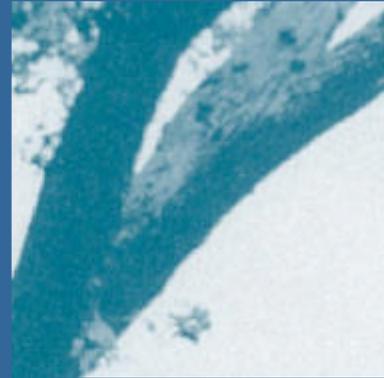




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Lada
Executive
Chairman
Telefónica
Móviles

M a r c h
2 0 0 1
Rio de Janeiro



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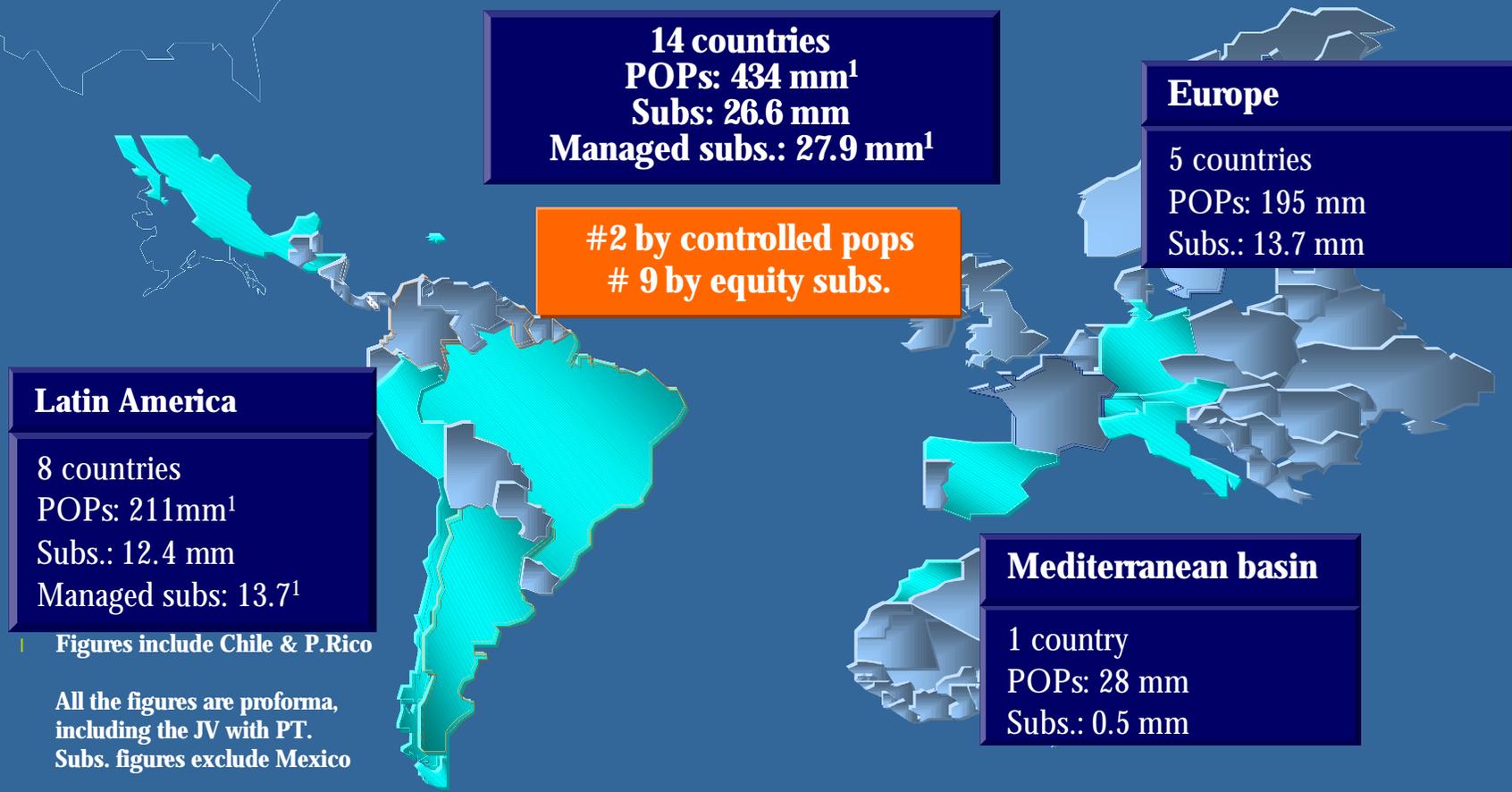
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A leading wireless operator



A quality player with a differentiated profile

- | **Leadership in major countries of operation ...**
- + **... with a solid profitable growth model ...**
- + **... managing operations & cash-flows ...**
- + **... with a diversified growth profile ...**
- + **... a successful track record as an innovator in VAS and wireless data ...**
- + **and an acquisition currency already in place**

TEM strategy: Enhance our leadership

- | Strengthen leadership in Spain
- | Consolidate leadership in Latin America
- | Selectively increase scale in Europe, with control of operations
- | Lead wireless Internet and data markets
- | Maintain focus on profitability, with higher contribution from Latam
- | Capture value through integration
- | Use acquisition currency with a prudent approach based on value

Become one of the top five players in the sector worldwide

Large market opportunity

Western Europe

- | 388 mm POPs
- | 35% of wireless subscribers will be Internet users by 2003

+

Latin America

- | 500 mm POPs
- | 13% wireless penetration & 13% wireline penetration
- | Subscriber CAGR of 29% until 2004

