"This presentation contains statements that constitute forward looking statements in its general meaning and within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this document and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activity and situation relating to the Company. The forward-looking statements in this document can be identified, in some instances, by the use of words such as "expects", "anticipates", "intends", "believes", and similar language or the negative thereof or by forward-looking nature of discussions of strategy, plans or intentions.

Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties and actual results may differ materially from those in the forward looking statements as a result of various factors.

Analysts and investors are cautioned not to place undue reliance on those forward looking statements which speak only as of the date of this presentation. Telefónica Móviles undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Telefónica Móviles’ business or acquisition strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's Annual Report as well as periodic filings filed with the relevant Securities Markets Regulators, and in particular with the Spanish Market Regulator"
Leveraging performance excellence and building growth
• A global perspective: capitalizing on performance excellence & existing growth prospects

• Responding to local challenges & opportunities:
  – Spain: sustainable leadership with world class performance
  – Brazil: consolidating leadership & shaping the market
  – Mexico: agile management to support rapid growth
  – Other markets: capture additional growth

• Guidance for our future performance
Telefónica Móviles has earned the right to grow

• Continuing strong cash flow generation in our established markets provides strategic flexibility

• World-class operational capabilities are being leveraged to extract maximum potential from existing growth opportunities

• Positions developed in key markets provide outstanding organic growth prospects
Positive CF generation in every single market with established operations providing strategic flexibility

Operating CF 1H03\(^1\)

Operating CF = €1,701MM

Start-up operations

<table>
<thead>
<tr>
<th>Country</th>
<th>Operating CF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>1,658</td>
</tr>
<tr>
<td>Brazil</td>
<td>175</td>
</tr>
<tr>
<td>Peru</td>
<td>35</td>
</tr>
<tr>
<td>Argentina</td>
<td>32</td>
</tr>
<tr>
<td>Guatemala &amp; El Salvador</td>
<td>8</td>
</tr>
<tr>
<td>Mexico</td>
<td>-208</td>
</tr>
</tbody>
</table>

\(^1\) Operating CF: EBITDA-Capex. Aggregate figures
World-class operational capabilities: TEM Spain is the soundest mobile operator in the industry

Market share 1H03

<table>
<thead>
<tr>
<th>TEM Spain</th>
<th>European average^1</th>
</tr>
</thead>
<tbody>
<tr>
<td>53.5%</td>
<td>40.9%</td>
</tr>
</tbody>
</table>

Monthly churn 1H03

<table>
<thead>
<tr>
<th>TEM Spain</th>
<th>European average^1</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.8%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

EBITDA margin 1H03

<table>
<thead>
<tr>
<th>TEM Spain</th>
<th>European average^1</th>
</tr>
</thead>
<tbody>
<tr>
<td>54%</td>
<td>45%</td>
</tr>
</tbody>
</table>

^1 Average performance for Vodafone in UK, T-Mobile in Germany, TIM in Italy, Orange in France. Source: Companies’ annual reports. Vodafone figures refer to March 2003 reported information.
Outstanding organic growth prospects

TEM's Market position

- Opportunity to leverage our #1/#2 position to capture a large share of the >55MM new customers coming to the market
- Further market consolidation could decrease competition and increase margins

Spain

MOU

Data ARPU

CAGR 02-06E: 7-10%

CAGR 02-06E: 17-20%

104.8

3.4€

2002 2006E

2002 2006E

1 Includes Brazil, Mexico, Argentina, Peru, Guatemala, El Salvador, Chile, Puerto Rico & Morocco

Brazil (Vivo's areas of operations)

Total market penetration

22%

35%-40%

2002 2006E

Argentina, Chile, El Salvador, Guatemala, Morocco, Peru & P.Rico

21%

≈40%

2002 2006E

#1/#2 position in major markets with expectations of 14MM new subscribers by 2006E
Unique business case

TEM TODAY

- Cash generating portfolio
- Best in class operating company
- Solid organic growth prospects
- Financial strength

STRATEGIC DIRECTION

Growth of customer base with sound CF generation market by market

TEM in 2006E

- 65-70MM\(^1\) customers
- > €15Bn of operating CF generation in 2003-06E\(^2\)

---

1 Managed customer base. Includes Chile and Puerto Rico.
• A global perspective: capitalizing on performance excellence & developed growth prospects

