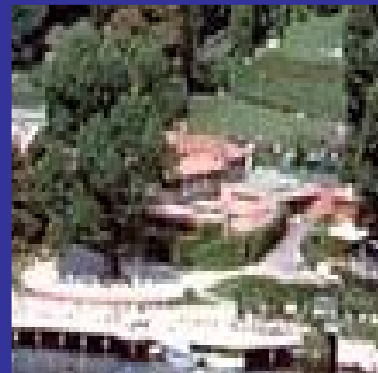
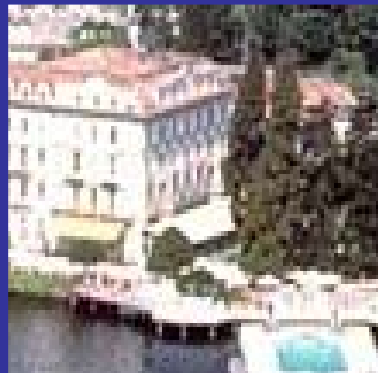
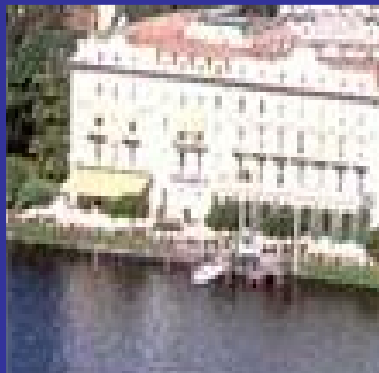


Mr. César Alierta
Chairman & CEO
TELEFONICA
GROUP



JP MORGAN
CEO CONFERENCE
COMO, APRIL 2001



Safe Harbour

This presentation contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation relating to the Company .

Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward looking statements as a result of various factors.

Analysts are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. Telefónica undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Telefónica's business or acquisition strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's Annual Report on Form 20-F as well as periodic filings made on Form 6-K, which are on file with the United States Securities and Exchange Commission.

A value growth company: Delivering results

A VALUE GROWTH COMPANY

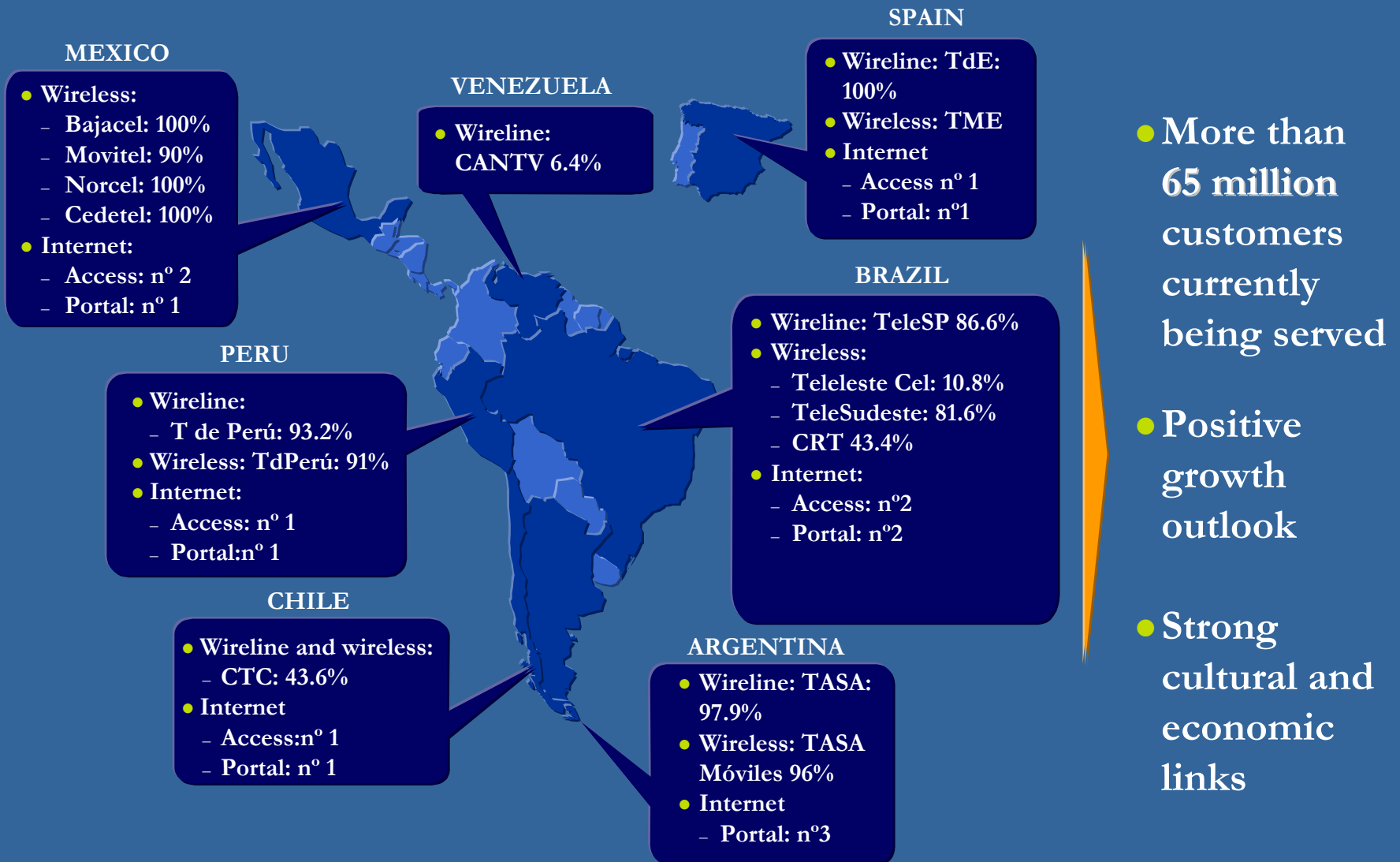
Solid value based on fundamentals: large client base, strong operational skills, unmatched intangibles, balanced and flexible business structure

