

Corporate Services

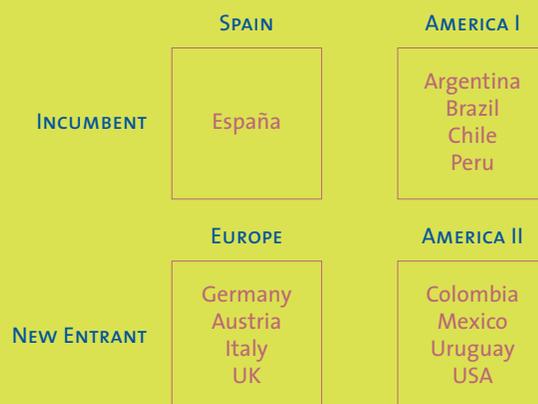
Telefónica DataGroup Consolidated Income (millions of Euros)

	December 2001	December 2000	% Var.
Operating revenues	1,849.7	1,123.7	64.6
Work on fixed assets (1)	21.1	36.1	(41.4)
Operating expenses	(1,841.6)	(1,077.5)	70.9
Other net revenues (expenses)	(5.7)	(7.3)	(22.6)
EBITDA	23.6	75.0	(68.5)
Amortization/Depreciation	(189.8)	(91.0)	108.5
Operating income	(166.2)	(16.0)	935.8
Income fr. associated cos.	(5.0)	(1.1)	369.3
Financial income	(58.7)	(10.7)	448.6
Amortization Goodwill	(101.3)	(6.1)	n.s.
Extraordinary income	(272.8)	(23.7)	n.s.
Pre-tax income	(604.1)	(57.6)	n.s.
Tax provision	56.2	1.2	n.s.
Income prior to minority shareholders	(547.9)	(56.5)	n.s.
Income from minority shareholders	61.7	7.3	n.s.
Net Profit	(486.2)	(49.1)	n.s.

(1) Includes work in progress

Note: Figures for 2000 have been recalculated in order to include ETI and Telefónica Sistemas, which were previously in Telefónica Intercontinental and the Telefónica de España Group, respectively. All the Data assets of Telefónica Group companies have also been included. Furthermore, Telefónica Data's ISP business was not consolidated in both 2000 and 2001

Types of operations of the Telefónica Data Group



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Telefónica Data

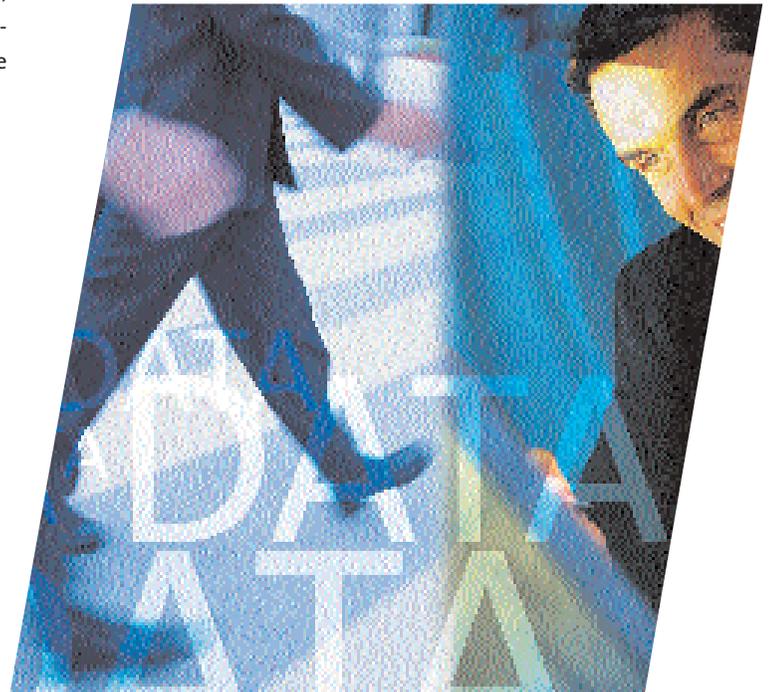
2001 was the first full year in which Telefónica Data developed its business plan as a global line of activity of the Telefónica Group, aimed at providing integral telecommunications services to companies.