• Responding to local challenges and opportunities:
  – Spain: sustainable leadership with world class performance
  – Brazil: consolidating leadership & shaping the market
  – Mexico: agile management to support rapid growth
  – Other markets: capture additional growth

• Guidance for our future performance
We have anticipated & benefited from each major development in the Spanish market

Main Milestones
- July 1995: Launch of GSM
- Dec 1996: Launch of prepaid
- 1997-1999: Mass market campaigns
- March 2000: Launch of loyalty program

Focus on
- Subscriber base
- Market share
- Control churn rate & Enhance usage
- Increase usage 3G-based services

Telefónica Móviles, S.A.
Spain: sustainable leadership with world class performance

KEY CHALLENGES & OPPORTUNITIES

- Grow selectively
- Maximize customer loyalty

- Sustain traffic growth rate above European average
- Promote data services

- Enhance operating profitability
- Maintain controlled capex/sales while investing in 3G deployment

Maintain market leadership

Boost usage

Sustain operational efficiency
Selective customer base growth will be achieved through targeted initiatives

- Focus on specific segments with high growth potential
- Increase penetration among residential & corporate existing customers
- Attract customers by leveraging on our community

Corporate, SME & SoHo customers '000

<table>
<thead>
<tr>
<th></th>
<th>1H02</th>
<th>1H03</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,434</td>
<td>2,774</td>
</tr>
</tbody>
</table>

Selecting initiatives:

- Focus on specific segments with high growth potential
- Attract customers by leveraging our community
- Increase penetration among existing customers

Major provider for the 2,300 largest Spanish corporations with more than 85% of their wireless lines

Gap between outgoing traffic & subscriber market share

<table>
<thead>
<tr>
<th></th>
<th>1H02E</th>
<th>1H03E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriber</td>
<td>54</td>
<td>52</td>
</tr>
<tr>
<td>Outgoing traffic</td>
<td>58</td>
<td>56</td>
</tr>
</tbody>
</table>


Number portability: Net customer movements¹ '000. Nov-00 to June 03

<table>
<thead>
<tr>
<th></th>
<th>TEM Spain</th>
<th># 2</th>
<th># 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>183</td>
<td>-91</td>
<td>-92</td>
</tr>
</tbody>
</table>

¹ Source: CMT data & company estimates. Customers we capture through portability have usage patterns similar to TME’s
**Our customer loyalty strategy will contribute to maintain a best in class churn rate**

- Unique loyalty programs for contract & prepaid customers launched in March 2000
  - 10% customer base already upgraded handsets in 1H03
- Selective prepaid to contract migrations
  - 1.1 million migrations to date
- Leverage on being the largest wireless community in Spain
- Detailed operational segmentation

---

**TEM Spain’s Monthly Churn Rate**

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial</th>
<th>Economic¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H02</td>
<td>1.2%</td>
<td>0.8%</td>
</tr>
<tr>
<td>1H03</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<1% in all segments

---

¹ Lower economic churn indicates our competitors are capturing our low-end customers
Proactive growth of voice usage...

- Migrate prepaid to contract
- Increase on-net traffic, capitalising on our high market share
- Increase off-peak traffic
- Develop usage commitment
- Increase penetration of VAS

- Benefit from natural market trend to migrate fixed traffic to mobile

![Graph showing ARPU and traffic growth rates](attachment:image.png)
... that make our traffic growth higher than that of other European operators

Source: Goldman Sachs, “A walk on the wireless side”, June 2003
European average includes: Cosmote, KPN Be, KPN Ge, KPN Ne, Panafon, Portugal Telecom, TIM, TEM, Tele2, Telenor, Telia Sweden
... with contained regulatory risk

Termination fees & roaming prices in line with European average

Revenues' exposure to interconnection & incoming roaming

- 24% 1H02
- 21% 1H03

Average termination fee per minute – Post 2003 Reductions
(Euro cents/minute)

- VOD UK: 10.7
- O2 UK: 11.4
- T-Mobile Germany (ex D2): 14.3
- VOD Italy (ex Omnitel): 15.0
- TEM Spain: 15.2
- VOD Spain: 15.8
- Orange France: 15.9
- SFR: 19.5
- Amena VOD Portugal (ex Telecel): 22.0
- TMN Optimus: 25.2