+

Mediterranean Basin

- | 238 mm POPs
- | Low wireless penetration: 4%
- | 69% customer CAGR through 2004

Unique position to capture high growth potential

SPAIN

Latin America

European footprint

Wireless data

Financials

TEM-Spain: 2001 market environment

Regulation

- | **Number portability**
- | **Termination fees**
- | **Spectrum fee**
- | **New players**

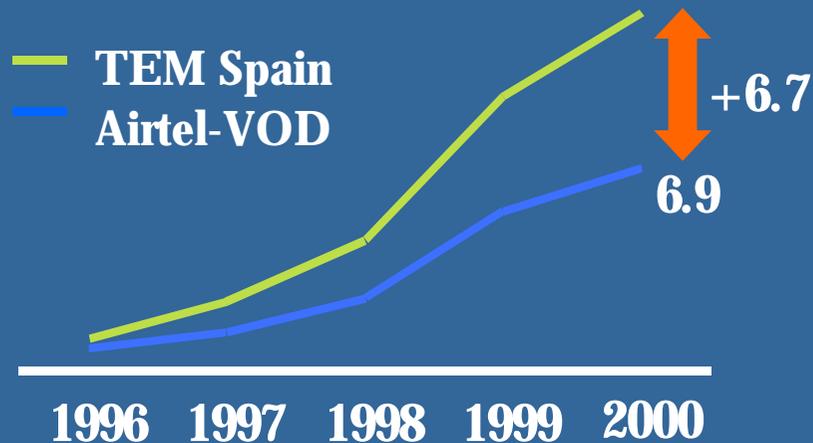
Market trends

- | **Slowdown of growth rate:**
 - â **Lower pressure on market share loss**
 - â **Fundamental profitability**

Sound competitive track record in the Spanish market

Total market 2000: 24.3 MM customers; 60.9% penetration (+23 p.p.)

Subscribers (mm)

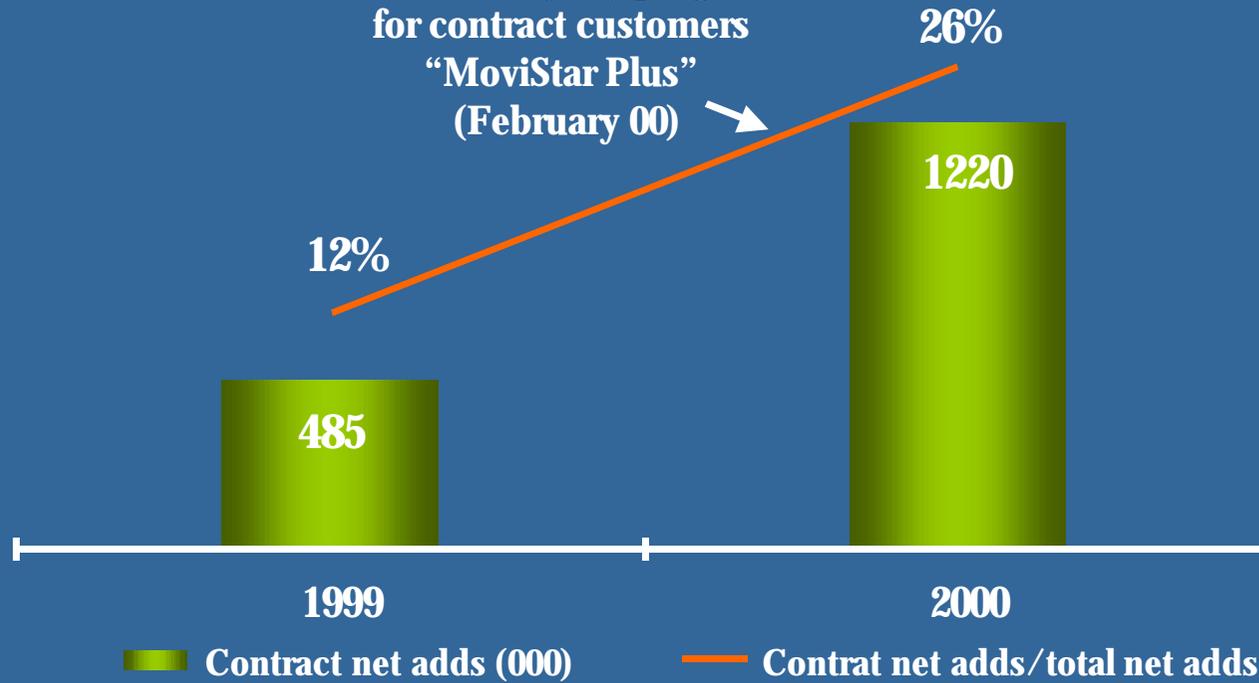


- | Market share: 56.1%
- | Traffic share: 61.5%
- | Record of net adds: 4.62 mm vs 4.16
- | > 50% GSM net adds market share
- | High market share in corporate segment

