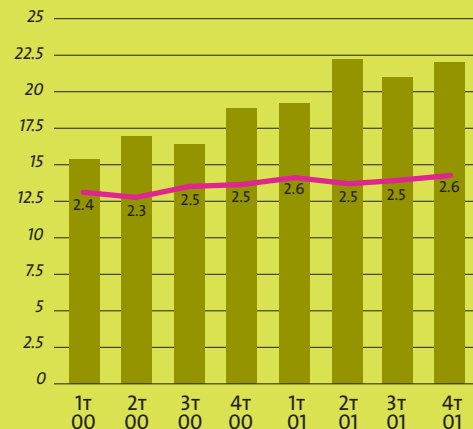
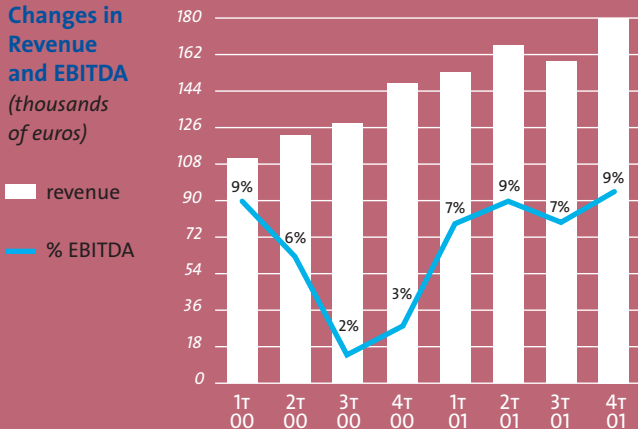


Other Businesses

Atento Group Consolidated Revenue (millions of Euros)

	December 2001	December 2000	% Var.
Operating revenues	643.9	526.9	22.2
Operating expenses	(588.1)	(495.7)	18.7
Other net revenues (expenses)	(1.9)	(6.0)	(67.9)
EBITDA	53.8	25.2	113.1
Amortization/Depreciation	(89.4)	(51.3)	74.4
Operating income	(35.6)	(26.0)	36.9
Financial income	(57.5)	(37.8)	52.1
Amortization Goodwill	(8.4)	(7.1)	18.9
Extraordinary income	(32.2)	(78.4)	(59.0)
Income before taxes	(133.7)	(149.3)	(10.5)
Tax provision	20.8	37.3	(44.1)
Income prior to minority shareholders	(112.9)	(112.0)	0.7
Income from minority shareholders	3.4	0.3	n.s.
Net Profit	(109.5)	(111.8)	(2.0)

Atento Group Changes in Revenue and EBITDA (thousands of euros)



Atento Group Service desks manned and monthly revenue by desk

■ manned service desks (thousands)
— monthly revenue/desk (thousands of euros)

Other Businesses

Atento

In 2001, the Atento Group continued to lead the Spanish and Portuguese-speaking markets in providing customer service using Contact Centers or multi-channel platforms (telephone, fax, Internet), so that the companies can ensure the loyalty of, and improve their relations with their customers. Atento is currently present in 13 countries and heads the sector's worldwide ranking in infrastructure and service capacity, with an international network formed by 61 platforms with more than 29,000 customer service positions, and over 50,000 employees.

In terms of financial results, the Atento Group generated 643.9 million euros in revenues in 2001, 22% above the previous year. A significant contribution to this growth came from new, non-Telefónica customers, as well as from the development of business in new countries (Japan, Mexico, Venezuela). It is also worth highlighting the growing diversification of the Group's revenues, providing the company with greater protection against economic slowdown in specific areas.

One of the most significant events of the year, despite occurring in December, was the incorporation of BBVA into the shareholder structure of the Atento Group, within the scope of the collaboration agreements

entered into by the bank and Telefónica. Under this agreement, the decision was taken to transfer the ownership of the customer telephone service center in Spain and the provision of telephone banking and tele-sales services in all the countries in which BBVA is present.

In 2001, the company consolidated its presence in 13 countries by achieving the undisputed leadership of the Spanish language markets and in Brazil, where it obtained certification under the ISO 9002 standard for five of its operation centers; as a result, all eighteen centers in that country achieved certification status.

In 2001 the Atento group continued its strategic policy based on three lines of action: the development of long-term relations with high-potential customers, the implementation of actions aimed at the on-going improvement of critical aspects of the business, and the achievement of business objectives through rigorous control of investment needs.

