Terra Lycos
2Q 2002 Results

2Q 2002 Results

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2Q 2002 Results

Press Release

07/24/02

EBITDA margin was –20%, an improvement of 16 percentage points, exceeding the Company's previously announced projections

TERRA LYCOS IMPROVES EBITDA BY 51% OVER THE SECOND QUARTER OF LAST YEAR

- **Second quarter revenue was equivalent to 174 million constant first-quarter euros, or 9% more than the first quarter of 2002, which is in the middle of the Company's projected revenue range for the period. The exchange rates impacted revenue by –12 million euros for the second quarter of 2002, since 79% of revenue derives from currencies other than the euro, all of which have been devalued.**

- **The current-euro revenue figure for the quarter, which does not take into account the monetary effect explained , was 162 million current euros, an increase of 1% over the first quarter of 2002**

- **Earnings before interest, taxes, depreciation and amortization (EBITDA) was -32 million euros, an improvement of 33 million euros, or 51%, over the second quarter of the previous year. Operating expenses were reduced by 23% during the same period, a savings of 33 million euros.**

- **Net income improved 52% over the same period of the previous year, for a gain of 113 million euros.**

- **Terra Lycos ended the quarter with 2.3 million paying customers for access, communications and portal services, growing 439,000 over the previous quarter.**

- **The company ended the quarter with 301,000 ADSL customers, 125% more than the second quarter of 2001.**

Madrid, July 24, 2002.- Terra Lycos (MC: TRR; NASDAQ: TRLY), the largest global internet network, today announced its financial results for the second quarter of fiscal year 2002.

Revenue

Terra Lycos earned revenue of 162 million euros in the second quarter, 1% above the previous quarter. This revenue figure was impacted by unfavorable exchange rates because of the appreciation of the euro and the fact that 79% of all revenue derives from currencies other than the euro. Applying the same average exchange rates as in the previous quarter, the Company earned 174 million in constant euros an increase of 9% over the previous quarter and in the middle of the projected range the Company announced last quarter.

In the second quarter, the media business, including advertising, integrated marketing solutions, electronic commerce and content and portal services subscriptions, accounted for 60% of total revenue, and the access and communications services business accounted for 40%.

The continuing difficult advertising market, particularly in the United States, caused media revenue to decline during the second quarter. However, the Company's media revenue from Spain and Latin America increased by 17% in the second quarter compared to the same quarter of 2001.

Terra Lycos continued to form strategic commercial alliances with leading institutions and companies in other sectors. Examples include the launch, with Uno-e, of a new line of VISA cards within the framework of the VISA “Safe Electronic Trade” program; and the agreement entered into with El Corte Inglés in Spain to launch the market’s leading Food Channel, in collaboration with the Ministry of Agriculture, Fishing and Food.

The Company is continuing to execute on its “OBP” (Open, Basic, Premium) strategy by charging for premium services and content. OBP initiatives generated 16 million euros in revenue this quarter, 17% more than the first quarter of 2002. Thus, communications services and portal subscriptions have contributed to Terra Lycos’ diversification of revenue

During the quarter, Terra Lycos designed an organizational model aimed at creating and developing products to maximize its position as a global company. Terra Lycos consolidated all global and product management-related functions under a single manager and within a single division, known as Global Operations. With the new structure, the company expects to accelerate growth through the launch of new products, and at the same time realize savings through greater cost effectiveness.

Operating Expenses

Terra Lycos continues to increase management efficiency through improvement in work processes, which enables ongoing gradual reduction in operating expenses. This quarter, the Company cut its expenses by 23% compared to the second quarter of the previous year, a savings of 33 million euros.

Operating Margin - EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the second quarter was -32 million euros, the Company’s best performance to date and in line with the positive evolution of EBITDA since the third quarter of 2000. EBITDA margin is -20%, an increase of 16 percentage points over the same period the previous year and an improvement over the Company’s previously announced projections.

Net Income

Net income for the second quarter of 2002 was -103 million euros, an improvement of 113 million euros over the same period the previous year, and 27 million euros over the previous quarter.

During the quarter, amortization of goodwill from previous acquisitions totaled 63 million euros, which represents more than 61% of net income and has no impact on the Company’s cash position.

Cash

Efficient cash management gives Terra Lycos one of the strongest cash positions in the sector allowing it to finance its operations as well as take advantage of market opportunities with a view to ongoing profitable growth. At the end of the period the Company had 1.9 billion euros in cash, which has also been impacted by the exchange rates. During the second quarter, Terra Lycos consumed 44 million euros.

Operating Data

Terra Lycos ended the quarter with 4.1 million access subscribers, 1.3 million of which are paying subscribers, a 6% increase over the same period the previous year. Among its subscribers, 301,000 are ADSL customers, a 125% increase over the second quarter of 2001, and an 11% increase over the previous quarter.

In addition to access subscribers, at the close of the second quarter of 2002 the Company had recurring revenue from its 920,000 communications and portal service subscribers, an increase of 77% over the previous quarter.