European Average

- 24%
- 21%

- 3%
- 3%

• Least interconnection-dependent operator in Spain
• Rational evolution of prices
  • # 3 player declared dominant in the termination market
  • Current asymmetry to be progressively reduced
  • Unlikely pressure from pure 3G new entrant
### Enhanced & segmented data offering

Offer customized data oriented to all our customers
- Prepaid
- Contract individuals
- SME & Corporate

### SMS + MMS
- Blackberry
- Oficina@MoviStar

#### Enhance customer experience
- Content
- Ease of use
- Pricing

#### Guarantee access to affordable handsets
- Able to use new services
- Easy to use

### Increased data ARPU

<table>
<thead>
<tr>
<th></th>
<th>1H02</th>
<th>1H03</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.42€</td>
<td>3.54€</td>
</tr>
</tbody>
</table>

Our integrated offer will help to:
- Accelerate the penetration of data services
- Improve our market position
## Access / Handsets
- SMS, MMS, wap, i-mode™, voice portal
- SMS, wap

## Content providers
- Wide content offer. >300 content providers. Various exclusive agreements
- Open focus to attract plenty of high quality providers
- i-mode facilitates collaboration with providers & enlarges content offer
- Download of JAVA applications & games
- Java2ME
- ~ 100 content providers
- Java2ME

## Content downloads
- No fixed fee
- Event-based tariffs, subscription, plans ...
- i-mode™ offers premium content at additional price
- Event-based tariffs

## Pricing scheme

### Only operator in Spain offering i-mode™ & first European player to offer it to prepaid customers & to integrate it with SMS & MMS

Telefónica Móviles, S.A.
New handsets enhance user-friendly navigation in

Old e-moción Menu

New e-moción Menu launched in February 03

Handsets specially adapted for e-moción

- e-moción embedded in handset menu
- i-mode™ allows for higher navigation speed

Direct access to e-moción

Icon-driven menu

- integrated menu
- minimised number of clicks
- intuitive navigation: icon-driven
- increased interactivity
Our wide range of own brand handsets encourages the penetration of new technologies to foster data usage.

<table>
<thead>
<tr>
<th>TSM handsets at very competitive prices</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Today’s offer ...</strong></td>
</tr>
<tr>
<td><strong>TSM 5</strong></td>
</tr>
<tr>
<td>Price range: 80-100 €</td>
</tr>
<tr>
<td>- Colour screen</td>
</tr>
<tr>
<td>- (4,096 colours)</td>
</tr>
<tr>
<td>- GPRS v.8</td>
</tr>
<tr>
<td>- Infusio games</td>
</tr>
<tr>
<td>- MMS</td>
</tr>
<tr>
<td>- Tri-band</td>
</tr>
<tr>
<td>- 80 g.</td>
</tr>
<tr>
<td><strong>TSM 100</strong></td>
</tr>
<tr>
<td>Price range: 120-160 €</td>
</tr>
<tr>
<td>- Large colour touch screen</td>
</tr>
<tr>
<td>- (36,000 colours)</td>
</tr>
<tr>
<td>- Java</td>
</tr>
<tr>
<td>- GPRS v.10</td>
</tr>
<tr>
<td>- MMS</td>
</tr>
<tr>
<td>- MP3</td>
</tr>
<tr>
<td>- Camera-embedded</td>
</tr>
<tr>
<td>- USB</td>
</tr>
<tr>
<td>- Multi-memory card</td>
</tr>
<tr>
<td>- Personal organizer</td>
</tr>
<tr>
<td>- Tri-band</td>
</tr>
<tr>
<td>- 125 g.</td>
</tr>
<tr>
<td><strong>TSM 400</strong></td>
</tr>
<tr>
<td>Price range: 600-800 €</td>
</tr>
<tr>
<td>- Colour touch screen (4,096 col.)</td>
</tr>
<tr>
<td>- Java</td>
</tr>
<tr>
<td>- MMS</td>
</tr>
<tr>
<td>- Pocket PC</td>
</tr>
<tr>
<td>- PDA</td>
</tr>
<tr>
<td>- Microsoft Office</td>
</tr>
<tr>
<td>- Multi-memory card</td>
</tr>
<tr>
<td>- Oficina Movistar</td>
</tr>
<tr>
<td>- Direct access to internet</td>
</tr>
<tr>
<td>- Tri-band</td>
</tr>
<tr>
<td>- 200 g.</td>
</tr>
</tbody>
</table>

| **Coming soon ...**                    |
| **TSM 30**                             |
| Price range: 100-120 €                 |
| - Colour screen                        |
| - (65,000 colours)                     |
| - Java                                 |
| - i-mode™                              |
| - GPRS v.10                            |
| - MP3                                  |
| - MMS                                  |
| - Camera-embedded                      |
| - USB                                  |
| - Multi-memory card                    |
| - Tri-band                             |
| - 110 g.                               |
We will maintain focus on operational efficiency