With the segregation process complete, on 1 January the national operators from Argentina, Brazil and Peru joined the Telefónica Data Group. These operators, together with those present in Colombia, Mexico, Uruguay and the United States, form a single platform for offering regional services in Latin America to multinational clients.

The first quarter of the year also saw the completion of the acquisition of the German company mediaWays, the second IP operator in Germany, thus increasing the Telefónica Data Group's presence in Europe (it is already present in Italy and Austria). Telefónica Data also began to operate in the United Kingdom through mediaWays in the second half of 2001.

As a result, Telefónica Data is present in 14 countries where, depending on the degree of development and the market share achieved, it develops different business models. Where the Telefónica Group is the market leader, it specialises in offering integral telecommunications services to corporate clients through the development of services with greater added value, whereas in those locations where it is a new entrant, it operates as a global telecommunications provider, addressing customer segments and offering services that enable clients to achieve the market share they require to make their investments profitable.

In the area of services, and as an inherent part of its strategy aimed at providing a broader offer of services by moving up the value chain towards value added services, on 19 September 2001 Telefónica Data announced the start of operations in the United States with the opening of its first



Fiscal year 2001 was the first complete year during which Telefónica Data has implemented its business plan as a global business line within the Telefónica Group, devoted to providing integrated telecommunications services to businesses.

Telefónica Data Internet Center (“KeyCenter”) in Miami. This center will focus mainly on providing services to large companies. The “KeyCenter”, together with the network connectivity provided by Telefónica between Europe and Latin America, offers extraordinary benefits to multinational companies that engage in business in these areas and completes its network of Data Centers located in Buenos Aires, Lima, Madrid, and São Paulo, with a total surface area of more than 38,000 square metres.

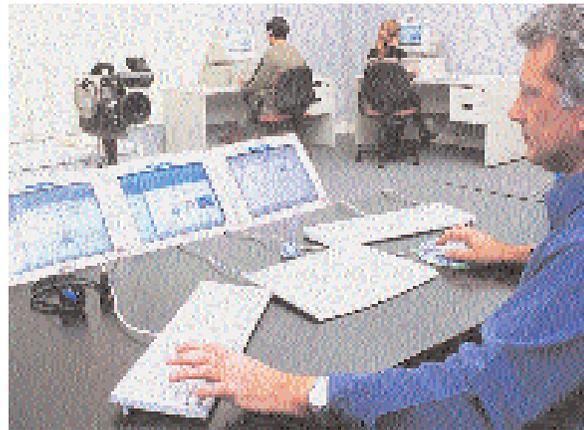
Within the scope of strategic alliances, and in order to have the best technologies for the development of its activities and to provide the best service to its customers, Telefónica DataCorp and Akamai Technologies, Inc. signed an agreement in February 2001 to enhance the infrastructure capacities of Value Added Services supported on T-Data Internet Centers deployed by the company in America and Europe. Akamai is the leading Content Delivery (intelligent content distribution) and Streaming (on-line and on demand distribution of multimedia content) provider.

At the beginning of June, the Telefónica Group and Banco Itaú, with headquarters in São Paulo (Brazil) and one of largest financial groups in terms of market value in Latin America, entered into an alliance to provide telecommunication services to the bank. As a result of this agreement, Telefónica Data now manages Banco Itaú’s corporate telecommunications network. This agreement will enable the Data Group to increase its presence in the corporate data transmission market, one of the markets with greatest potential in the Brazilian telecommunications market.