Therefore, at the close of the quarter, Terra Lycos had a portfolio of 2.3 million paying subscribers for access and communications services products, as well as portal products and services, a 24% increase over the previous quarter.

The number of unique users in June 2002 rose 13% over the same period the previous year to 116 million. Average daily page views were 416 million.

Joaquim Agut, executive chairman of Terra Lycos, declared that "the second quarter results, given the adverse market situation, satisfactorily reflect the way Terra Lycos is advancing toward profitability. These results, which place us among the world's Internet leaders, demonstrate our commitment to innovation, launching products that allow us to capture and retain customers and obtain new sources of revenue, along with efficient management based on solid business practices."

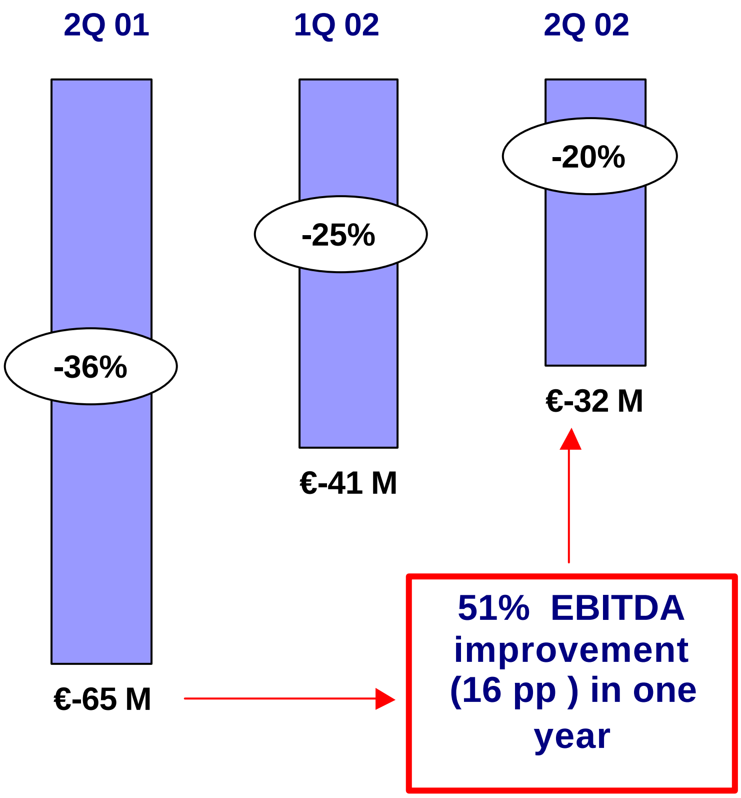
About Terra Lycos

Terra Lycos is a global Internet group with a presence in 42 countries in 19 languages, reaching 116 million individual users per month worldwide. The group, which grew out of the acquisition by Terra Networks, S.A. of Lycos, Inc., which took place in October 2000, is one of the most widely visited web sites in the United States, Canada, Europe, Asia and Latin America, and is the largest access provider in Spain and Latin America.

The Terra Lycos network of sites includes Terra in 17 countries, Lycos in 25 countries, Angelfire.com, Atrea.com, Azeler.es, Bumeran.com, Direcciona.es, Educaterra.com, Emplaza.com, Gamesville.com, HotBot.com, Ifigenia.com, Invertia.com, Lycos Zone, Maptel.com, Matchmaker.com, Quote.com, RagingBull.com, Rumbo.com, Tripod.com, Uno-e.com and Wired News (Wired.com), among others.

Terra Lycos, headquartered in Barcelona and with operating centers in Madrid and Boston, as well as elsewhere, is traded on the Madrid stock exchange (TRR) and the Nasdaq electronic market (TRLY).

**Change in EBITDA (millions of euros)
and as a percent of revenue**



- ***EBITDA rose by 33 million euros (16 percentage points) over 2Q 2001***
- ***21% EBITDA improvement (9 million euros) over previous quarter***
- ***Efficiently managing the optimization of resources: savings of 33 million euros***

2Q'02 Revenues

The revenue figure for the quarter has been negatively impacted by exchange rate evolution. More than 79% of Terra's revenues are in currencies different to euro. The total negative impact for the period has been 12 million euros, 3 million coming from the US market and 9 million from LATAM. In this document, the impact of these fluctuations will be shown, and we will refer to both constant euros (assumes same exchange rate with period compared to) and current euros (using the average euro exchange rate for the period).

Terra Lycos' second quarter revenues were 162 million euros, an increase of 1% over the previous quarter. Based on a constant exchange rate, Q2'02 revenues were 174 million euros, an increase of 9% over Q1'02. This is in the middle of the range of 170 to 180 million euros the company provided.

Compared to the year ago quarter, revenues were down 10%, using the same exchange rates used in Q2' 01. The comparison of revenues with Q2'01 is also being affected by dotcom revenues last year.