**Commercial costs**

- Increasing focus on loyalty programs, building on sound results from initiatives launched in March 2000
- Keeping (SAC+SRC)/operating revenues <8%

**Non-commercial costs**

- Lower network and operational costs per minute leveraging scale economies
- Efficiency improvements in:
  - Radio transmission
  - Billing
  - Call centre
- Lower interconnection costs
  - Least dependent on termination rates

**Gross adds, migrations & handset upgrades (MM)**

<table>
<thead>
<tr>
<th></th>
<th>1H02</th>
<th>1H03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross adds</td>
<td>2.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Migrations</td>
<td>0.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Handset upgrades</td>
<td>0.7</td>
<td>1.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1H02</th>
<th>1H03</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SAC+SRC)/Oper. revenues</td>
<td>7.3%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>
Our investment program will support our growth platform

2003–2006: Preparing the future & leading the UMTS deployment

- **Progressive UMTS roll-out:**
  - Gradual network deployment to steadily migrate customers to a high quality UMTS metropolitan coverage/service once attractive handsets are available
  - 750 Base stations EOY 2002
  - 1,000 Base stations EOY 2005E
  - 7,000–8,000 base stations EOY 2005E

- **High UMTS efficiency for voice & data**
- **Seamless strategy for data services development in GPRS/UMTS**

- **€1 bn UMTS capex in 03-06E**

- **Optimised GSM, GPRS & UMTS capex**
  - UMTS is the optimal solution for the increase in traffic we will experience
Telefónica Móviles, S.A.

**TME commercial & operational strategies will be enhanced through the alliance with TIM, T-Mobile & Orange**

**TEM Spain’s strategic direction**
- Maximize customer base
- Boost voice & data usage
- Enhance operating efficiency
- Rationalize capex

**Alliance’s 4 areas of cooperation**
- ROAMING
- CORPORATE SERVICES
- SERVICES & PLATFORMS
- HANDSETS

**First common initiatives ALREADY launched (TEM)**
- “Virtual Home Environment”:
  - Caller Line ID
  - Seamless Dialling
  - Short Codes
  - Virtual Private Network
  - GPRS & MMS roaming
- Common procurement for 2003 Xmas campaign handsets
- Projects for development of common VAS

Strong commitment from partners to enhance customers offering through seamless customer experience across its combined geographical footprint
We will deliver sustained revenue growth ...

**Year-on-year ARPU growth**

- **2002**: 28.7€
- **2006E**: 

**Service revenues**

- **2002**: 6,066 MM€
- **2006E**: 

**CAGR 02-06E:**

- **3%-5%**

**Operating revenues**

- **2002**: 6,770 MM€
- **2006E**: 

**CAGR 02-06E:**

- **6%-10%**

---

1Operating revenues: Service Revenues + Handset Sales
... and continue improving our profitability ...

EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA MM€</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>3,490</td>
</tr>
<tr>
<td>2006E</td>
<td></td>
</tr>
</tbody>
</table>

CAGR 02-06E: 7%-11%

EBITDA Margin\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>51.6%</td>
</tr>
<tr>
<td>2006E</td>
<td>&gt;50%</td>
</tr>
</tbody>
</table>

Capex

<table>
<thead>
<tr>
<th>Year</th>
<th>Capex MM€</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003E</td>
<td></td>
</tr>
<tr>
<td>2004E</td>
<td></td>
</tr>
<tr>
<td>2005E</td>
<td></td>
</tr>
<tr>
<td>2006E</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) EBITDA Margin = EBITDA/Operating Revenues
... to carry on increasing our estimates year over year

TEM Spain EBITDA margin\(^1\)