Superior EBITDA and strong financial position

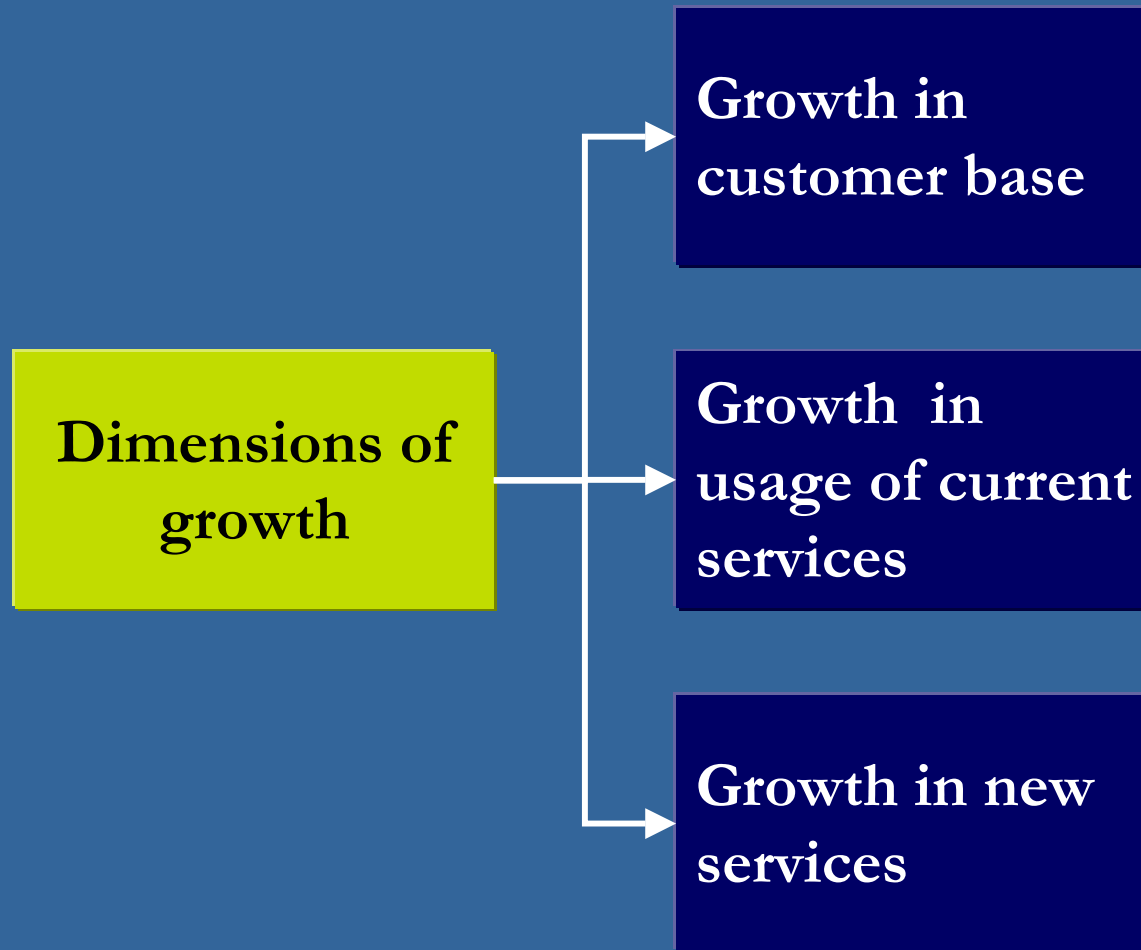
Addressing major challenges: UMTS, Regulation, Broadband, Acquisitions