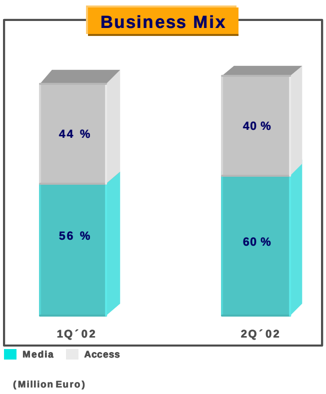
Terra continues to exercise tight fiscal controls and discipline. For the quarter, EBITDA was -35 million constant euros or -32 million current euros, both representing a -20% EBITDA margin, an improvement of 16 percentage points from Q2´01, and beating the guidance of -24% to -21% the company provided in the first quarter. Compared to Q1´02, EBITDA margin improved 5 percentage points from a negative 25% as Terra continues on its path to profitability.

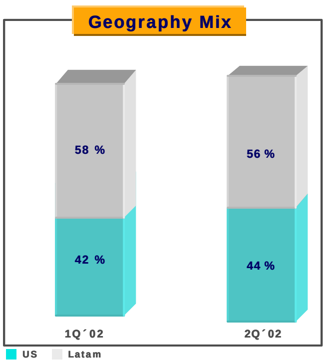
From a cash perspective, at June 30th Terra had over 1.9 billion euros, which includes a negative Fx impact of 60 million euros. During the quarter, the company just burned 44 million euros in total.

Terra continues executing on its strategy of evolving its business through the OBP model, standing for Open, Basic, and Premium. The OBP model will lessen its reliance on media revenue and increases its focus on value added services that consumers are willing to pay for. This is a significant initiative for the Company in 2002 and beyond.

For the quarter, Media accounted for 60% of revenues, while Access and services accounted for the remaining 40%. In Q1´02, Media accounted for 56% of revenues, while Access and services accounted for the remaining 44%. This improved mix had a positive impact on margins.

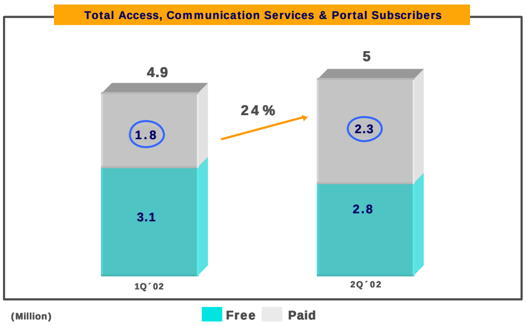
Geographically, for the quarter, LATAM and Spain accounted for 56% of revenues, while the U.S. accounted for 44% of revenues. In Q1´02, LATAM and Spain accounted for 58% of revenues, while the U.S. accounted for the remaining 42%.





Subscribers

In the previous quarter Terra started reporting its Communication Services and Portal subscribers in addition to its paid an free access subscribers. The second quarter ended with 2.3 million paying clients versus 1.8 million at March 31st, an increase of 439.000 paying clients, or 24%.



In addition to the 2.3 million paying subscribers, Terra had 2.8 million free access subscribers, 300.000 fewer than in the previous quarter due to the discontinuation of the free access service in Mexico effective April 30th, announced in January of this year.

Paying Communication Services and Portal subscribers grew 77% to 919.000 at June 30th. Terra has been able to build the offering and revenues significantly over the last 12 months. In Q2'01, the revenue derived from these non access subscription services was immaterial, for all of 2001 it was 6%, and this quarter amounted to 9%.

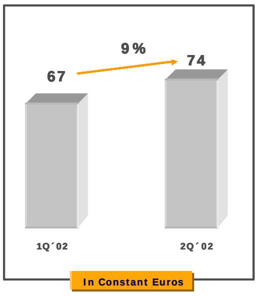
Media Business Update

United States (Lycos.com)

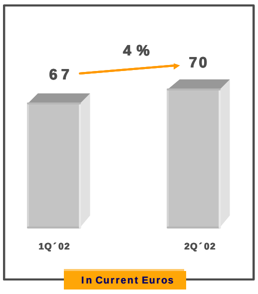
Media revenues in the United States were 74 million constant euros in Q2´02, up 9% from Q1'02, or up 4% in current euros. Compared with the same quarter of last year, Media revenues were down 20% primarily due to exchange rate, dotcom influence and some non recurring in our 2001 figures.

Media Revenues

(Million Euro)



(2Q 02 at the same exchange rates used in 1Q 02)



(2Q 02 at the average exchange rate for the first half and 1Q 02 at the average exchange rate for 1Q 02)

Today, there are no clear indicators for a near term recovery of the advertising market in the US. It does appear that the advertising market in the US may have bottomed and Terra is addressing its Media revenue opportunity by focusing resources on only a few select key verticals that offer the most significant impact in the Media market.

On the one hand, the company is investing time and resources in creating more highly targeted advertising products, using database techniques to present products which are most relevant to the online user. On the other hand, it continues to launch new subscription based services as it identifies the needs of its customers.