Rio de Janeiro (2001)
Objective: 2004

Sevilla (2002)
Objective: 2005

Madrid (2003)
Objective: 2006

TEM's guidance at Investors Day

\(^1\) EBITDA Margin = EBITDA/Operating Revenues
• A global perspective: capitalizing on performance excellence & existing growth prospects

• Responding to local challenges and opportunities:
  - Spain: sustainable leadership with world class performance
  - Brazil: consolidating leadership & shaping the market
  - Mexico: agile management to support rapid growth
  - Other markets: capture additional growth

• Guidance for our future performance
The Brazilian market has a vast potential

- 177 MM POPs
- 13th largest economy worldwide
- Wireless accesses (40MM) already above fixed lines (39MM)
We have led consolidation in Brazil & we are the only player to deliver significant progress in the integration of operations

- Single management structure
- Single procurement process
- Single nationwide brand launched in April 2003
VIVO is the soundest wireless player in Brazil with a unique position to capture the significant growth potential of the market

- We maintain our national & local leadership

Subscriber share (1H03E)

- VIVO: 47%
- Claro: 22%
- TIM: 17%
- Oi: 6%
- Opport.: 8%

VIVO: 17.5 MM ACTIVE
Claro: 19.9MM REPORTED

- We lead profitability

EBITDA share (1H03E)

- VIVO: 59%
- Claro: 20%
- TIM: 10%
- Oi: 1%
- Opport.: 10%

- #1 position in 6 areas & in 3 main markets, with high concentration of corporate: Rio de Janeiro, Sao Paulo & Brazilia
- #2 in 2 others

Source: press releases from companies & analysts reports. Figures according to Brazilian GAAP. Claro's figures are proforma with BCP. VIVO's aggregated figures, including TCO.
We will capitalize on our current strengths & expertise to grow our customer base ...

- Leverage on “being part of the largest mobile community” in Brazil
- Deeper market segmentation with growing focus on customer loyalty
- Capitalise on TME’s track record in loyalty initiatives

Capture customer growth

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Adds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q03</td>
<td>140</td>
</tr>
<tr>
<td>2Q03</td>
<td>571</td>
</tr>
<tr>
<td>3Q03</td>
<td>948</td>
</tr>
</tbody>
</table>

18.5MM subscribers in 3Q03

Increase customer loyalty

<table>
<thead>
<tr>
<th></th>
<th>Monthly churn</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H03</td>
<td>2.2%</td>
</tr>
<tr>
<td>2006E</td>
<td>-30%</td>
</tr>
</tbody>
</table>

1 1Q03 and 2Q03 figures including TCO.

2 Vivo aggregate information, including TCO.

We have a nationwide market approach to maintain our national & local leadership.
... and to enrich their usage profile

- Leverage on a high-quality customer base to drive usage
- Service differentiation & comprehensive offer to residential and business customers
- Increasing contribution from data services:
  - Data services & VAS leadership
  - Increased penetration of existing VAS & launch of new P&S
  - Leverage on 1XRTT for packet data transmission at higher speed than GSM/ GPRS
  - Handset upgrades to promote usage

![% Data ARPU/Total ARPU]

Launch of Vivo’s own icon based service interface in 4Q03
Integration of operations enables us to improve operating performance, taking full competitive advantage of our size & scale

- Single management structure
- Workforce rationalization & increased productivity

New customer oriented organization

- Unified/Aligned P&S, procurement process & call centre management
- National client management
- Single services platform & same technology

Focus on reduction of non-commercial costs

Employees

<table>
<thead>
<tr>
<th></th>
<th>Pre-VIVO</th>
<th>2Q03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>7,686</td>
<td>6,843</td>
</tr>
<tr>
<td>60% in commercial areas</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EBITDA margin 1H03

<table>
<thead>
<tr>
<th></th>
<th>vivó</th>
<th>Competitors’ average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H03</td>
<td>38%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Annual savings >R$50MM in non commercial costs

¹ Vivo aggregate information, including TCO. Figures according to Brazilian GAAP.
² Includes AMX+BCP, Telemar Oi, TIM, Telemig & Tele Norte Celular. Figures according to Brazilian GAAP. Source: Companies’ press releases & analyst reports
While our commitment to offer superior customer experience does not jeopardise capex optimisation

- Major network roll-out has already been made. Controlled capex to increase capacity in key cities

- Selective CDMA overlay in main cities: Rio Grande do Sul & Brasilia

- Leading technology to 3G evolution:
  - 1XRTT enhances voice quality & enables packet data transmission at higher speed than GPRS
  - Expansion of 1xRTT coverage in the current CDMA 2G networks with marginal capex
In summary, our solid leadership allows us to capture the significant upside potential of the market while increasing profitability.

