

Directories

Telefónica Group's Directory Business Consolidated Results (millions of Euros)

	TPI-PÁGINAS AMARILLAS GROUP			TELEFÓNICA GROUP DIRECTORIES (2)		
	2001	2000	% Var.	2001	2000	% Var.
Operating revenues	511.7	413.0	23.9	619.5	607.7	2.0
Work for fixed assets (1)				0.0	(1.9)	c.s.
Operating expenses	(382.9)	(291.7)	31.2	(444.9)	(450.6)	(1.3)
Other net income (expenses)				(48.6)	(41.6)	16.9
EBITDA	128.8	121.2	6.2	126.1	113.7	10.9
Amortization/Depreciation	(25.5)	(11.1)	129.7	(29.7)	19.2	54.3
Operating income	103.3	110.1	(6.2)	96.4	94.4	2.1
Income associated companies	(1.7)	(0.1)	n.s.	(1.7)	(1.4)	20.9
Financial income	(10.8)	(0.9)	n.s.	(15.2)	(11.8)	28.4
Amortization Goodwill	(2.2)	(0.2)	n.s.	(0.5)	0.0	n.s.
Reversion negative consolidation differences	1.7	0.0	n.s.			
Extraordinary income	(0.3)	(1.7)	(85.5)	(6.9)	(3.6)	62.9
Pre-tax Income	90.1	107.2	(16.0)	72.2	77.6	(7.0)
Tax provision	(33.7)	(38.2)	(11.8)	(33.4)	(38.3)	(12.8)
Income prior to minority shareholders	56.4	69.0	(18.3)	38.9	39.3	(1.1)
Income from minority shareholders	8.5	3.2	169.5	9.2	15.7	(41.5)
Net Profit	64.9	72.2	(10.1)	48.0	55.0	(12.6)

(1) Includes work in progress

(2) Includes all the Directory businesses of the Telefónica Group since 1 January 2001

TPI-Páginas Amarillas Group Changes in Revenue (millions of Euros)

	2001	2000	% Var.
Advertising	448.81	329.78	36.1
Publishing	425.76	319.53	33.2
• Yellow Pages	349.14	256.89	35.9
• White Pages	64.95	53.59	21.2
• Others	11.66	9.05	29.0
Internet	19.27	7.83	146.1
Talking Yellow Pages	3.78	2.42	56.2
Operator	58.93	53.44	10.3
Others	3.94	29.76	-86.8
Total operating income	511.68	412.98	23.9

(1) Revenue from the Basic Reference Guide and another operator.

(2) Revenue from telephone traffic, sale of copies, and used paper, among others.

The year 2000 includes revenue from sale of advertising by Telefónica in Páginas Blancas.

Directories

Latin America has jumped from less than 9% of revenue in the year 2000, to more than 24% of total TPI Group revenue in 2001

Sustained Growth of Profitability

In recent years the strategy of the Telefónica Publicidad e Información (TPI) Group has been based on achieving sustained growth in terms of profitability, which enables the Group to maximise its efforts to obtain value for its shareholders. This strategy is built on three broad lines of action: the consolidation of TPI as a global Advertising and Information group, the diversification of its income and the improvement of its profitability.

Thus, in 2001 TPI strengthened its leadership in the Spanish-Portuguese directories market by renegotiating the contractual framework between Publiguías and Telefónica CTC Chile and launching in Brazil the first edition of Guia Mais (the trade name of TPI products in Brazil) in the city of São Paulo, Curitiba and other parts of the state. This initiative has enabled TPI Brasil to achieve a market share of 20%, with more than 17,800 customers and revenues exceeding 22 million euros. Its firm commitment to strengthening this growing international expansion was also evident at the beginning of 2002 with the purchase of the directories business of Telefónica del Perú.

This process of internationalization of the TPI Group has also been characterised by the search to globalise all businesses encompassed within its scope of action, taking advantage of synergies generated by one group, transferring best practices to all the companies in that group and establishing structures that enable the rationalization of expenses and investments.

