  
employees

2

A Group with a defined Strategy

The strengthening of natural market positions

Bold writedowns of assets calculated at  
**14,729**  
million Euros

Debt reduction in  
**6,400**  
million Euros

Allocation of  
**1,264**  
million Euros in dividends

Repurchase of approximately  
**2%**  
of capital for its amortization

Increase in Operative Cash Flow\* by  
**62.6%**  
up to 7,935 million Euros

\*EBITDA - minus Capex

(1) As of the financial year 2003 there has been a change to the calculation for the Equivalent Lines in service for fixed telephony within the Grupo Telefónica. This new criterion introduces different handling of the RDSI Primary Accesses and of the 2/6 accesses for exchanges and Ibercom. Under the new approach, the number of fixed lines of the Telefónica Group, at the end of 2002, totaled 43.07 million lines in service, and total Group customers, also at the end of the year, numbered 88.1 million

# 3

## A Group with its own corporate Values

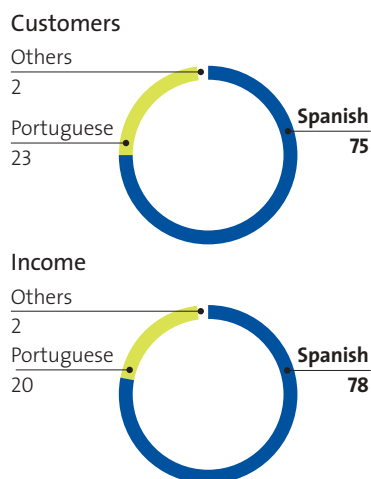
**Trust, our core value, based on a close and committed relationship**



# 4

## A leading Group in the Spanish and Portuguese-speaking market

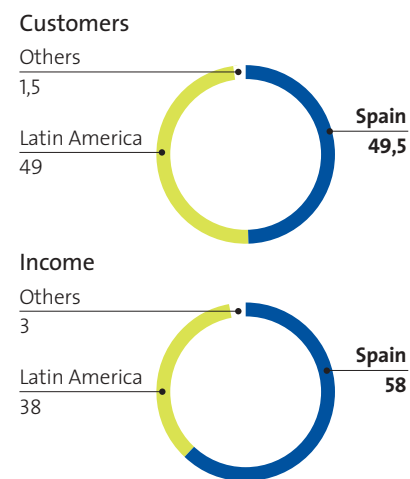
**Telefónica's presence on the basis of reference language**  
(figures in percentages)