Management priorities that translate into superior earnings growth

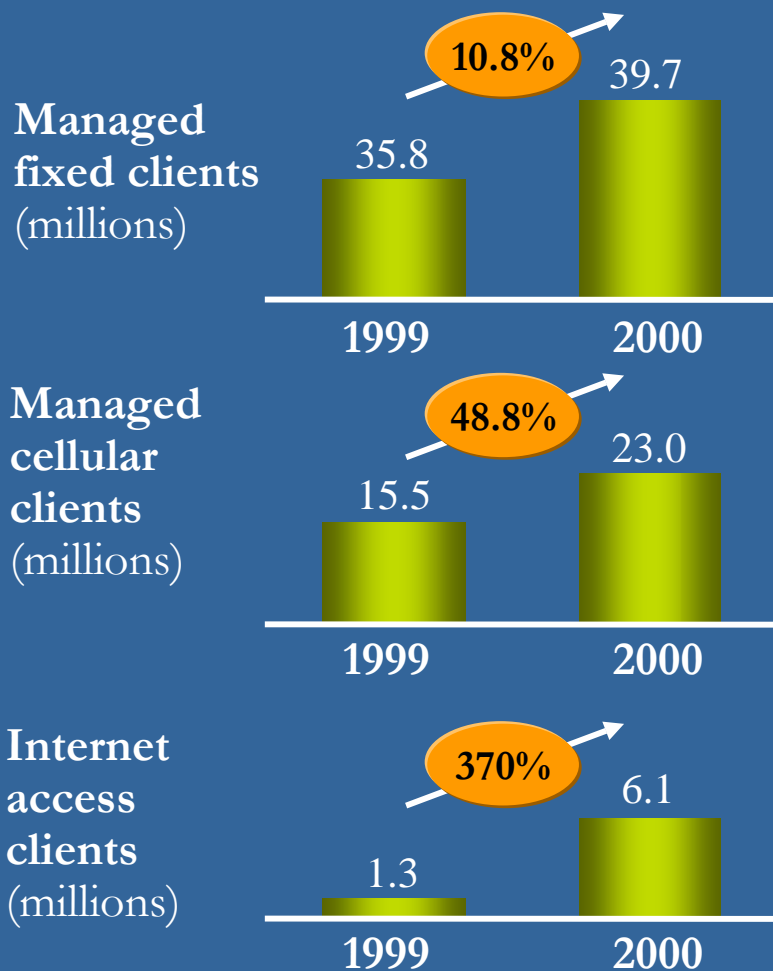
A MARKET WITH MORE THAN 500 MILLION POTENTIAL CUSTOMERS...



EVERY GROWTH PROJECT MUST BE BASED ON CLIENTS...



...AND TELEFONICA IS UNIQUELY POSITIONED: STRONG GROWTH IN OUR CUSTOMER BASE AND EXCELLENT PROSPECTS



Wireline penetration

Wireless penetration

Internet penetration

2000 penetration

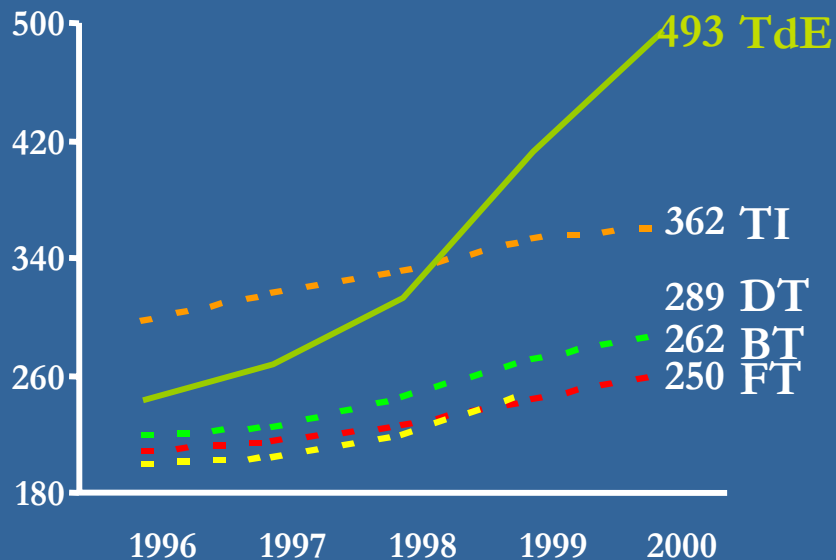
	LatAm	USA	Europe
Wireline penetration	13%	68%	61%
Wireless penetration	13%	41%	63%
Internet penetration	3%	50%	23%

WE HAVE ACHIEVED STRONG OPERATIONAL SKILLS...