... continuously expanding gap relative to #2 Spanish operator

Focus on high value customers

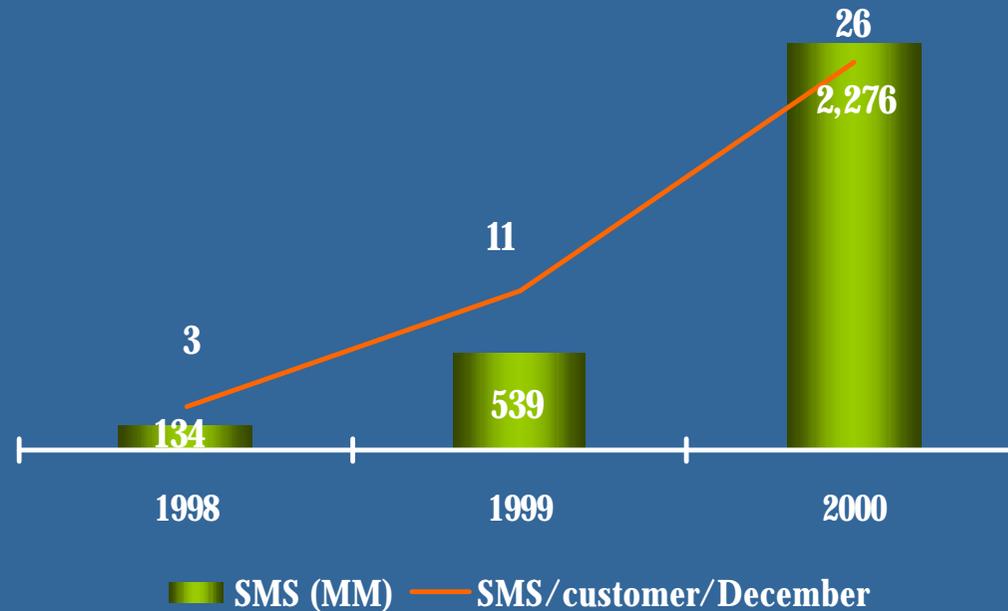
Launch of loyalty program
for contract customers
"MoviStar Plus"
(February 00)



Contract Customers	3,547,192	4,766,926
---------------------------	------------------	------------------

Increased customer loyalty

Growing contribution of wireless data services...



- 21% over total SMS derived from content & VAS

- 48 mm SMS from new chat service in December

- 500 MM SMS or 35 SMS/customer in January 01

Wireless data revenues already represent 8% of customer

Only includes billable SMS

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TEM-Spain: non-stop innovation

- | GPRS services (already launched):
 - â “e-moción” based on GPRS
 - â Internet GPRS
 - â Intranet GPRS (Corporate WANs)
- | PIM applications & access to corporate data bases
- | Location based services:
 - â Information services, fleets management, “Find a
- | Advertising & promotion services:
 - â Cell broadcasting
- | M2M applications (“machine to machine”)
 - â Telemetry, telecontrol, domotic ...
- | Voice portal
- | Entertainment services: games, gambling, logos, ringing
- | New features in e-moción

*Increasing service
attractiveness &
speeding up VAS
revenue growth*

TEM-Spain strategic goals for 2001

Maintain competitive position and traffic share ...

- | Intensification of customer LOYALTY and/or management of customer base
- | Increase penetration of 2.5G services
- | Introduction of new WI products & services (l)
- | Establishing e-mocion as the market leader in WISP
- | Launch of nationwide GPRS network in January (1st operator)
- | Gradual roll-out of UMTS network

... maintaining sound profitability levels & adapting capex

Significant growth potential

	CAGR 00-04
Customers	4%-8%
Customers by 2004 (MM)	17-18
Revenues	10%-14%
Wireless data/revenues by 2004	
EBITDA margin by 2004	

Spain

LATIN AMERICA

European footprint

Wireless data

Financials

Outstanding growth to be captured

- | Macro recovery
- | Low penetration rates

	<u>1999-2004 CAGR⁽¹⁾</u>
Fixed line customers	10.6%
Wireless customers	29.3%
Wireless revenues	27.4%
Internet penetration	38%

TEM's POSITION IN THE REGION

- | Leadership
- | Management of operations
- | Unique player with presence in the 3 key markets

¹Source: Pyramid Research

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Strong position in our markets

Company 2000A	Market position	Market share	Subs (MM)	Subs y-o-y growth
TEM-PTM JV				
Tele Sudeste (Brazil)	#1	64%	2.5	35%
CRT (Brazil)	#1	74%	1.5	50%
Telesp (Brazil)	#1	63%	4.3	49%
Tele Leste (Brazil)	#1	61%	0.7	26%
Global Telecom (Brazil)	#2	25%	0.5	
TCP (Argentina)	#2	26%	1.8	67%
TEM Peru	#1	69%	0.9	26%
Startel (Chile)	#2	36%	1.2	6%
TEM El Salvador	#2	36%	0.2	74%
TEM Guatemala	#3	23%	0.1	
NewCom Wireless (P. Rico)	#5	12%	0.1	

The leader in a market with 500 MM pops, doubling the customer base in the region by 2004 organically and with further growth potential from expansion