Operating revenues
- MM Reais
- CAGR 02-06E: 9%-11%
- 2002: 9,104
- 2006E: 36.7%
- EBITDA margin
- CAGR 02-06E: 12%-16%
- EBITDA/Operating revenues
- CAGR 02-06E: 9%-11%
- EBITDA
- MM Reais
- Capex
- MM Reais
- 2003E
- 2004E
- 2005E
- 2006E

1 2002 aggregate figures, including TCO. EBITDA after management fees
2 EBITDA/Operating revenues
• A global perspective: capitalizing on performance excellence & existing growth prospects

• Responding to local challenges and opportunities:
  – Spain: sustainable leadership with world class performance
  – Brazil: consolidating leadership & shaping the market
  – Mexico: agile management to support rapid growth
  – Other markets: capture additional growth

• Guidance for our future performance
#10 world economy

~1.4 x Brazil’s GDP

<table>
<thead>
<tr>
<th>Penetration 2002</th>
<th>GDP/Capita 02 (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sao Paulo</td>
<td>24.0%</td>
</tr>
<tr>
<td>Chile</td>
<td>40.0%</td>
</tr>
<tr>
<td>Mexico</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

1.4 x GDP/Capita of Chile with ½ the penetration in 2002

Attractive market with high growth potential due to low penetration, attractive tariffs & competitive environment

Penetration in 2006 lower than today in Chile
.. with room for a 2nd profitable player

• We are committed to profitable growth. We aim to capture a reasonable market share, refraining from direct pricing competition

• Only alternative to AMX with international experience

Achieving a market share north of 20% by 2006 is reasonable under a rational scenario
Our performance is better than originally anticipated...

- Launch of GSM in 17 cities, coverage in areas with 38MM POPs
- Nationwide single brand launched
- Implementation of TEM’s commercial system

Accelerating GSM build-up

**2003 Initial plans**
- 46 cities covered
- Additional coverage in cities where GSM already launched

**2003 New plans**
- Coverage in >80 cities
- Capex: €600MM
... with a record-time GSM network build up...
... at the same time that we expand our distribution channel...

- **Deployment of a controlled distribution strategy:**
  - Reinforcement of Retail channel
  - Streamlining of Direct channel (own stores)
  - Reinforcement of Specialised and Mixed channels
  - Creation of SME Dealer & Corporate channel
  - Refurbishing of points of sale
... and launch an innovative GSM service offering...

Leverage on TEM’s in-depth knowledge & expertise of GSM technology & services, accelerating time to market

<table>
<thead>
<tr>
<th>Launch date (May 2003)</th>
<th>October</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Basic services:</td>
<td>• International SMS</td>
</tr>
<tr>
<td>• Call Waiting</td>
<td>• WAP</td>
</tr>
<tr>
<td>• Call forwarding</td>
<td>• GPRS</td>
</tr>
<tr>
<td>• Conference call</td>
<td>• Ringing tones</td>
</tr>
<tr>
<td>• Caller ID</td>
<td>• Icons</td>
</tr>
<tr>
<td>• 2424 (info services)</td>
<td>• Content via SMS</td>
</tr>
<tr>
<td>• Voice mail</td>
<td>• Televoting</td>
</tr>
<tr>
<td>• SMS</td>
<td>• Fun greetings</td>
</tr>
<tr>
<td>• Balance check (prepaid)</td>
<td>• Direct roaming, roaming broker</td>
</tr>
<tr>
<td>• Balance check (contract)</td>
<td></td>
</tr>
</tbody>
</table>
... which have supported the subscriber base growth

Net adds (000)

1Q03 2Q03 3Q03

11 109 190

3Q03 number of subscribers has reached 2.7MM
These initiatives allow us to accelerate customer growth & reach profitability in the medium term

2003
- Nationwide single brand launched and integration of Companies
- Expansion of distribution channels (5,000 vs. 2,228 end 2002)
- Innovative GSM offer
- GSM deployment, covering >80 cities
- CAPEX of 600MM€
- EBITDA losses under 100MM€