- A strategic global marketing agreement was signed with Manchester United. Terra Lycos became Manchester United's online partner, helping the club to exploit its content and brand strength in the US. Terra Lycos' global presence was a strong attribute that attracted Manchester United to the network. At the same time, Lycos Asia will be primarily responsible for building a Manchester United presence and brand in certain Asian markets.
- During the quarter, an agreement was announced with Register.com to power domain name sales on the Terra Lycos network. Customers can search and register domain names for $34.95 per year.
- Also during the quarter Terra launched a subscription e-mail service that provides a rich set of features such as 25 megabyte storage, a banner ad-free medium and POP 3 email access for $19,95 per year.
- Terra also focused on B2B launching Lycos Enterprise Services, which offers resources for managed hosting, site search integration and improving the usability of clients' complex commercial Web sites.
- Because entertainment is a critical Internet offering, Terra launched new music and films products during the quarter.
- In June, Lycos launched a new subscription digital music service called Lycos Rhapsody which, for $4.95 a month, offers the largest music selection from four of the five major record labels with access to the hottest artists from BMG, Sony Music, EMI and Warner Music.
- In Q2, the company launched an enhanced streaming movie service for broadband users, featuring access to a large collection of movie clips and short films from Ifilm, a leading broadband entertainment content network.
- In conjunction with Bertelsmann, Terra is currently working with 19 Bertelsmann strategic business units on more than 35 different initiatives, including the offline promotion of BMG artists, development and launch of several merchandising events and develop and launch a new Elvis Presley destination in three languages and 16 countries.

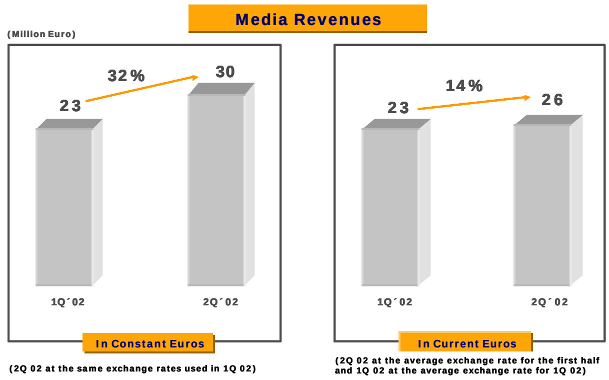
Also in the US, through the terra.com portal, the US Hispanic market is beginning to see a recovery and improvement in sales revenues. The U.S. Hispanic will continue to grow as US companies recognize the opportunity in this segment.

Terra.com revenues had a strong growth of 63% in Q2 vs. Q1, as the company continues to outperform its competitors in this sector of the US market.

The Spring issue of the Roslow Hispanic Internet Usage Study revealed very positive results for Terra.com. Terra.com continues to lead in brand loyalty and usage among Spanish-language. Almost 63% of users aware of Terra.com visited the site in the past 30 days. Visitors to Terra.com are spending almost 35 minutes with the site each time they visit; the highest average time-spent-per-visit of the top three Hispanic sites. Terra.com experienced a strong growth of 41% in unaided awareness since the last Roslow study in the Fall of 2001. The study also showed a high user retention rate, with 94% of users who have ever used terra.com having visited it in the last 30 days.

LATAM and Spain

Media revenues in LATAM and Spain were 30 million in constant euros in Q2'02, up 32% from Q1'02, or 14% in current euros. Compared with the same quarter of last year, Media revenues were up 17%.



The strong increase in year over year quarterly revenues is due to the strong leadership position in the regions. Terra is the preferred Media solution for multinational advertisers because of its deep penetration of the LATAM and Spanish markets and its unique Internet know how in these regions.

Terra was the first player in LATAM to offer both advertising and integrated digital marketing solutions. In addition, it is executing against its OBP strategy, both in Media and Access and leveraging the Media assets of Telefónica Group.

Spain

In Spain the EGM, which is the most widely used and credible source of research reported that Terra has 3,6 million unique users which means that it is the leading Spanish portal by far, with an audience three times larger than its next competitor. Its reach bigger than cinemas or monthly print publications and is very competitive to daily newspaper circulations, just below three major newspapers.

Terra continues executing on its strategy of using the Internet as a channel, and so during the quarter it launched a food vertical toguether with El Corte Inglés, the largest full service department store in Spain. In a few weeks, traffic increased more than 40% in this vertical.

Terra also improved its search by incorporating the Lycos Europe search engine, leveraging one of its partners, Lycos Europe. This has made search traffic to increase 25% in the quarter.

Also during this quarter Terra continued to leverage the Telefónica Group assets by including TPI Yellow Pages content in the portal, improving its offering to its clients.

Terra continues to work closely with all its partners. In working with BBVA, Finanzia and Uno-e, Terra introduced two different credit cards; one of them is a 'virtual' credit card, which consists of a number, an expiration date and a pin number, specifically designed to be used to buy online and through the phone.

Brazil

In Brazil, the economic environment is not contributing to growth in the online advertising market, however Terra was able to grow Media revenues 58% over the previous quarter and doubled revenues reported for Q2'01.