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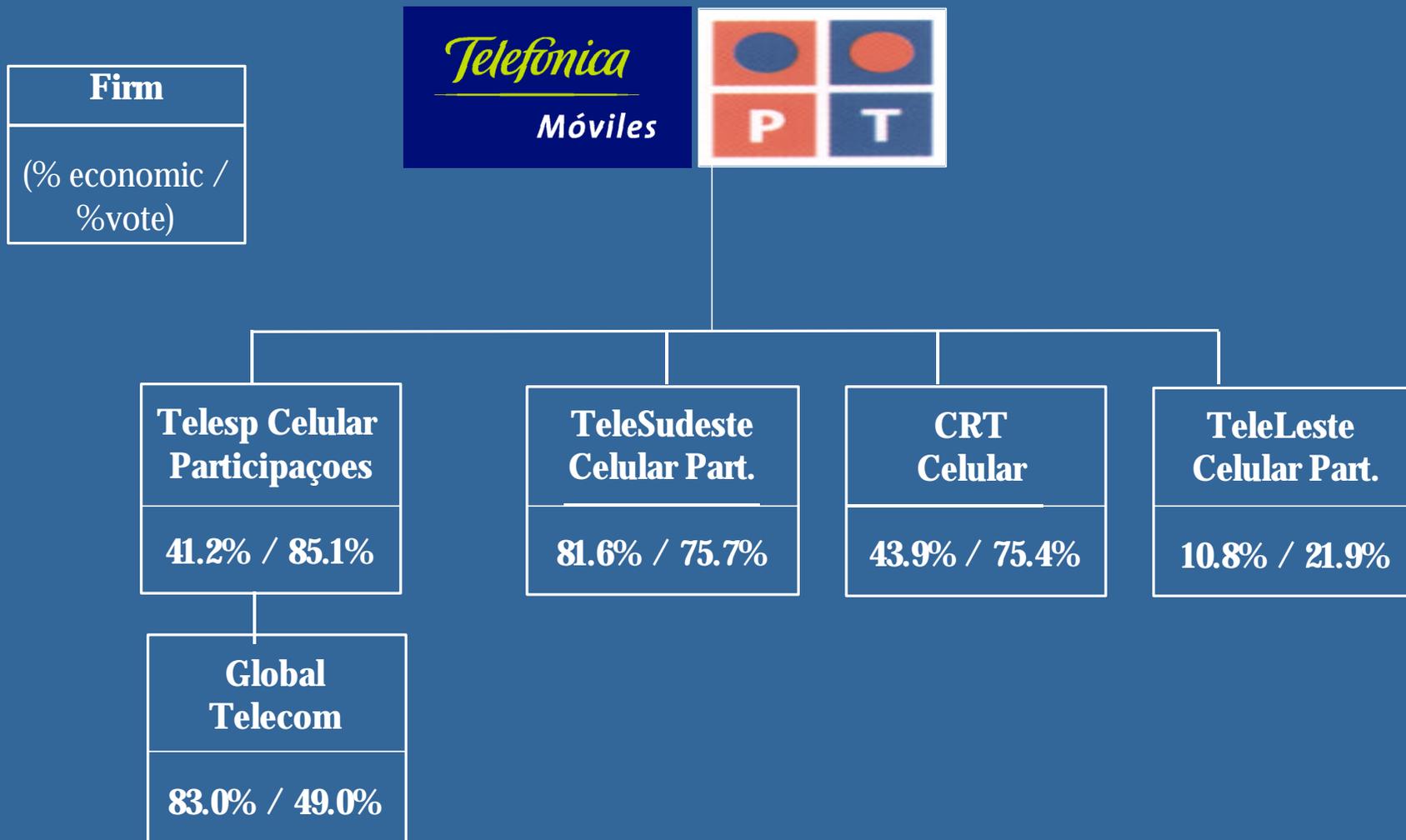
Brazil: TEM-PT JV, the #1 player in the #1



- | 2nd, 3rd & 4th operators' total customer base
- | Potential market of over 93 MM
- | Leadership in 4 of 5 richest areas in
- | 60% of average market share
- | Unique player operating in Sao Paulo
- | Pioneer in VAS
- | Expansion into new areas trough new

Far ahead of competitors, leading the first and best positioned

Assets to be transferred



Capitalizing our financial strength

REGIONS 2000A	REVENUES MM €	EBITDA MM €	EBITDA margin
Sao Paulo	1,638	526	32%
Rio de Janeiro & E Santo	911	315	35%
Rio Grande do Sul	449	160	36%
Bahia & Sergipe	196	47	24%
Sta.Catarina & Paraná	146	(81)	(55%)
TOTAL (aggregated)	3,340	967	

Benefits
from

- ✓ Operating Synergies
- ✓ Network already in place
- ✓ Avoid PCS licenses costs
- ✓ Already profitable since the beginning