Productivity

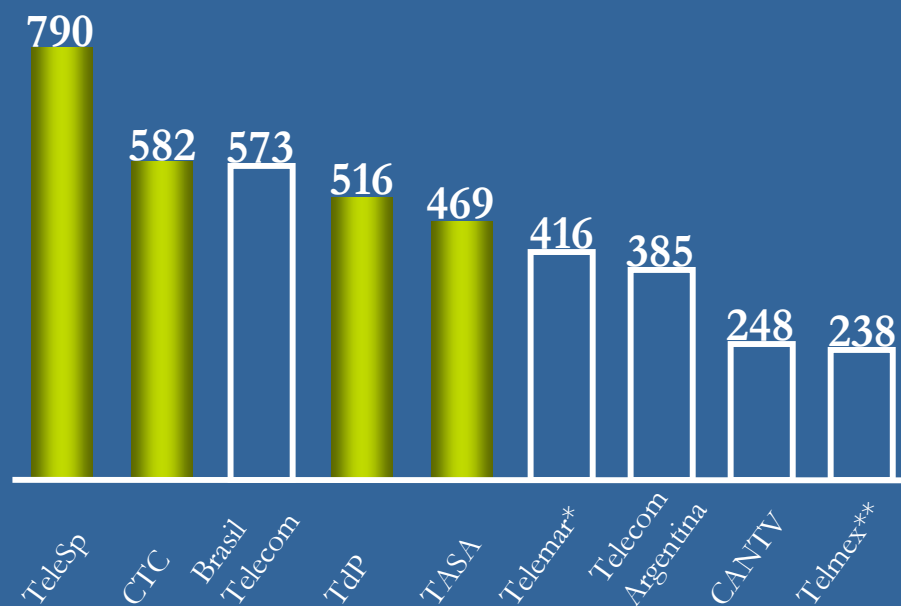
Europe

Lines/employee



Latam

Lines/employee (year 2000)



* As of June 2000

** As of July 2000

Source: Telefónica

JP MORGAN CEO Conference 2001
April 2001, Como

A value growth company:
Delivering results

Telefonica

...AND A STRONG COMPETITIVE POSITION

93.7% combined market share in wireline operations

50.4% combined market share in wireless operations

90% total market share of corporate customers where we operate as incumbents

UNMATCHED INTANGIBLES

Knowledge

- Market knowledge
- Operational knowledge
- Successfully applied in different geographies

Brand

- Strong image, high awareness everywhere
- One umbrella brand in natural markets

Reputation

- Credibility
- Recognized execution capabilities

Relationships

- Government, regulatory bodies, administrations
- Corporate distribution, suppliers

Talent

- Competent, experienced and action oriented management team

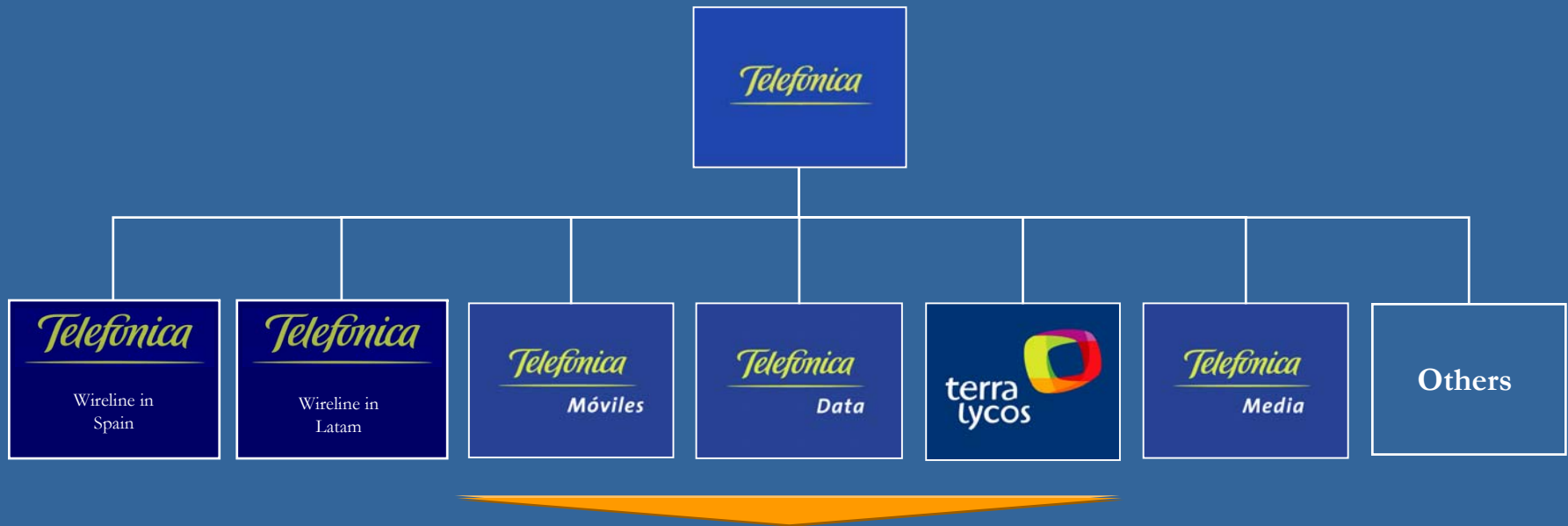
TELEFONICA HAS A BALANCED BUSINESS STRUCTURE...