Terra was also awarded by Exame magazine, from Editora Abril, as the technology company with the highest growth in revenues in 2001, above IBM, Microsoft and HP, among others.

The company continues to work with the largest Brazilian advertisers. The Johnson &Johnson on-line agreement has been renewed and the company is negotiating a renewed relationship with Unilever.

Terra Brazil has launched with great success the World Cup 2002 channel, obtaining the second position on sports audience during June, according to e-ratings. Some of the advertisers include Caixa Economica Federal , Intel, McDonald's, Banco Real, Embratel, Eurofarma and Kaiser.

Q2'02 Terra Brazil E-commerce revenues increased 115% this quarter over Q1'02, because of robust sales of ADSL modems. The sale of broadband modems provides itself opportunities to offer Access and E-commerce products, further fueling revenue growth.

Mexico

In Mexico, Terra continues to see success in selling integrated marketing solutions to bridk and mortar companies that include not only selling advertising space but also doing content development, direct marketing and e-commerce. Some of this companies were AT&T, Audi, Ford, General Motors, HP, LG Electronics Nike, Nissan and Oxxy, among others.

Terra's acquisition of De Compras last year made the company the dominant E-commerce site in Mexico. The number of its online transactions has increased 262% in Q2'02 versus Q2'01 and repeat customers buying online is approximately 30%.

For the second year in a row, Terra received the Ibest award, on the Mexican portal, finance vertical and E-commerce offerings for providing superior content and design.

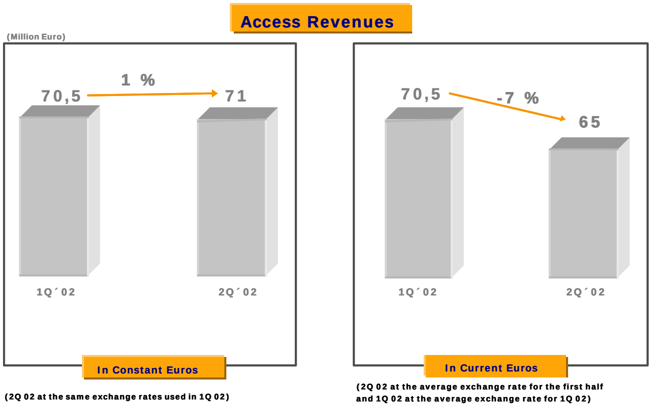
Chile

The industry is maturing through the creation of the Internet Media Association were Terra and the main Internet companies in the country participate, which looks for more transparency in audience metrics.

Terra's effort to offer integrated marketing solutions led to an agreement with the Chilean government to be the online site for one of the main lotteries in the country. Terra also developed the applications to deliver the passwords, the numbers and the promotional materials.

Access and Services Business Update

Access and Communication Services revenues were 71 million in constant euros in the quarter, up 1% from the previous one, or down 7% in current. The access business in LATAM grew 5% in constant euros in the quarter.



Terra continues executing the OBP model by bundling pure connectivity with Communication Services and premium content.

Spain

In Spain, Terra continues to bundle access, communication services and content and improve its existing offerings in the second quarter. The company added Radio Terra to its bundle, which is a radio with digital quality, supported by music labels like EMI, Virgin and BMG. Terra offers an open or free version of this product, another basic version bundled with the ADSL product and it is working on a premium offering together with its main strategic partners: Telefónica and Bertelsmann.

As it happens to the overall Internet, this market is growing much slowlier. Terra is promoting again the flat tariff product since it has proved to be a very powerful migration tool to ADSL in a 18 to 24 month period. This new flat tariff product is being bundled now with communication services like the virtual disk.

Brazil

In Brazil, there is a strong migration of the dial up access clients to the broadband, which helps to improve user loyalty and profitability.

Brazil ADSL client base grew 19% in the second quarter over the 1st quarter, maintaining the leadership position. It has 49% Broadband market share and keeps growing at a rate of 6 to 8% monthly. The broadband customer is a fairly affluent active consumer with potentially high purchase power, allowing Terra to cross sell e-commerce products and other OBP services.

Terra Brazil continues executing the OBP model with great success. It launched a premium e-mail subscription service which includes anti-virus an anti-spam functionality at a US $1 per month for up to 5 mailboxes. Since launch, it is experiencing over 800 new clients per day, reaching more than 20.000 new clients in one month. This is a positive trend as more and more users migrate to the higher value, paid services.

Terra Brazil offered this service to some of its existing clients as an "opt-out" offering and experienced over a 90% retention rate. The plan is to offer this product to more and more of its clients in the future.

Terra Brazil increased the monthly price for the dial up products from 19.90 reals to 29.90 reals, which resulted in better margins for this product.

In Q3, the company plans to launch Terra Light, a new product with fewer services for a low price, with the goal of increasing the clients base and creating opportunities for selling Value Added Services. This will be a profitable way to compete with other free Access providers in Brazil. By opening up services to a wider audience, this will give Terra the opportunity to migrate more users to its paid ADSL product.