With new investment opportunities to
consolidate #1 position

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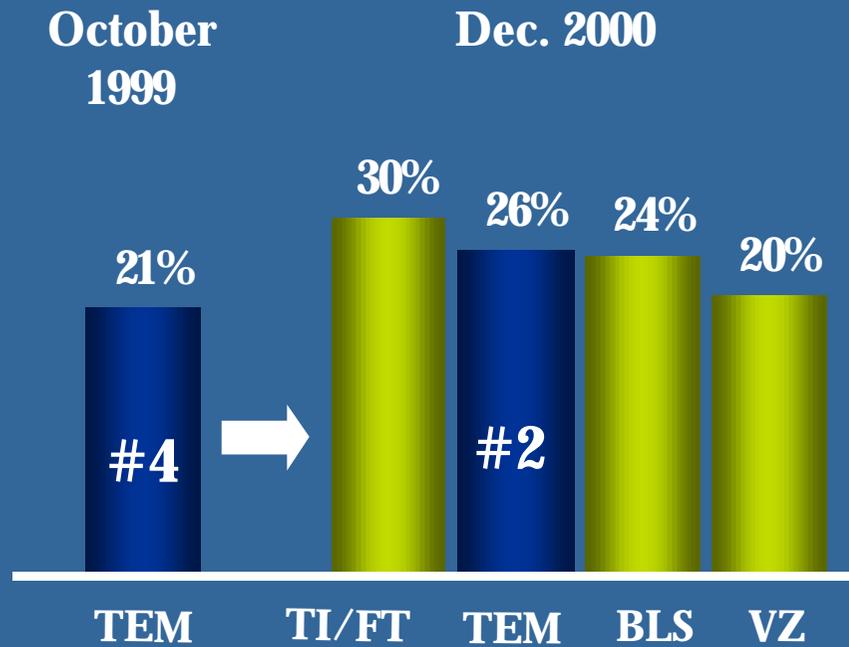
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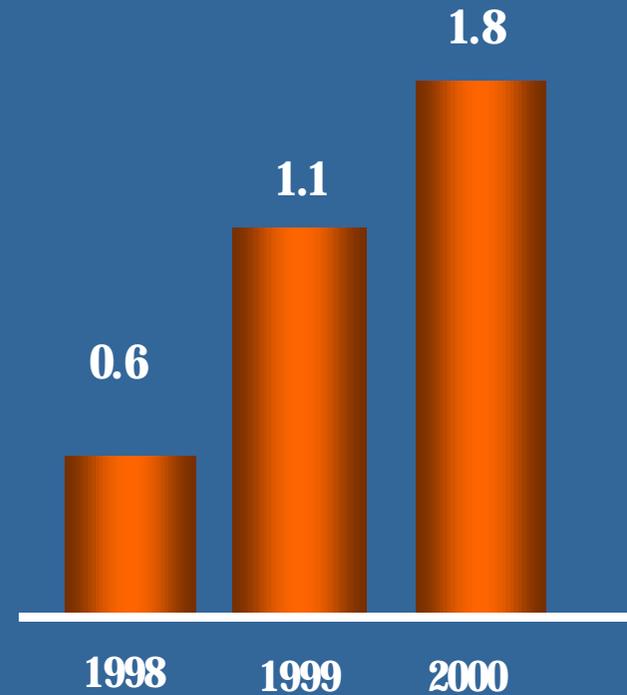
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Argentina: #2 in the country with the highest GDP per capita

Mkt. share



Subscribers (MM)



Solid customer growth & improved competitive position

Mexico: key step in our consolidation strategy

- | Enhances Latin American footprint: #2 market
- | Provides broadened scale

*Outstanding fit
with existing
business*

- | > 1 MM subscribers in 2000
- | TEM's management team since February 2001
- | Transfer of assets in 2Q01
- | Positive upside in EBITDA margins

**Value creation potential derived from integration within
TEM & several alternatives for potential footprint increase**

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Peru & Chile

TEM Peru

- | **69% share of net adds despite increasing competition**
- | **36% EBITDA margin**
- | **Launching of WAP services**

Startel

- | **New direction of operations**
- | **Focus on profitable growth**
- | **Target EBITDA 2001: >30%**
- | **New PCS spectrum to be awarded**
- | **Transfer to TEM to be considered**

Central America

TEM El Salvador

- | #2 market position achieved in only 18 months:

36% share of net adds
36% market share
22% EBITDA margin

TEM Guatemala

- | 23% market share after 1 year of operations
- | EBITDA breakeven in the first year

NewCom Wireless

- | 12% market share in a 5 player market
- | 20% share of net adds



*Proven trackrecord
as successful new
entrant*

Strategic goals for 2001

Maintain market leadership & c

TEM's

...

- | Continue profitable growth policy
- | Improve customer loyalty
- | Reinforce actions in corporate segment
- | Reduce SAC and control ARPU through introduction of new services
- | Improve synergies among operations