BUSINESS TELEFÓNICA'S POSITION

Basic service					
Mobility					
Broadband					
Internet					
Content					

- Large, addressable client base: >500 M in our core markets + 300M elsewhere
- Broad offering provides flexibility to better serve customer demands

... AND A FLEXIBLE ORGANIZATION



- Natural owner of the businesses
- Operating flexibility to better serve customer demands
- Increased management accountability
- High potential for capturing synergies
- Not considering pure spin-offs
- Further IPO's based on strategic opportunities to unlock value

A VALUE GROWTH COMPANY

Solid value based on fundamentals: large client base, strong operational skills, unmatched intangibles, balanced and flexible business structure

Superior EBITDA and strong financial position

Addressing major challenges: UMTS, Regulation, Broadband, Acquisitions

Management priorities that translate into superior earnings growth

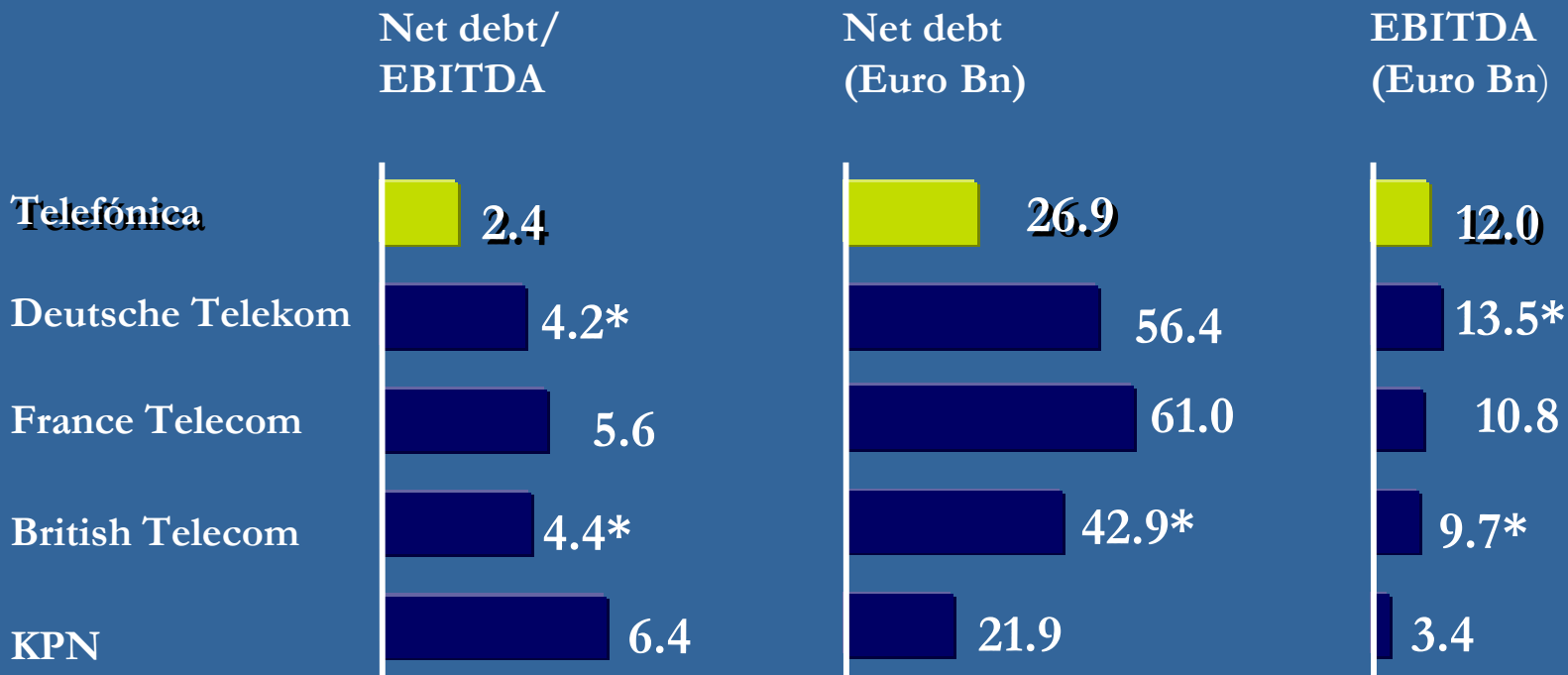
TELEFONICA ACHIEVED STRONG PERFORMANCE IN YEAR 2000...