# 5

## An integrated, global and multidomestic Group

**Telefónica's presence by reference region**  
(figures in percentages)



### Selected data

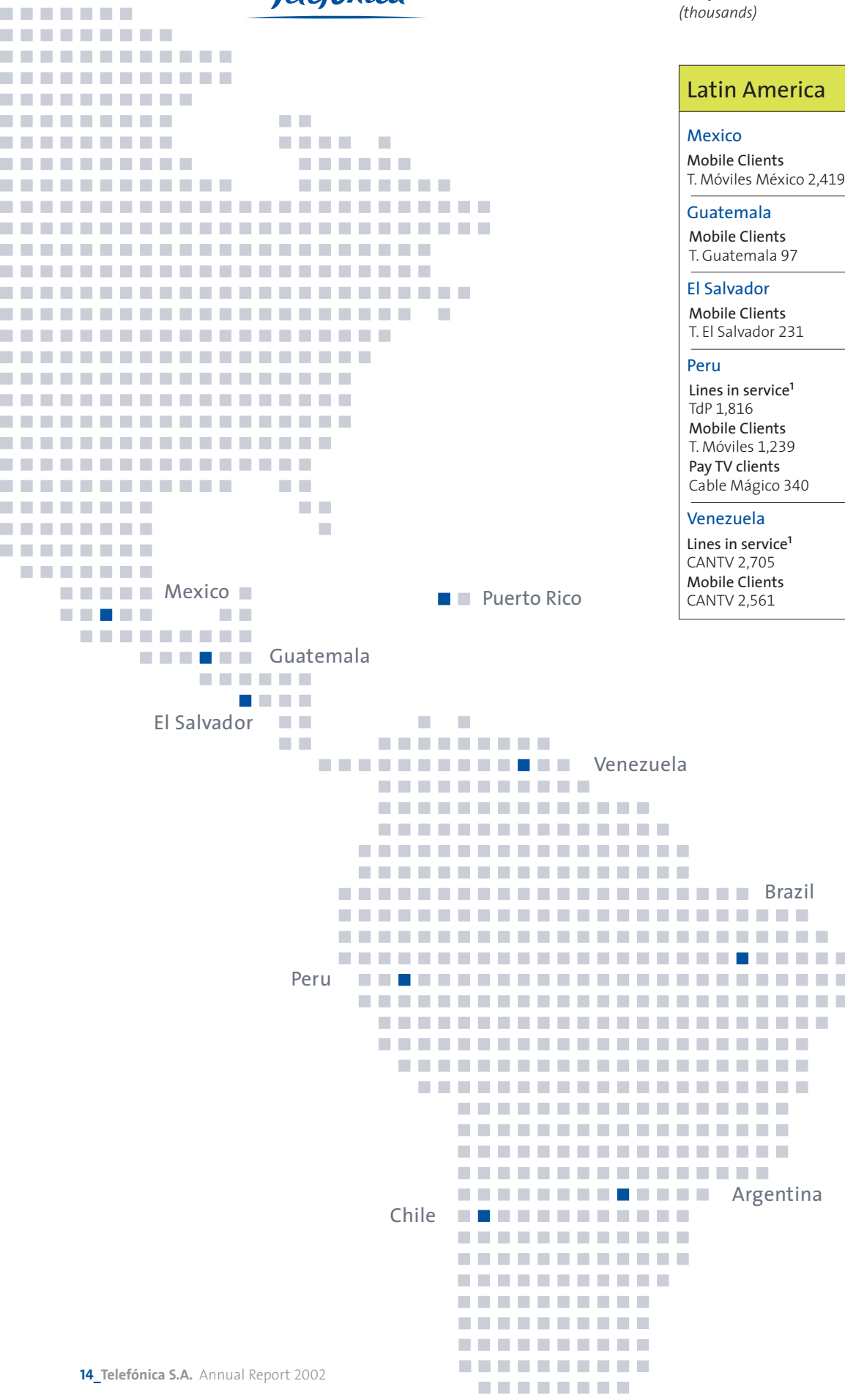
	1998	1999	2000	2001	2002
<i>(figures in thousands)</i>					
<b>Fixed telephony lines</b>	<b>36,792.8</b>	<b>40,199.1</b>	<b>42,263.5</b>	<b>44,955.8</b>	<b>44,937.3<sup>1</sup></b>
Spain	18,205.2	19,226.2	20,317.8	20,646.9	20,803.9
Other countries	18,587.6	20,972.9	21,945.7	24,308.9	24,133.4
<b>Mobile telephone clients</b>	<b>10,514.4</b>	<b>19,582.1</b>	<b>24,918.9</b>	<b>32,255.6</b>	<b>43,936.2</b>
Spain	4,894.3	9,052.3	13,669.0	16,793.4	18,412.1
Other countries	5,620.1	10,529.8	11,294.9	15,462.2	25,524.1
<b>Pay TV clients</b>	<b>2,369.8</b>	<b>2,489.5</b>	<b>982.5</b>	<b>1,148.1</b>	<b>1,115.0</b>
Spain	282.0	440.1	633.0	806.4	775.0
Other countries	2,087.8	2,049.4	349.4	341.7	340.0
<b>Active employees<sup>2</sup></b>	<b>103,662</b>	<b>118,778</b>	<b>145,730</b>	<b>161,029</b>	<b>157,504</b>
<i>(figures in millions of Euros)</i>					
<b>Revenue from operations<sup>3</sup></b>	<b>17,465.5</b>	<b>22,957.0</b>	<b>28,484.9</b>	<b>31,052.6</b>	<b>28,411.3</b>
<b>Financial debt</b>	<b>19,211.0</b>	<b>20,824.4</b>	<b>26,950.9</b>	<b>28,941.6</b>	<b>22,533.1</b>
<b>Investment</b>	<b>4,417.9</b>	<b>7,185.3</b>	<b>21,128.6</b>	<b>8,420.9</b>	<b>3,789.0</b>
<b>Net profit</b>	<b>1,307.7</b>	<b>1,804.7</b>	<b>2,504.7</b>	<b>2,106.8</b>	<b>(5,576.8)</b>

(1) As of the financial year 2003 there has been a change to the calculation for the Equivalent Lines in service for fixed telephony within the Grupo Telefónica. This new criterion introduces different handling of the RDSI Primary Accesses and of the 2/6 accesses for exchanges and Ibercom

(2) Absolute figure corresponding to the average staff in the year

(3) Tangible and intangible. Including advances to suppliers and installation materials

**Grupo Telefónica's main global markets**  
(thousands)



### Latin America

#### Mexico

Mobile Clients  
T. Móviles México 2,419

#### Guatemala

Mobile Clients  
T. Guatemala 97

#### El Salvador

Mobile Clients  
T. El Salvador 231

#### Peru

Lines in service<sup>1</sup>  
TdP 1,816  
Mobile Clients  
T. Móviles 1,239  
Pay TV clients  
Cable Mágico 340

#### Venezuela

Lines in service<sup>1</sup>  
CANTV 2,705  
Mobile Clients  
CANTV 2,561

#### Brazil

Lines in service<sup>1</sup>  
Telesp 12,506  
Mobile Clients  
Brasicele 13,742

#### Chile

Lines in service<sup>1</sup>  
CTC 2,687  
Mobile Clients  
T. Móviles 1,849

#### Argentina

Lines in service<sup>1</sup>  
TASA 4,419  
Mobile Clients  
TCP 1,617

#### Puerto Rico

Mobile Clients  
New Com Wireless 169

### Europe

#### Spain

Lines in service<sup>1</sup>  
T. de España 20,804  
Mobile clients  
T. Móviles 18,412  
Pay TV clients  
Vía Digital 775

### Africa

#### Morocco

Mobile clients  
Medi Telecom 1,601

(1) As of the financial year 2003 there has been a change to the calculation for the Equivalent Lines in service for fixed telephony within the Grupo Telefónica. This new criterion introduces different handling of the ISDN Primary Accesses and of the 2/6 accesses for exchanges and Ibercom

*Through an integrated offering which is well-adapted to the peculiarities of each market, Telefónica develops all types of telecommunication services in the countries where it is present*