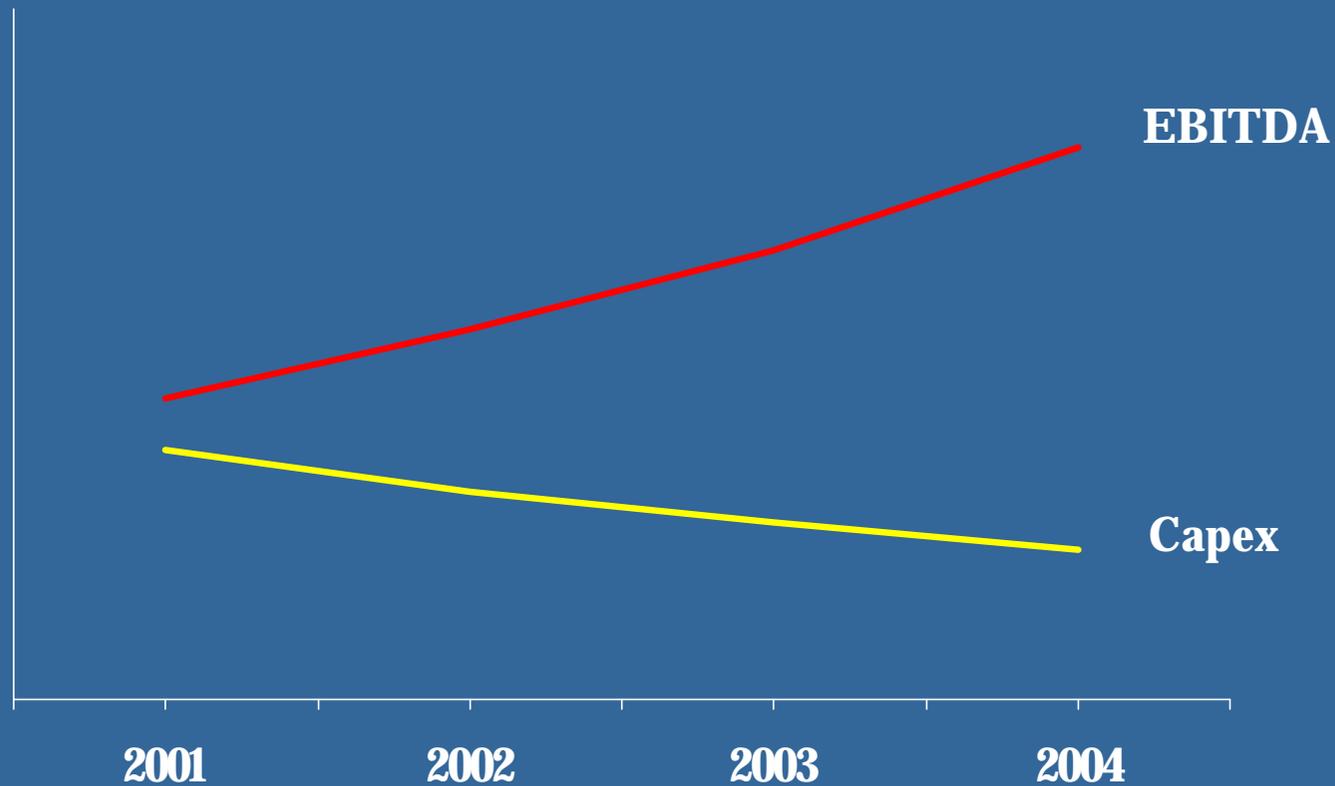
... further improving EBITDA margins

Strong growth to be captured

CAGR 00-04 (€based)	CAGR 00-04
Customers	17%-21%
Aggregated revenues	12%-16%
Aggregated EBITDA	24%-28%
Aggreg. EBITDA margin by 2004	39%-43%
Aggregated Capex	(14%-18%)

Figures include Mexico, Chile & Puerto Rico

Significant cash-flow generation



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Spain

Latin America

EUROPEAN FOOTPRINT

Wireless data

Financials

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Expanding European Scale Selectively

195 MM POPs already secured 40% Europe GDP

% Mobile Service Revenues on GDP

2000E

2010E

+ Strategic alliances with
PT & Sonera

Source: CSFB

- | Participating in attractive countries with weak 3rd & 4th players**
- | Access to other profitable business opportunities:**
 - ➔ MVNO, new licences, special roaming agreements, wireless portal**

Focus on key markets & leverage economies of scale, playing an active role to build up one of the top 4 pan-European operators

The UMTS value

- | **Technological leap**
 - â **Broadband capabilities**
 - â **Portability of the customer profile**
 - â **High quality voice services**
 - â **Per volume/content billing**

- | **Capacity is Key**
 - â **Spectrum scarcity**

- | **Massive distribution channel**
 - â **Attractive for third parties**

UMTS will definitely shape a mobile future where skilled new entrants are well positioned

TEM UMTS Strategy: Footprint at lower cost

LICENCES GRANTED IN SPAIN, UK, GERMANY & ITALY

COMPANY	SECURED LICENCES	CONTROL INTEREST	POPS (M)	TOTAL COST (M€ (1))	COST/POP/MHz (€ (2))
VODAFONE	4	4	237	20,922	1.77
DEUTSCHE TEL	2	2	140	15,608	5.59
BT	3	2	179	15,440	2.46
TELECOM ITALIA	2	1	97	2,452	1.01
NEW ORANGE	3	2	198	10,529	1.78
KPN	2	1	140	7,739	2.22
AV. (ex-TEF)	n.m.	n.m	165	12,115	2.47
T.MOVILES	3	3	179	6,467	0.90

(1) Considering economic interest in the consortia

(2) Does not consider unpaired spectrum

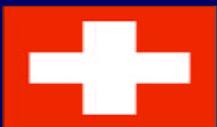
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UMTS business projections

	Market share (2009E)	SIM cards (2009E)	ARPU/SIM (Eur 2009E)	Cum. Capex 2009E (€)
	13%	12.1 MM	59	3.9 Bn
	13%	6.7 MM	47	3.5 Bn
	12%	1.1 MM	62	0.9 Bn
	20%	1.5 MM	66	0.9 Bn

EBITDA break-even in 4-5 years after starting operations (2002)
>15% IRR plus additional returns from synergies with