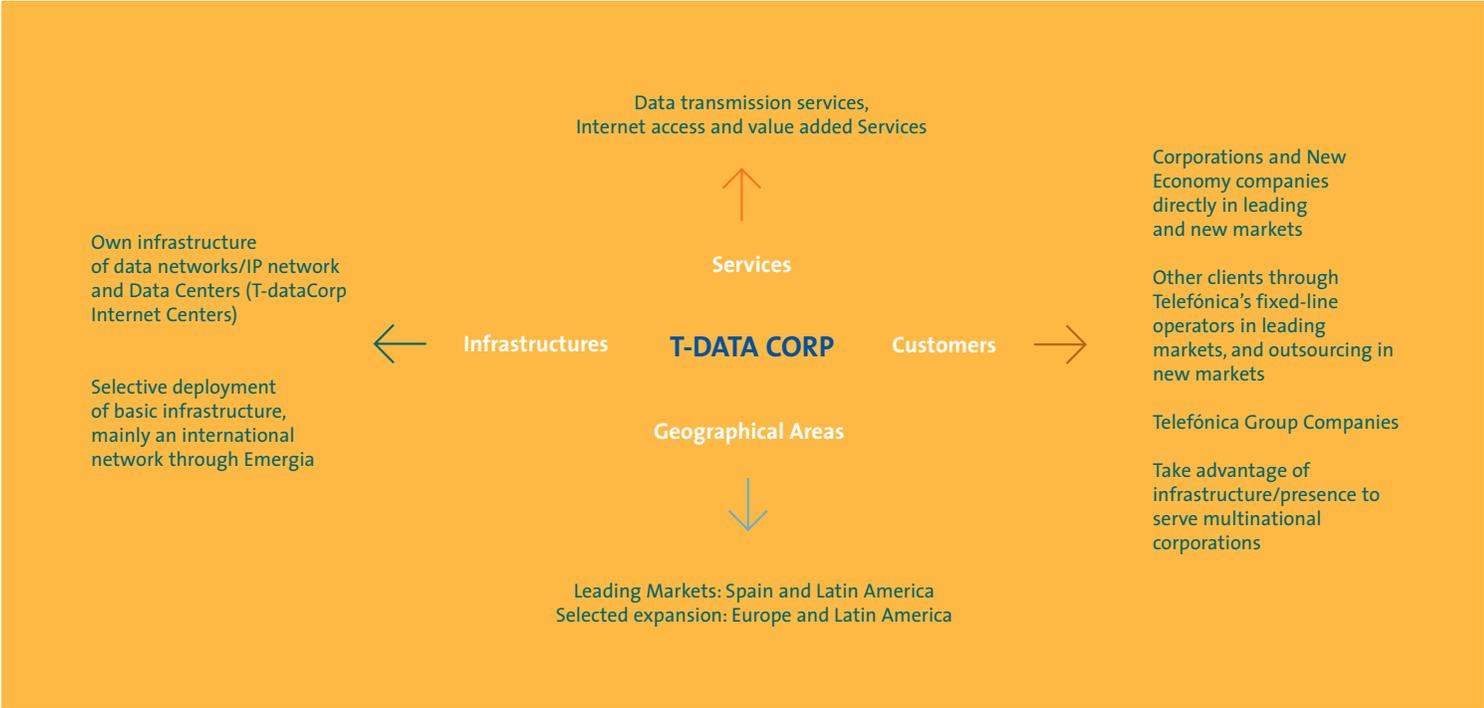
Given the international penetration of the Group, Telefónica Data has reorganized its commercial structure by creating a specialised unit, which, operating as a “ventanilla única” (single access point), will strengthen relations with large multinational corporations and increase their value by providing global data services.

Other agreements were signed along these lines. In May 2001 Sol Meliá and Telefónica Data signed a collaboration agreement. The objectives of this agreement include the implementation of the 'SolNet' network at all the company’s hotels and corporate headquarters, and the joint development of different commercial and marketing actions. The introduction of the 'SolNet' network will enable the 'on-line' connection of all the company’s establishments, distributed in 30 countries around the world, as well as of its different corporate headquarters.

The main activities envisaged in Telefónica Data’s Strategic Agenda include the establishment of “Competence Centers”, designed to foster the transfer of know-how and best practices between the different markets and to help to provide an integral and technologically advanced services offer.



Telefónica Data España has cooperated with First Data Ibérica in launching a payment system for taxicabs



Telefónica Data has reorganized its commercial structure by creating a specialised unit, in the form of a “ventanilla única” (single access point) for the global provision of its data services, which will strengthen its relations with large corporations