

Significant variables

Telefónica is the leading global and integrated telecommunications operator in the Spanish and Portuguese-speaking world, and ranks number two in Europe in terms of stock market capitalization

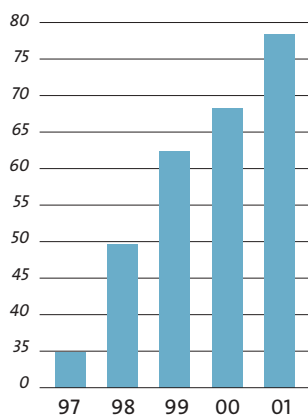
Its good financial situation has allowed the Telefónica Group to prove that it can generate cash flow even in a year with rather unfavourable circumstances

The Telefónica Group currently has 78 million customers worldwide, a client base that is expected to reach 100 million in 2004

Trust, proximity, and commitment are the main values of the company and the cornerstone of relations with its customers, shareholders and the 161,527 employees working in the company

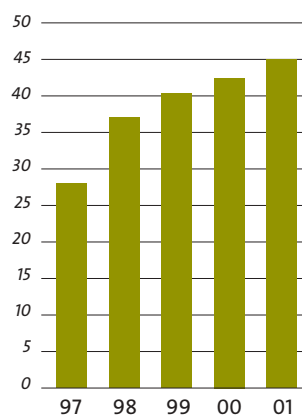
Evolution of total Telefónica customers

Includes fixed line, mobile and pay TV (millions)



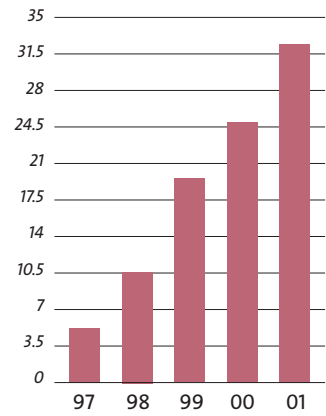
Evolution of fixed telephone lines

(millions)



Evolution mobile telephone customers

(millions)



Significant variables

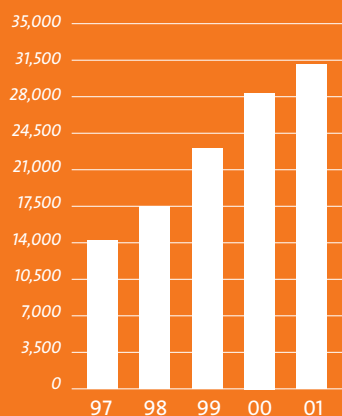
	1997	1998	1999	2000	2001
Fixed telephone lines (thousands)	28,159.9	36,792.8	40,199.1	42,263.5	44,955.8
Spain	16,798.3	18,205.2	19,226.2	20,317.8	20,646.9
Other countries	11,361.6	18,587.6	20,972.9	21,945.7	24,308.9
Mobile customers (thousands)	5,053.5	10,514.4	19,582.1	24,920.3	32,255.6
Spain	3,187.7	4,894.3	9,052.3	13,669.0	16,793.4
Other countries	1,865.8	5,620.1	10,530.8	11,251.3	15,462.2
Pay TV Customers (thousands)	1,751.9	2,369.8	2,489.5	982.5	1,148.1
Spain	200.0	282.1	440.1	633.1	806.4
Other countries	1,551.9	2,087.7	2,049.4	349.4	341.7
Serving Employees (*)	92,151	103,662	118,778	145,730	161,029
Operating Revenues (millions of Euros)	14,202.5	17,465.5	22,957.0	28,485.5	31,052.6
Financial debt (**) (millions of Euros)	13,755.1	18,837.4	20,472.1	26,951.4	28,941.6
Investment (***) (millions of Euros)	4,122.3	4,417.9	7,185.6	21,128.6	8,420.9
Cash-flow (millions of Euros)	5,778.3	6,515.7	8,985.0	10,466.4	10,554.1
Net Income (millions of Euros)	1,142.3	1,307.7	1,804.8	2,504.8	2,106.8

(*) Average number in the year

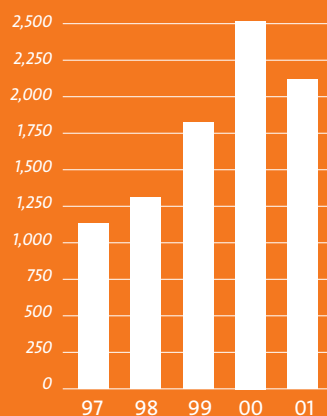
(**) Financial debt: Long-term creditors (not including minority shareholders) + Issues and debts with credit institutions – Temporary financial investments - Cash

(***) Tangible fixed and intangible, includes advances to suppliers and installation materials

Evolution of Operating Revenues
(millions of Euros)



Evolution of net profit
(millions of Euros)



Evolution of EBITDA
(millions of Euros)