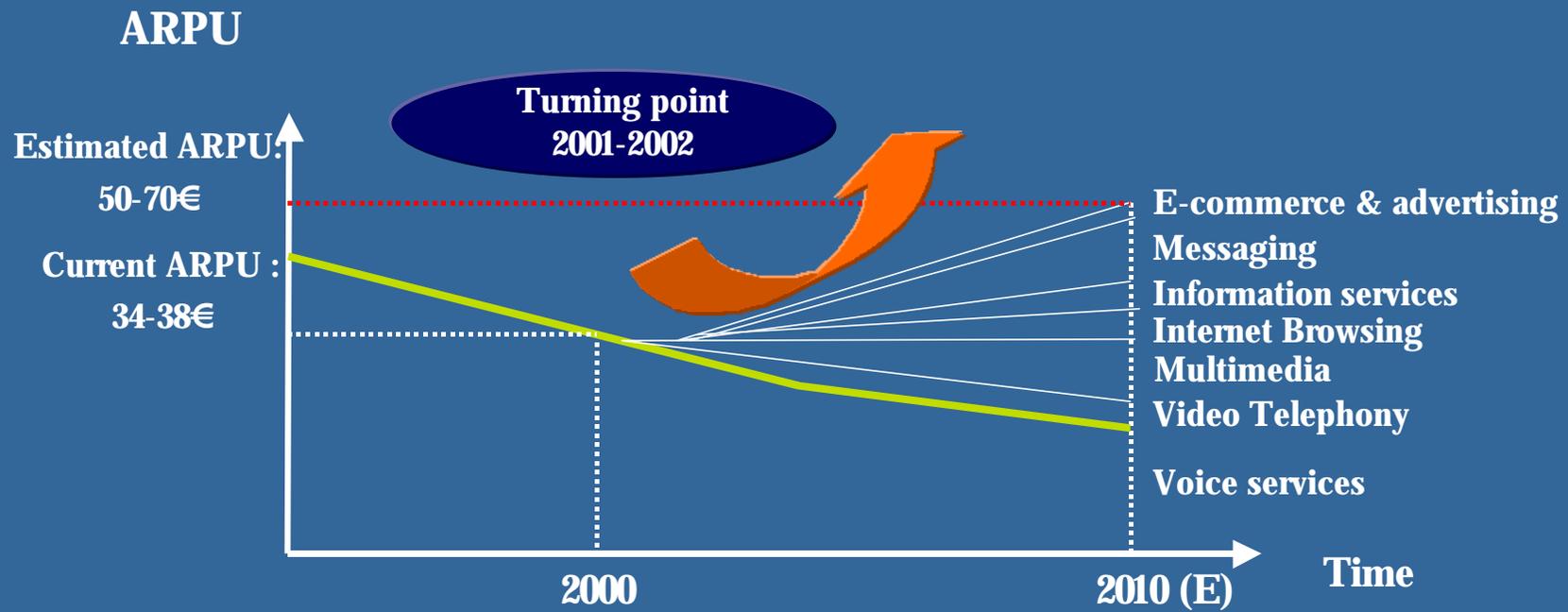
TEM's entry strategy

- | Potential upsides of the Business Plans:
 - â Roaming agreements to provide GPRS services in a first phase under
 - â Sharing of infrastructure with other players under discussion
- | Offering innovative & high quality services
- | Benefiting from TEM's WISP & wireless portal
- | Developing innovative distribution channels
- | Benefiting from Telefónica's increased presence in Europe (Mediaways, Atlanet, Terra-Lycos, Endemol, European Telecom ...)

Achievable
estimates

UMTS potential

UMTS services in Europe



TEM financing approach

- | Management control with limited financial exposure
- | 50%-50% debt to equity
- | Long-term vendor financing
- | Business plans improved through shared infrastructure & early market entrance with 2.5G services

- | *Strong & complementary local & international partners, like Sonera, Fiat or Banca di Roma*
- | *Growing cash-flows from Spain & Latin America*
- | *Turn-key natural procurement, including base stations & sites*
- | *Common platform for advanced services*

UMTS: steps already made

- | Proprietary wireless company deployment methodology: “

Germany

- | German CEO and Management Team already appointed
- | Ongoing negotiations with German incumbent operators for roaming, interconnection & infrastructure sharing agreements
- | Headquarters selected & operational in Munich

Italy

- | Italian CEO and Management Team already appointed
- | Ongoing negotiations with Italian incumbent operators for roaming, interconnection & infrastructure sharing agreements
- | Location & headquarters selected: Rome

Austria & Switzerland

- | In process of selecting local Management Teams
- | Ongoing negotiations with country incumbent operators for roaming, interconnection & infrastructure sharing agreements

Mediterranean Basin: Medi Telecom

- | **2nd GSM license granted in 1999.**
- | **Service launched on March 29th 2000**
- | **Fast growing market: \approx 400% in 2000E, with over 6% of penetration**
- | **515,000 customers by Dec.2000 vs. 400,000 originally forecasted**
- | **28% market share in 9 months**
- | **Expected EBITDA break-even during 2001, second year of operations**
- | **Studying opportunities unveiled by second GSM license grants in Tunisia**

Spain

Latin America

European UMTS footprint

WIRELESS DATA

Financials

Leadership across the wireless value chain



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e-moción: Internet in your hand



- | WISP solution for all TEM's operators:
 - â Already launched in Spain, Brazil, Argentina, Guatemala, El Salvador &
- | Open platform non wallet garden

TEM-España case

Quarterly WAP calls ('000)