2000 Financial Highlights

Million	2000	% Change
Revenues (Euro)	28,485.5	24.1
EBITDA (Euro)	11,918.8	9.5
Net income (Euro)	2,504.8	38.8
EPS (Euro)	0.67	18.5
Wireline customers	42.3	10.1
Wireless customers	24.9	48.9
Internet access customers	6.1	370.0

...WHICH HAS POSITIONED TELEFONICA AHEAD OF ITS PEERS

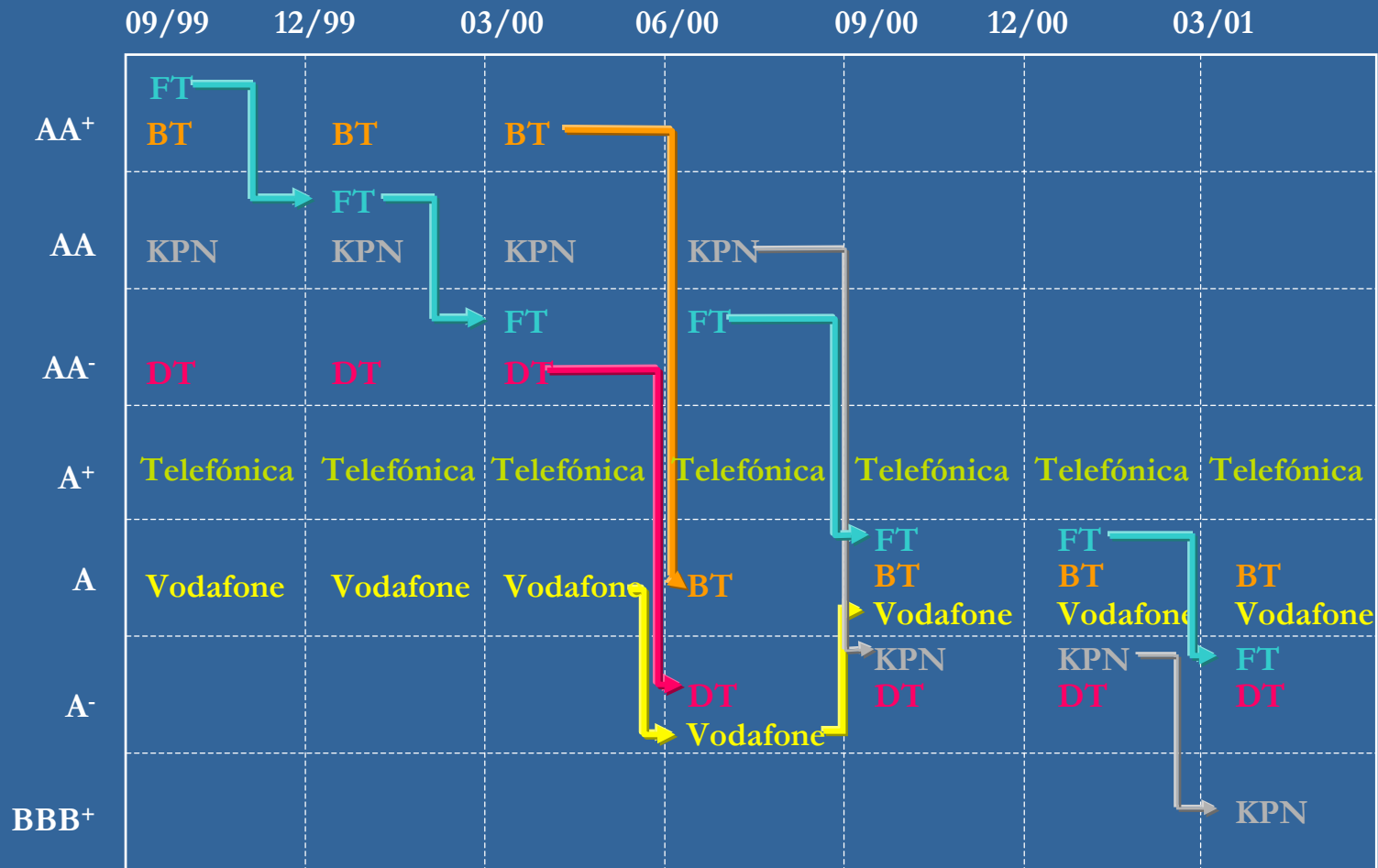
- Equity-funded acquisitions (Euro 30.4 bn in 2000)
- New organization optimizes cost of capital