At the beginning of the year, Atento set up in Mexico with an initial investment of more than 5 million euros. In Brazil, the most relevant achievement was the agreement and start-up of a global service for

Atento is currently the leader in the Spanish and Portuguese-speaking markets, with a network of 61 Contact Centers, with over 29,000 customer service positions, and over 50,000 employees



Losango, the leading consumer credit entity, in the country's main cities. In Central America, Atento signed a contract with the TACA airline to provide customer services in Central America and the United States from operation centers in Guatemala and El Salvador. In Puerto Rico, the company obtained the customer service contract with the operator AT&T for long distance traffic.

Three important institutional agreements marked the activity of Atento España in 2001: first, an agreement concluded with the Tax Authorities for part of the 2001 Personal Income Tax Campaign; secondly, the company centralised all security and emergency services numbers 112 and 061; and thirdly, a temporary joint enterprise with Odec for the data management, updating and control of the Spanish population and property census, which is prepared by the National Statistics Institute.

During the year, Atento provided services to more than 500 companies, among which, in addition to Telefónica, are multinationals of recognised prestige from a variety of sectors. Its goal for 2002 is to continue developing its activity through a wide range of services, from Call Centers to more sophisticated products, such as the design, implementation and monitoring of customer loyalty programmes, research into consumer habits, management and monitoring of orders and services via Internet, among others.

Emergia

Emergia is the Business Line of the Telefónica Group dedicated to providing international broadband infrastructure services to the wholesale market. It offers services to international carriers, ISPs and other companies that make intensive use of communications services and require city-to-city and door-to-door connectivity within Latin America, and from Latin America to the United States and Europe.

During 2001, the bases have been established to aggregate international service value chain elements under a single management by consolidating Telefónica Group's carriers (Emergia, Telefónica Data Servicios Internacionales and international voice networks).

In the first quarter of 2001, the installation of 25,000 km of the fibre optic land and undersea loop was completed. With an approximate investment amounting to USD 1.3 billion, Emergia starts with an initial capacity of 40 Gbps, upgradable to 1.92 Tbps.

Emergia has positioned itself as the first operator in Latin America with a fully-operative Broadband loop, and has managed to assert its position in the market as a stable and solvent broadband provider in a difficult competitive environment.

In 2001, once the loop had been completed, Emergia began to broaden its network, both outside and inside the loop. Thus, under the same system, the network was expanded towards the interior of Brazil, and also to Rio de Janeiro. Important agreements have also been reached to swap capacity with operators, which will enable Emergia to offer connectivity in Europe. From an accounting point of view, Emergia has adopted the most conservative accounting practices to handle these swap agreements.



Agreements were concluded with the world's leading telecommunications operators, generating revenues in line with expectations and surpassing initial estimates. As regards new products, televised country-to-country signal tests were performed via fibre optic cable, which will undoubtedly offer television channels the opportunity to cut costs.

Emergia benefits Telefónica Group companies by offering an excellent service in terms of quality at highly competitive prices, enabling them to reduce costs.

New customers have been able to confirm the quality and reliability of the Emergia network, as well as its point-to-point connectivity capacity. Emergia has obtained in 2001 a very good position in the market.

Katalyx

Fiscal 2001 has seen the consolidation of the initiatives with the best prospects among all those that were being developed by Katalyx as a project incubator. Among them, we can mention Adquira, Vía Katalyx, Katalyx Food, Katalyx Catalogs and Katalyx Construcción. For some of these initiatives, alliances have either already been achieved or are currently being negotiated, whereby some major business groups will take a stake in them.

Katalyx has taken advantage of the year 2001 to profoundly restructure its entire group of companies in those countries in which it is operating (Spain, Argentina, Brazil, and Mexico), which has led to a sharp drop in costs, and more rational processes in its core structures. The aim of that restructuring has been to adapt to the new market situation, which has caused a drop in technology stocks on the stock market, and a slowdown in the implementation of B2B initiatives, especially in Latin America.

Among the various initiatives, we can mention Adquira, an initiative for e-trading of indirect assets on a horizontal platform. On 30 November, the process in which BBVA (40%), Iberia (10%) and Repsol (10%) purchased part of the stock of Adquira Ibérica was completed. Likewise, the Telefónica Group's holdings in Adquira España were switched from Katalyx to Telefónica de España (20%) and TPI (20%). On the other hand, Adquira Latam continues to operate in Argentina, Mexico and Brazil with the goal of becoming the sector leader in those markets.

In addition, Vía Katalyx has presented a new technological solution for supply chain agents. During 2001, it began to work with major logistics operators in Brazil, Mexico and Spain, which has led to contracts with Shell in Brazil, and with Exell Logística and Quaker in Mexico; Katalyx Food, a consumer product initiative that uses the B2B Galaxy platform in Spain and Mexico; Katalyx Catalogs provides electronic product cataloguing services; and Katalyx Construcción provides solutions for private e-commerce networks that facilitate operations between manufacturers of construction materials and their traditional distribution channel.