Also as part of the growth strategy, TPI gave a strong and determined boost to the creation of new sources of income, fostering the development of new products and media and diversification in sectors that offer strategic links with its own, in an attempt to evolve towards a more transactional business model.

All this has been reflected in the results achieved in 2001, a year in which consolidated EBITDA grew by 6.2% to 128.8 million euros, and consolidated income reached 511.7 million euros, 23.9% higher than in the previous year. Latin America, TPI's natural growth market, has jumped from providing less than 9% of the Group's revenues in 2000 to more than 24% of total Group revenues in 2001.

This good performance of results reflects the positive evolution of the Group's lines of business, the strength of the traditional business in Spain (advertising revenue grew 9.8%, cancelling the effect of revenue from advertising contracted by Telefónica in the White Pages, whose amount rose to 23.11 million euros), the dramatic increase in Internet advertising revenues in Spain (114.6%), the incorporation of the income statements of Publiguías in the consolidated group accounts as from 1 January 2001 (13.9% of the total) and the success achieved in the first commercial campaign of Guia Mais, with sales accounting for 4.5% of total group revenues.



Paper products

Sales generated by paper products continued to be the TPI Group's main source of revenue (94.7% of total income), totalling 484.5 million euros in 2001.

Yellow Pages

Yellow Pages is the TPI Group's main source of revenue, generating 349.14 million euros in 2001, 35.9% above the figure achieved in the previous year and representing 68.2% of total revenues. For this business segment TPI has developed different brands for each market, and these are some of its main assets; hence, in Spain the "Páginas Amarillas" (Yellow Pages) brand is familiar to 100% of the population, and the same is largely true of "Las Amarillas de Publiguías" in Chile.

In 2001 the TPI Group published 82 yellow pages directories that were distributed in more than 20 million homes and businesses, with more than 370,000 advertisers trusting in yellow pages to place their adverts. A series of new developments and improvements were also incorporated, including most notably the inclusion of maps and street guides in all the Yellow Pages guides, residential/business lists and the launch of Pocket Yellow Pages.

White Pages

In 2001, 79 white pages books were published, with a print-run of more than 21 million copies. Advertising revenues generated by this product increased by 21.2%, reaching 64.95 million euros.



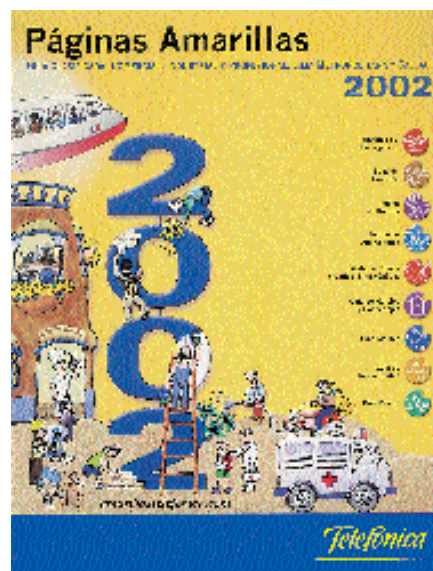
Yellow Pages continues to be the main source of revenue of the TPI Group, providing 68.2% of the total

Multimedia products

The greatest percentage increases in revenues were achieved in new technology products. In 2001, revenues generated by TPI Group multimedia products amounted to 23.8 million euros, representing an increase of 120.9% with respect to 2000.

Páginas Amarillas Online

The number of users visiting the web sites of the TPI group increased dramatically in 2001. In Spain, On-Line Yellow Pages recorded 452.4 million page hits and more than 19.9 million visits. In Brazil, the number of visits and page hits recorded by Guia Mais On-line increased by 986% and 931%, respectively.



TPI also strengthened the offer to its customers by providing them with new advertising items adapted to the individual preferences of users: new communication tools (classified and positioned advertising) as opposed to the traditional banner business, and the creation, design and hosting of web pages, using for this purpose sales channels specialised in this type of media.

Various services have been developed around the Yellow Pages Online directories, such as maps and street guides of the main cities, white pages online, virtual malls, virtual thematic pages; and in Chile, the Websites guide is also sold in paper format.