* Analysts consensus estimates

RATING STABILITY

Evolution of ratings (S&P)



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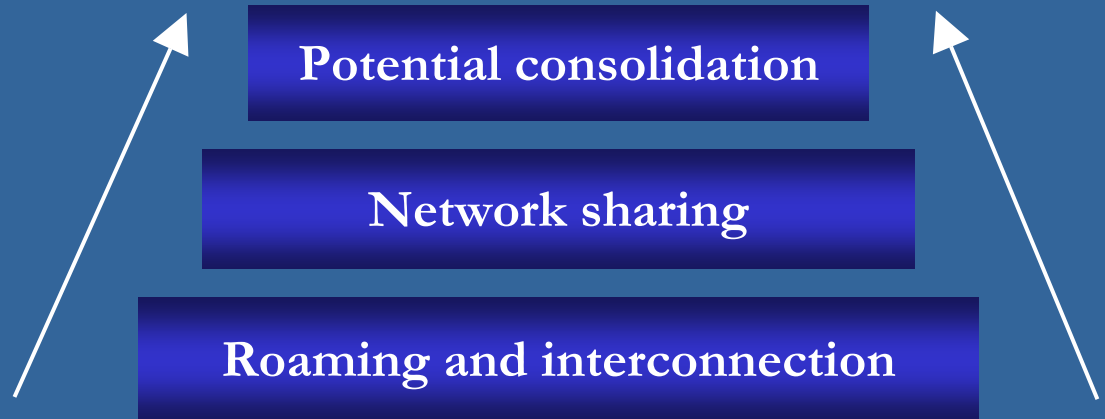
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UMTS IN GERMANY

We are actively negotiating along different interrelated levels ...

to deliver...



1. **Customers before year end**
 - GPRS launch in 2001. Undergoing discussions with distribution channels
2. **An efficient network**
 - Advanced negotiations on shared infrastructure arrangements, roaming and interconnection agreements
3. **An effective organization**
 - CEO and management team appointed. Munich headquarters operational.

OUR REGULATORY APPROACH

FIRST OBJECTIVE: *maintain open communication and active dialog with regulators in every country where we operate*



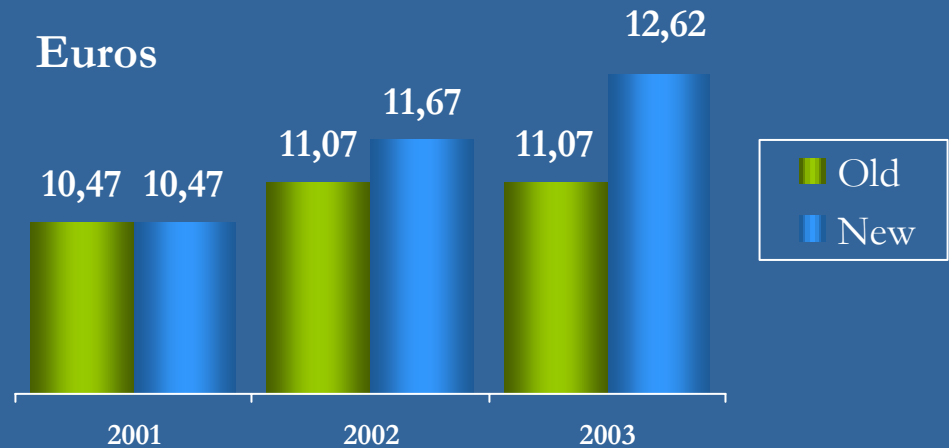
- Germany: concrete proposal for shared infrastructure agreement and potential consolidation
- Spain:
 - Wireline: tariff rebalancing issue solved
 - Wireless: likely review of unsustainable spectrum fee
- Brazil: accelerated compliance with ANATEL service requirements

