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Luis Abril
Executive Chairman, Admira
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“Refocusing Admira to capture the value of our media assets”
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<td>Maximum priority on performance and business restructuring to unlock value for Telefónica</td>
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Since 1997, Telefónica has taken positions along the media value chain...

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Admira Sport</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Lolafilms</td>
<td>70%</td>
<td>100%</td>
</tr>
<tr>
<td>TYC</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Via Digital</td>
<td>49%</td>
<td>5%</td>
</tr>
<tr>
<td>Display</td>
<td>23%</td>
<td>100%</td>
</tr>
<tr>
<td>Admira Sport</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Audiovisual Sport</td>
<td>40%</td>
<td>100%</td>
</tr>
<tr>
<td>endemol</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Euroleague</td>
<td>51%</td>
<td>100%</td>
</tr>
<tr>
<td>rodven</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>MediaPark</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
... and has assembled a portfolio of media assets along three business lines

**Free-to-air TV and radio**

- 27.3% of the Spanish TV ad market
- Telefó: Highest audience share in Argentina (38%)
- Second private radio broadcaster in Spain
Our free-to-air TV and radio business could currently be one of the top seven European media groups by market capitalization*

€ Million

* Estimated from EBITDA 2002 for Admira
** Free-to-air TV and radio business
... and has assembled a portfolio of media assets along three business lines

**Free-to-air TV and radio**

- **Antena 3**
- **Telefén**
- **ONDA CERO TELEVISION**
- **27.3% of the Spanish TV ad market**
- **Telefén: Highest audience share in Argentina (38%)**
- **Second private radio broadcaster in Spain**

**Content**

- **Endemol**
- **Admira Sport**
- **MEDIAPARK**
- **Rödven**
- **Lolafilms**
- **Systematic development of new formats**
- **Subsidiaries and joint ventures in 20 countries**
... and has assembled a portfolio of media assets along three business lines

**Free-to-air TV and radio**
- Antena 3
- Telefén: Highest audience share in Argentina (38%)
- Second private radio broadcaster in Spain

**Content**
- Systematic development of new formats
- Subsidiaries and joint ventures in 20 countries
- Admira Sport
- Lolafilms

**Pay-TV and distribution**
- Subscriber growth from 450,000 in 1999 to 806,000 in 2001
- 19% ARPU increase
- HISPASAT
Admira Today
Solid positions built in three key media businesses: Broadcast, Content and Pay-TV / Distribution

2001 Results
Mixed performance on top of a complex industry environment: Still disappointing for Telefónica

Management focus and strategic priorities
Maximum priority on performance and business restructuring to unlock value for Telefónica
Complex industry environment: a sharp fall in the advertising market...

Global ad growth 2001 forecast

- Expectations at start of 2001:
  - 1Q01: 2.4%
  - 2Q01: 3.7%
  - 3Q01: 5.4%
  - 4Q01: 7.7%

- End of 2001 figures:
  - 1Q01: -2.0%
  - 2Q01: -4.3%
  - 3Q01: -8.0%
  - 4Q01: -9.5%

Annual growth:
- 11.1pp
- 5.4%
- -5.7%
...affecting the industry as a whole

Global media sector performance

2001 price performance by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Price Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>-8.7%</td>
</tr>
<tr>
<td>Europe</td>
<td>-31.5%</td>
</tr>
<tr>
<td>Asia</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

2001 price performance by subsector

<table>
<thead>
<tr>
<th>Subsector</th>
<th>Price Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional publishing</td>
<td>-28.6%</td>
</tr>
<tr>
<td>Magazines</td>
<td>-20.2%</td>
</tr>
<tr>
<td>Broadcasting</td>
<td>-32.3%</td>
</tr>
<tr>
<td>Pay-TV</td>
<td>-22.9%</td>
</tr>
<tr>
<td>Music&amp;Entertainment</td>
<td>-6.2%</td>
</tr>
<tr>
<td>Advertising</td>
<td>-14.2%</td>
</tr>
</tbody>
</table>

- The global media sector fell 16% in 2001 despite strong performance in the final quarter
- Europe ended the year with a 31% fall being the worst performing region
- Broadcasting suffered the biggest share price declines falling by an average of 32%
Admira’s 2001 results have shown mixed performance still disappointing for Telefónica

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>1,403.1</td>
<td>723.9</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>152.5</td>
<td>13.6</td>
</tr>
<tr>
<td><strong>Results from affiliates</strong></td>
<td>(184.5)</td>
<td>(86.1)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>(347.3)</td>
<td>(627.4)</td>
</tr>
</tbody>
</table>

- Improved EBITDA performance on certain units (primarily Endemol)
- Change in consolidation perimeter (full year for Endemol and ATCO)
- Worse than expected performance of affiliates (Vía Digital, A3TV)
- Substantial reduction in the negative contribution of extraordinaries (from €-607 M to €-70 M)
Broadcast business
Antena 3 highlights

• Difficult advertising environment in Spain (down ~10% from 2000)
• Aggressive competition from public TV and loss of audience share from 21.5% to 20.4%
• Continued focus on high value audiences: 1.34 power ratio (advertising share/audience share)
• Efficiency initiatives in place but results still to come and further efforts will be required during 2002
# Antena 3: disappointing performance in a difficult advertising environment

## Difficult advertising environment in Spain

Evolution of TV advertising market in Spain

<table>
<thead>
<tr>
<th>Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,768</td>
<td>2,081</td>
<td>2,280</td>
<td>2,086</td>
</tr>
<tr>
<td>Growth</td>
<td>+13.6%</td>
<td>-8.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Continued focus on high value audiences

Evolution of power ratio* (TV market in Spain)