Talking Yellow Pages

This telephone service enables users to access information on companies and professionals listed in the paper Yellow Pages and is available in Spain and Chile ("Páginas Amarillas Habladas"), and in Brazil ("Disk Guia Mais"). In 2001, new contents and functionalities were added for users, including most notably the provision of the Publiguías Talking Pages service to cell-phone customers following an agreement reached with Telefónica Móviles in Chile.

New Technologies

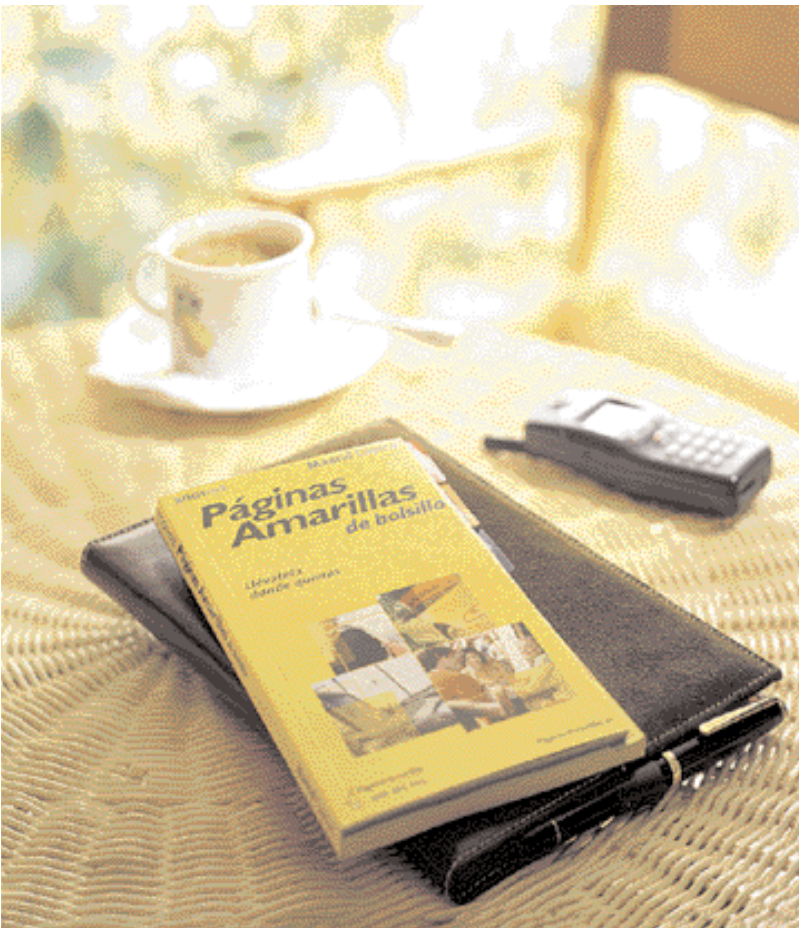
As part of its commitment to making its content a multiplatform service, in December 2001 TPI launched a New Technologies Channel on PáginasAmarillas.es in Spain, aimed at providing users with access to TPI content in new media formats (PDA, WAP, SMS).

In Brazil, TPI became the first company to provide customers with information from its directories in WAP and GPRS format and in PDAs or pocket PCs. Lastly, in 2001 Publiguías launched wap.amarillas.cl and wap.blancas.cl, making it the first directory publisher in the country to provide this service.

E-commerce

In July 2001, TPI agreed to integrate its e-commerce initiative IMI (Interactive Markets Initiative) with Adquira to create, jointly with Telefónica de España (20%), BBVA (40%), Repsol YPF (10%) and Iberia (10%), a leading business-to-business e-commerce platform in Spain. TPI has a 20% shareholding in the aforementioned company.

The company offers integral business-to-business (B2B) e-commerce solutions for the supply, purchase and negotiation of goods and indirect services for all company segments, from large corporations to small businesses.



In 2001 TPI launched the pocket edition of the Yellow Pages

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