Mexico

Terra stopped the free Access offering in Mexico and launched a new prepaid card system that is being sold through different channels. By offering different prepaid cards, the company is developing the market and minimizing bad debt issues.

Chile

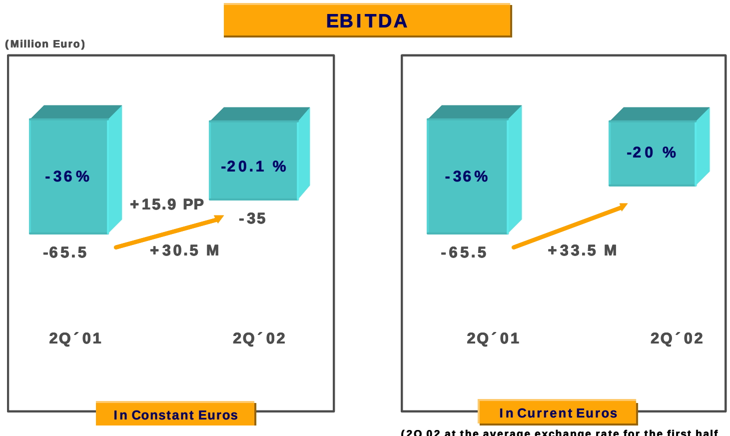
In Chile, Terra consolidated as one of the main players in ADSL with 10.000 ADSL clients. This market is growing strongly and significantly faster than cable.

Technology

Technology is a core competency for Terra Lycos. Through its Global Operation team, this competency allows the company to introduce new products and services to all its divisions and clients around the globe on a streamlined basis.

- Cable & Wireless Deal: On April 6th, Terra Lycos entered into an agreement with Cable & Wireless naming them as its hosting provider in Boston, California and Virginia. This deal represents a large cost savings for Terra Lycos and allows it to keep the data centers in their present locations.
- US Open Golf Tournament: the quarter was capped in June by hosting the enormously successful US Open Golf Tournament for the USGA tour. The site operated flawlessly. Traffic peaked at 29 million page views and 460K uniques per day.

EBITDA



(2Q 02 at the same exchange rates used in 1Q 02)

(2Q 02 at the average exchange rate for the first half and 1Q 02 at the average exchange rate for 1Q 02)

The company achieved –20% EBITDA margin in the quarter, versus a –36% in the same quarter of last year, the best performance ever and in line with its delivered continuous improvement, meaning five percentage points or 8.4 million euros going from –25% to –20% versus the previous quarter.

Other information

There were some changes in the organization in the quarter, with the aim of focusing more on the client by new and old product introductions and improve cost efficiencies.

The main change is that the company is creating a new division called Global Operations where it integrates operational marketing, product management, engineering, operations and MIS, and the company reinforced the commercial activity of the geographical units.

2Q 2002 Results

Highlights

	Q2 2002	Q2 2002 Constant € (*)	Q1 2002	Q2 2001	D% Quarterly	D% Quarterly Constant €	D% Annual
Total Revenue	**161,7**	**174,3**	**160,6**	**179,7**	*1%*	*9%*	*-10%*
Media	96,4	103,5	90,1	110,7	*7%*	*15%*	*-13%*
Access and Services	65,3	70,8	70,5	69,0	*-7%*	*0%*	*-5%*
EBITDA	**(32,3)**	**(35,0)**	**(40,8)**	**(65,5)**			
EBITDA Margin	**-20%**	**-20%**	**-25%**	**-36%**	*5 p.p.*	*5 p.p.*	*16 p.p.*
Total Subscribers (million)	**5,0**	**5,0**	**4,9**	**n.a.**	*3%*	*3%*	*n.a.*
Access Subs	4,1	4,1	4,4	4,3	*-6%*	*-6%*	*-4%*
CSP + Portal Subs	0,9	0,9	0,5	n.a.	*77%*	*77%*	*n.a.*
Average daily page views (million)	**416**	**416**	**450**	**460**	*-8%*	*-8%*	*-10%*
Unique users (million)	**116**	**116**	**115**	**103**	*1%*	*1%*	*13%*

	H1 2002	H1 2002 Constant € (*)	H2 2001	H1 2001	D% 6m	D% 6m Constant €	D% Annual
Total Revenue	**322,3**	**334,9**	**336,1**	**357,5**	*-4%*	*0%*	*-10%*
Media	186,5	193,6	214,9	233,3	*-13%*	*-10%*	*-20%*
Access and Services	135,8	141,3	121,2	124,2	*12%*	*17%*	*9%*
EBITDA	**(73,1)**	**(75,8)**	**(90,5)**	**(141,5)**			
EBITDA Margin	**-23%**	**-23%**	**-27%**	**-40%**	*4 p.p.*	*4 p.p.*	*17 p.p.*
Total Subscribers (million)	**5,0**	**5,0**	**4,7**	**n.a.**	*3%*	*3%*	*n.a.*
Access Subs	4,1	4,1	4,3	4,3	*-6%*	*-6%*	*-4%*
CSP + Portal Subs	0,9	0,9	0,4	n.a.	*77%*	*77%*	*n.a.*
Average daily page views (million)	**416**	**416**	**500**	**460**	*-8%*	*-8%*	*-10%*
Unique users (million)	**116**	**116**	**111**	**103**	*1%*	*1%*	*13%*