<table>
<thead>
<tr>
<th>Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>Jan-02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
<td>A3TV</td>
<td>T5</td>
<td>TVE</td>
<td>Autonomics</td>
<td>Others</td>
</tr>
<tr>
<td>Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Aggressive competition from public TV and loss of audience share

% audience share evolution (TV market in Spain)

<table>
<thead>
<tr>
<th>Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>Jan-02</th>
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<tbody>
<tr>
<td>Source</td>
<td>A3TV</td>
<td>T5</td>
<td>TVE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Further efforts required in the efficiency front

Evolution of operating costs in A3 Group (€ Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>491</td>
<td>493</td>
</tr>
<tr>
<td>Growth</td>
<td>0.4%</td>
<td></td>
</tr>
</tbody>
</table>

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* Advertising share/audience share
Content business
Endemol highlights

Revenues (€ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>115*</td>
</tr>
<tr>
<td>2001</td>
<td>151</td>
</tr>
</tbody>
</table>

EBITDA (€ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>18.6%*</td>
</tr>
<tr>
<td>2001</td>
<td>16.5%</td>
</tr>
</tbody>
</table>

- Positive revenue and EBITDA margin performance coming from geographical expansion and numerous new successful formats
- Proven scalability: able to deliver growth while sustaining margins
  - Systematic creativity
  - Flexible local structures

* Real for February to December 2000. January 2000 annualized
Endemol: A diversified client base and flexible local structures

- Systematic creativity has enabled successful formats consistently year after year
- Ability and skills to adapt different formats to local culture attributes
Pay TV and distribution business
Via Digital highlights

• Positive but insufficient revenue evolution due to:
  – Increased subscriber base: 806,000 subscribers by year-end 2001 (173,000 net adds during 2001)
  – Increased average revenue per subscriber (of €32/month)

• Reduction of EBITDA losses but still far from break-even

• Deterioration in Net Income (€ 80M) due to extraordinaries

• Increased leverage of intra-group synergies

* Real for February to December 2000. January 2000 annualized
Admira Today

Solid positions built in three key media businesses: Broadcast, Content and Pay-TV / Distribution

2001 Results

Mixed performance on top of a complex industry environment: Still disappointing for Telefónica

Management focus and strategic priorities

Maximum priority on performance and business restructuring to unlock value for Telefónica
We will refocus Admira improving efficiency and capturing the strategic value for Telefónica

- Consolidate a coherent traditional media, advertising-based group
- Assess potential asset restructuring, or divestitures when Telefónica is not the natural owner
- Develop Admira’s content business to support and benefit from broadband development in Telefónica
**Consolidate a coherent traditional media, advertising-based group focusing on efficiency**

**Adjust cost structure to new economic environment**
- Add flexibility to cost structure
- Aggressively reduce overheads
- Monetize existing assets (content, studios, ...)

**Retain commercial emphasis on high value audiences**
- Recover leadership in advertising efficiency
- Selective growth, adapting value proposition to target segments

**Leverage the Group’s position**
- Capture new business opportunities with Telefonica’s other units and partners
- Economies of scale and transfer of best practices
- Capture synergies and economies of scale by the combination of A3TV and Onda Cero
We will refocus Admira improving efficiency and capturing the strategic value for Telefónica

- Consolidate a coherent traditional media, advertising-based group
- Assess potential asset restructuring, or divestitures when Telefónica is not the natural owner
- Develop Admira’s content business to support and benefit from broadband development in Telefónica
Assess potential asset restructuring, or divestitures when Telefónica is not the natural owner: economic viability

Assess potential restructuring of certain assets

- Non-performing assets
- Businesses that could benefit from entry of new partners
- Businesses having synergies with other Group’s assets

Selectively consider divestures

- Businesses where Telefónica is not the natural owner
- Non-core businesses
- Regulatory obligations
We will refocus Admira improving efficiency and capturing the strategic value for Telefónica

- Consolidate a coherent traditional media, advertising-based group

- Assess potential asset restructuring, or divestitures when Telefónica is not the natural owner

- Develop Admira’s content business to support and benefit from broadband development in Telefónica
Market forces drive the strategic importance of multiplatform content to foster broadband penetration

Estimated broadband penetration in Europe

Broadband penetration *

Incremental penetration with new services

Estimated penetration with current services

2001 2003 2005

50 45 40 35 30 25 20 15 10 5

* Percent of online households
Source: market survey; analyst reports
The strategic importance of content for Telefónica, lead us to take two major initiatives

1. Press on with the development of our key content asset

2. Create a new Unit responsible for the management and generation of multiplatform Broadband content

New Multiplatform Content Unit
Endemol: a growth story with significant potential going forward

A leading global developer, producer and exploiter of creative and market driven entertainment, focusing on television and interactive content

Multi-national
- Europe
- USA
- Latin America
- Rest of World

Multi-platform
- TV
- Internet/BB
- Mobile
- PDA’s

Multi-exploitation
- Formats
- Books
- Ready Made
- Video/DVD/CD
A new unit will be created with a focus on developing multiplatform broadband content to extract all the value from the group’s assets and capabilities

- Reorganize and focus the management of the Group’s content assets
- Centralize content acquisition, maximizing Group’s bargaining power and acquisition know-how to obtain the best available content
- Identify opportunities for intragroup synergies, developing new multiplatform content suitable for different networks and platforms
In conclusion

• Our 2001 results show a disappointing performance in many of our units albeit an increasingly complex industry environment

• We will refocus Admira improving efficiency and capturing the strategic value for Telefónica
  – Consolidate a coherent traditional media, advertising-based group
  – Assess potential asset restructuring, or divestitures when Telefónica is not the natural owner
  – Develop Admira’s content business to support broadband development in Telefónica

• We commit to set these initiatives in motion and report back to you on its progress