OUTCOME IN SPAIN: TARIFF REBALANCING ISSUE SOLVED

INCREASE IN MONTHLY FEE

+ OTHER MEASURES

- Settlement of 2003 price cap: CPI-4%
 - Keep weights for all basket elements
 - Remove fixed to mobile calls
- Commercial flexibility on discount schemes and price changes

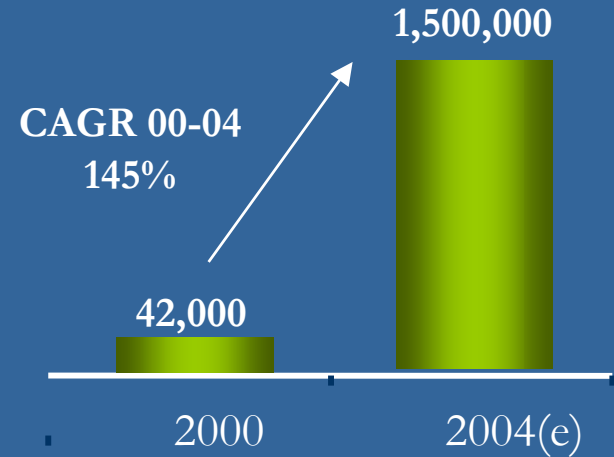
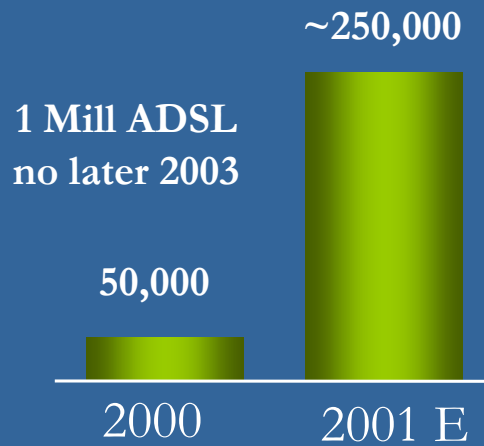


DRIVING THE BROADBAND OPPORTUNITY

T.ESPAÑA

T.LATAM

ACCESS:
Accelerate ADSL
deployment



CONTENT:
Offer broadband
interactive
content



SELECTIVE AND COHERENT M&A STRATEGY

- JV with Portugal Telecom for the Brazilian mobile market
- Acquisition of Motorola's wireless assets in Mexico
- Tender offer on CRT Celular minorities
- Acquisition of Iberdrola's assets in Brazil

No merger of equals
at parent level

Receptive to consolidation at
Business Line level, if
strategically complementary

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CONTINUE IMPROVING RESULTS IN CONSOLIDATED BUSINESSES

Telefónica de España

- Winning the broadband battle: 100,000 ADSL subs. as of today (50,000 as of Dec-00)
- Continuing to increase efficiency

Telefónica Móviles de España

- Monitor client profitability and traffic share
- Get the 2.5G offering right: network ready and commercial launch 1H 2001

Telesp

- Sao Paulo, city of broadband (350,000 ADSL Dec-01 (e))
- Accelerate compliance of Regulator requirements
- Continue to build on solid operational fundamentals

- *Leverage existing client bases*
- *Maximize cash generation short and long term*


CONTINUE EXPANSION IN LATINAMERICA

Expand in Brazil

- Launch Brazilian wireline operations outside Sao Paulo in 2002 (“Brazil 2002”)
- Consolidate TEM-PT JV as the leading wireless player

Develop recently entered markets

- Fixed telephony in Northern Argentina
- Wireless telephony in Mexico

- 
- *Complete the Latin-American portfolio profiting from a natural extension of our leadership*

DRIVE DEVELOPING BUSINESSES TOWARDS PROFITABILITY

Terra-Lycos

- Become one of the top four Internet leaders
- Build a strong organization by business and geography
- Extract the full potential of and for the Group

T.Data and Emergia

- Strengthen our position in corporate and NEP's segments
- Develop strong VAS as a client loyalty and revenue tool
- Aggregate and manage the Group's bandwidth needs

T.Media

- Improve operational performance
- Complete the portfolio to lead in our natural market
- Extract the full potential of its position within the Group

- *Anticipate break-even leveraging the overall group position*

OUR STRONG FUNDAMENTALS AND SOLID STRATEGIC POSITION PUT US IN A SUPERIOR SITUATION TO CAPTURE PROFITABILITY AND GROWTH

Strong fundamentals

- Large client base
- Strong operational skills
- Unmatched intangibles
- Balanced and flexible business structure
- Solid financial position



Strong strategic position along growth engines

- Broadband
- Mobility
- Internet
- Content



Telefónica is in a good position to simultaneously capture profitability and growth

Current market environment forces management more than ever to focus on key metrics and on delivery of results

Telefónica