(*) Q1'02 exchange rates

Financial Statements

Consolidated Operating P&L (*)

(in million of Euros - Spanish GAAP)
unaudited

	Three Months Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
Revenues:				
Media	96.4	110.7	186.5	233.2
Access and Services	65.3	69.0	135.8	124.2
Total revenues	**161.7**	**179.7**	**322.3**	**357.5**
Cost of revenues	(80.5)	(98.5)	(168.8)	(187.4)
Gross Profit	81.2	81.2	153.5	170.0
Operating expenses:				
Research and development	(27.7)	(34.7)	(56.4)	(71.4)
Sales and marketing	(55.5)	(84.8)	(110.0)	(174.6)
General and administrative	(30.4)	(27.1)	(60.4)	(65.5)
Total operating expenses	(113.6)	(146.6)	(226.7)	(311.5)
EBITDA	**(32.3)**	**(65.5)**	**(73.2)**	**(141.5)**
EBITDA Margin	*-20%*	*-36%*	*-23%*	*-40%*
Depreciation / non-cash charges	(41.8)	(48.7)	(88.2)	(87.8)
Financial income (loss)	19.3	38.9	33.7	68.9
Share in gains (losses) by equity method	(18.1)	(78.9)	(39.1)	(126.3)
Amortization of goodwill	(63.2)	(142.6)	(128.9)	(269.0)
Extraordinaries and other	(1.6)	(7.9)	(2.9)	(8.8)
Income (loss) before taxes	**(137.8)**	**(304.7)**	**(298.6)**	**(564.4)**
Corporate income tax	32.2	87.8	62.3	173.3
Minority interest	2.2	0.9	2.8	0.7
Net Income (loss)	**(103.3)**	**(216.0)**	**(233.5)**	**(390.4)**
Shares Outstanding (' 000)	559,313	557,471	559,313	557,471

(*) See Operating P&L Description in the Other Information section

Consolidated Income Statement

(in million of Euros - Spanish GAAP)
unaudited

	Three Months Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
Total revenues	**161.7**	**179.7**	**322.3**	**357.5**
Goods purchased	(74.1)	(98.0)	(157.4)	(188.4)
Personnel expenses	(46.2)	(54.3)	(94.0)	(109.1)
Depreciation and amortization	(36.2)	(41.3)	(76.6)	(73.7)
Other operating expenses	(79.3)	(100.4)	(155.8)	(215.5)
Operating income (loss)	**(74.2)**	**(114.2)**	**(161.4)**	**(229.3)**
Financial income (loss), net	19.3	38.9	33.7	68.9
Amortization of goodwill	(63.6)	(143.4)	(129.7)	(271.0)
Reversal of negative goodwill in consolidation	0.4	0.8	0.9	2.1
Equity share of affiliate losses, net	(18.1)	(78.9)	(39.1)	(126.3)
Income (loss) from ordinary activities	**(136.2)**	**(296.9)**	**(295.6)**	**(555.7)**
Extraordinary income (expense)	(1.6)	(7.9)	(2.9)	(8.8)
Income (loss) before taxes	**(137.8)**	**(304.7)**	**(298.6)**	**(564.4)**
Corporate income tax credit	32.2	87.8	62.3	173.3
Minority interest	2.2	0.9	2.8	0.7
Net income (loss)	**(103.3)**	**(216.0)**	**(233.5)**	**(390.4)**

Consolidated Balance Sheet

as of June 20, 2002
(in million of Euros - Spanish GAAP)
unaudited

ASSETS

Due from Shareholders for Uncalled Capital	**339,0**
Fixed Assets	**1.375,7**
Goodwill in Consolidation	**1.625,5**
Long-term deferred expenses	**12,3**
Current Assets	**2.098,8**
Cash and Short-term financial investments	1.911,4
Other current assets	187,3
TOTAL ASSETS	**5.451,3**

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity	**5.007,4**
Minority interests	**-0,1**
Long-term liabilities	**109,9**
Current liabilities	**334,1**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5.451,3**

Cash Flow

three months ended June 30, 2002
(in million of Euros - Spanish GAAP)
unaudited

Initial Balance	1.944 (*)
Cash flows from operating activities	-31
Cash flows from investing activities	-25
Cash flows from financing activities	12
Ending Balance	**1.900**

(*) Q1'01 ending balance expressed in Euros at Q2'02 closing exchange rates

Revenue Data

	Q2 2002	Q1 2002	Q2 2001
Revenue by Business			
(% of total revenue)			
Media	60%	56%	62%
Access and Services	40%	44%	38%