2004-05
- GSM deployment, covering >150 additional cities in 2004
- EBITDA break-even during late 2004 with the flexibility to speed up customer growth if market conditions are adequate

2006
- >20% market share
- 22%-26% EBITDA margin by 2006E
- Cumulative capex\(^1\) 2003–2006E: €1.8bn
- Operating CF break-even

We are facing our key challenges with a prudent cash management/financial discipline

\(^1\) Constant exchange rates as of 2002. Operating CF: EBITDA-Capex.
• A global perspective: capitalizing on performance excellence & existing growth prospects

• Responding to local challenges and opportunities:
  – Spain: sustainable leadership with world class performance
  – Brazil: consolidating leadership & shaping the market
  – Mexico: agile management to support rapid growth
  – Other markets: capture additional growth

• Guidance for our future performance
Telefónica Móviles, S.A.

Other operations offer additional growth prospects

**Argentina**
TCP is best positioned to overcome the crisis

- 38% y-o-y EBITDA growth in Euro terms (1H03)
- Self sustainable operation with cash flow generation
- Capture growth opportunities due to extremely low mobile penetration while continuing to enhance operating efficiency
- Growth & capex will evolve according to market conditions

**Peru**

- Market share > 52% & 37% EBITDA margin in 1H03
- Lead customer growth
- Ongoing focus on customer loyalty
- Maintain high operating efficiency

**Morocco**

- Market share > 41% & 29% EBITDA margin in 1H03
- Capture additional growth potential
- Customer loyalty initiatives
- Promote usage of SMS & foster roaming
• A global perspective: capitalizing on performance excellence & existing growth prospects

• Responding to local challenges & opportunities:
  – Spain: sustainable leadership with world class performance
  – Brazil: consolidating leadership & shaping the market
  – Mexico: agile management to support rapid growth
  – Other markets: capture additional growth

• Guidance for our future performance
Unique business case

TEM TODAY

- Cash generating portfolio
- Best in class operating company
- Solid organic growth prospects
- Financial strength

+ Growth of customer base with sound CF generation market by market

TEM in 2006E

65-70MM\(^1\) customers

> €15Bn of operating CF generation in 2003-06E\(^2\)

---

\(^1\) Managed customer base. Includes Chile and Puerto Rico.

We offer a premium performance derived from a combination of solid organic top line growth ...

Strong customer expansion in Latin America

Managed Customers by 2006E

MM

Spain

41

TEM 02 ²

23

20 - 22

Spain 06E

18

45-50

International 06E

65-70

TEM 06E

Consolidated operating revenues CAGR 02-06E ²:

11% - 15%

Usage growth in Spain

TEM Spain’s ARPU

CAGR 02-06E: 3%-5%

2002

2006E

DATA

VOICE

28.7 €

12%

88%

20%

80%

¹ 2002 Customer base does not include TCO customers

² Constant exchange rates as of 2002
TEM Group EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>MM€</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>3,736</td>
</tr>
<tr>
<td>2006E</td>
<td></td>
</tr>
</tbody>
</table>

TEM Group EBITDA Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>40.9%</td>
</tr>
<tr>
<td>2006E</td>
<td>42%-46%</td>
</tr>
</tbody>
</table>

Operating excellence across all regions of operations

- TEM Spain is the most efficient operator in its European Home Market
- EBITDA margins >40% in Brazil
- Continue improving margins in other countries

... high level of operating efficiency ...

CAGR 02-06E: 13%-17%
Telefónica Móviles, S.A.

... and capex optimisation that lead to a strong cash flow generation

Operating cash-flow

Cumulative figures 2003-2006E
Bn€

- Invest in growth projects with reduced risk & control of operations
- Maintain solid balance sheet
- Healthy dividend stream, increasing above inflation

Constant exchange rates as of 2002
Operating CF: EBITDA-Capex
10 reasons for being optimistic about TEM

Spain

• Strong usage growth
• ARPU CAGR 02-06E: 3%-5%
• Sustained EBITDA margin >50%
• Controlled capex budget at €600-850MM/year while leading UMTS deployment
• Competitive scenario & regulatory environment

Brazil

• Leader in a 60-70MM subscribers market by 2006-07
• EBITDA margins > 40%
• Strong operating cash flow

Mexico

• Faster and cheaper than expected network deployment
• Market share > 20% in a ≈ 40% penetration market by 2006-07