Content Providers	2000	2001
	60	300

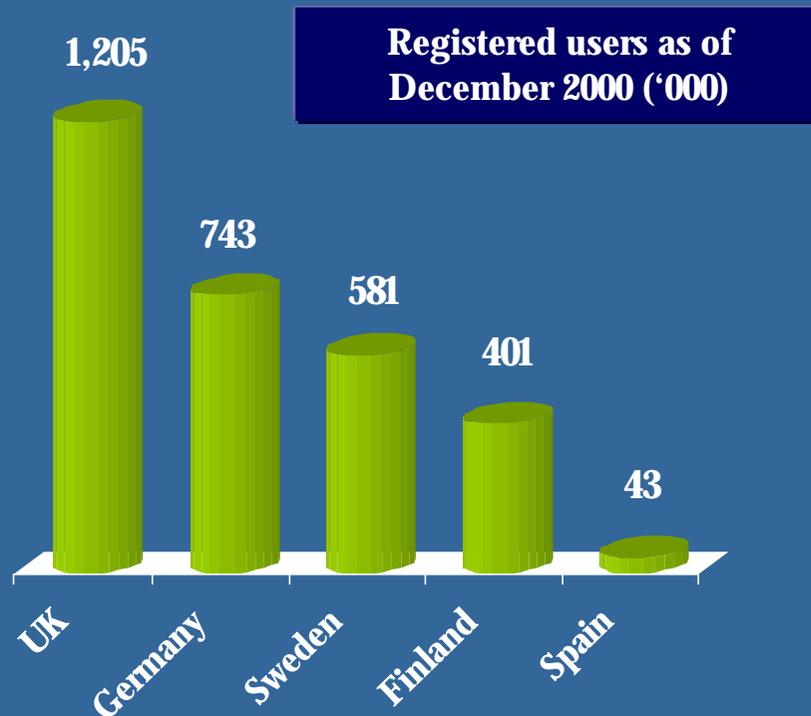
JANUARY 2001

- | > 300,000 active WAP customers
- | 15 MM WAP minutes
- | Average usage: 4 min./call
- | 25 MM WAP page views

Terra Mobile: the leading mobile portal



- | Target markets: Europe & Latam
- | Preferred portal for TEM's operators
- | Already launched in Spain, Brazil, Finland, UK, Germany & Sweden

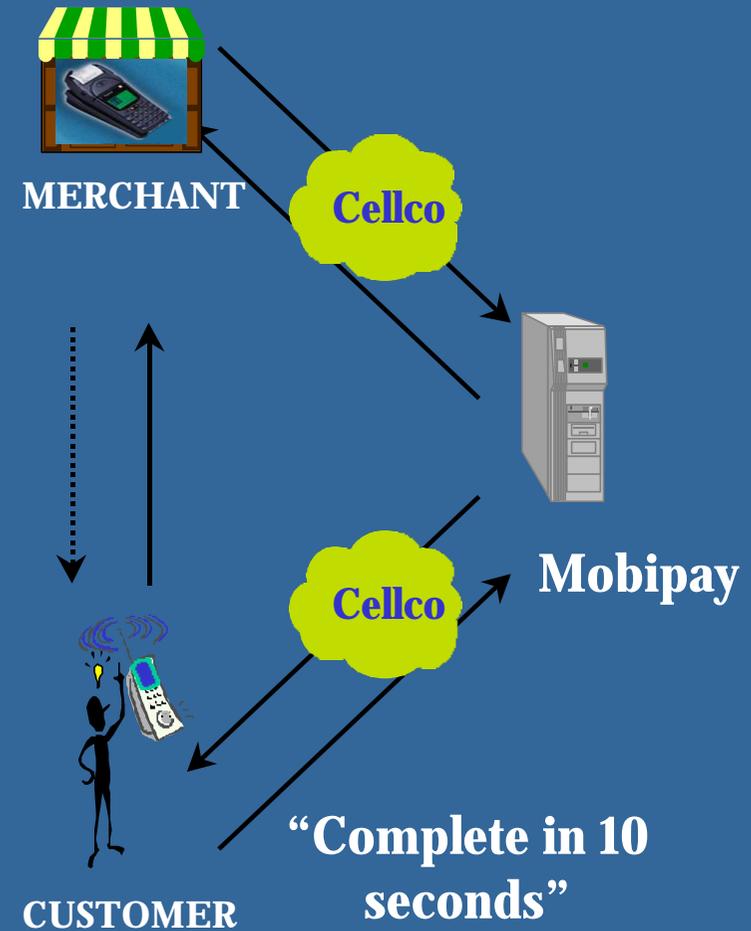


- | Commercial agreements already signed with 15 operators: 98 MM potential users

- | Registered customer base tripled in 6 months

Mobipay: an innovative mobile payment service

- | Fast, low cost and secure mobile payment system
- | Open platform
- | Customers can use existing handsets, SIM cards and bank accounts
- | Revenues from induced traffic and licensing fees
- | Access to new markets and segments



Launched in Spain in 2001

Spain

Latin America

European UMTS footprint

Wireless Data

FINANCIALS

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High quality results already delivered ...

	IPO 2000E	2000A
Customers ('000)	21,100	21,840
Revenues (MM€)	7,300	7,401
EBITDA (MM€)	2,300	2,451
EBITDA Margin	31.5%	33.1%
Connections/employee	--	2,056



Sound capital structure

	2000A
Pro-forma net debt	€10.1 bn
Proportionate pro-forma net debt	€6.5 bn
Proport. pro-forma Net debt / market cap.	≈ 20%
. net debt/ EBITDA	2.7x

Key financial targets through 2004

Subscriber growth	14%-18%
Revenue growth (pre-UMTS)	12%-16%
Revenue growth (post-UMTS)	19%-23%
EBITDA (pre-UMTS) annual growth margin by 2004	
EBITDA (post-UMTS)	

A leading wireless operator

*Organic
Growth*

+

*New business
opportunities*

- | **Efficient operator:**
 - â Capture the largest & highest quality market share
 - â Profitable growth
 - â Proactive management of regulatory risk
- | **Launch new wireless data services to foster usage & revenues**
- | **Selective geographic expansion maximizing shareholder return**
- | **Use of TEM's currency**

**Increase synergies
through integration**

One of the 5 global players in the sector

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