	Q2 2002	Q1 2002	Q2 2001
Revenue by Region and Business			
(% of total revenue)			
United States	**44%**	**42%**	**49%**
Media	44%	42%	49%
Access and Services	0%	0%	0%
Spain & Latam	**56%**	**58%**	**51%**
Media	16%	14%	13%
Access and Services	40%	44%	38%

Financial Statements

Operating Data

	Q2 2002	Q1 2002	Q2 2001	D% Quarterly	D% Annual
Total Subscribers (million)	**5.0**	**4.9**	**n.a.**	***3%***	**n.a.**
Access Subscribers (million)	**4.1**	**4.4**	**4.3**	***-6%***	***-4%***
Pay	33%	30%	30%		
Free	67%	70%	70%		
ADSL (thousand)	**301**	**272**	**133**	***11%***	***132%***
Spain	123	122	79	*4%*	*60%*
Latam	178	150	54	*19%*	*238%*
CSP + Portal Subscribers (million)	**0.9**	**0.5**	**n.a.**	***77%***	**n.a.**
Total Pay Subscribers (million)	**2.3**	**1.8**	**n.a.**	***24%***	**n.a.**
Access	59%	72%	n.a.		
Communication Services + Portal	41%	28%	n.a.		

	Q2 2002	Q1 2002	Q2 2001	D% Quarterly	D% Annual
Average daily page views (million)	**416**	**450**	**460**	***-8%***	***-10%***
Unique users (million)	**116**	**115**	**103**	***1%***	***13%***

Historic Data

Historic Data

Consolidated Operating P&L[1]

(in million of Euros - Spanish GAAP) [2]
unaudited

	2001			2002	
	Q2	Q3	Q4	Q1	Q2
Revenues:					
Media	110.7	109.3	105.6	90.1	96.4
Access and Services	69.0	60.8	60.4	70.5	65.3
Total Revenue	**179.7**	**170.1**	**166.0**	**160.6**	**161.7**
Cost of Revenues	(98.5)	(90.5)	(86.6)	(88.3)	(80.5)
Gross Profit	81.2	79.6	79.4	72.3	81.2
Operating espenses:					
Research and development	(34.7)	(31.3)	(24.8)	(28.7)	(27.7)
Sales and marketing	(84.8)	(62.0)	(68.5)	(54.5)	(55.5)
General and administrative	(27.1)	(35.1)	(27.7)	(30.0)	(30.4)
Total Operating Expenses	(146.6)	(128.4)	(121.0)	(113.1)	(113.6)
EBITDA	**(65.5)**	**(48.8)**	**(41.7)**	**(40.8)**	**(32.3)**
Depreciation/non-cash charges	(48.7)	(43.2)	(54.5)	(46.4)	(41.8)
Financial income (loss)	38.9	27.7	29.7	14.4	19.3
Share in gains (losses) by equity method	(78.9)	(46.7)	(8.7)	(21.0)	(18.1)
Amortization of goodwill	(142.6)	(51.3)	(63.2)	(65.7)	(63.2)
Extraordinaries and other	(7.9)	(22.6)	(43.4)	(1.4)	(1.6)
Income (loss) before taxes	**(304.7)**	**(185.0)**	**(181.9)**	**(160.8)**	**(137.8)**
Corporate income tax	87.8	101.7	88.4	30.0	32.2
Minority interest	0.9	0.4	0.5	0.6	2.2
Net Income (loss)	**(216.0)**	**(82.9)**	**(93.0)**	**(130.2)**	**(103.3)**
Shares Outstanding (`000) [3]	557,471	558,619	558,835	560,600	559,313

(1) See Operating P&L Description in the Other Information section

(2) As of 2001 P&L data through EBITDA accounted under Spanish GAAP does not differ from P&L data under US GAAP. For previous periods some accounting differences arise.

(3) Excludes shares assigned to the Stock Option Plan

Historic Data

Consolidated Income Statement

(in million of Euros - Spanish GAAP)
unaudited

	2001			2002	
	Q2	Q3	Q4	Q1	Q2
Total revenues	**179.7**	**170.1**	**166.0**	**160.6**	**161.7**
Goods purchased	(98.0)	(85.0)	(78.7)	(83.2)	(74.1)
Personnel expenses	(54.3)	(48.1)	(47.8)	(47.8)	(46.2)
Depreciation and amortization	(41.3)	(35.7)	(48.1)	(40.4)	(36.2)
Other operating expenses	(100.4)	(93.3)	(87.7)	(76.4)	(79.3)
Operating income (loss)	**(114.2)**	**(91.9)**	**(96.2)**	**(87.2)**	**(74.2)**
Financial income (loss), net	38.9	27.7	29.7	14.4	19.3
Amortization of goodwill	(143.4)	(51.7)	(63.6)	(66.1)	(63.6)
Reversal of negative goodwill in consolidation	0.8	0.4	0.4	0.5	0.4
Equity share of affiliate losses, net	(78.9)	(46.7)	(8.7)	(21.0)	(18.1)
Income (loss) from ordinary activities	**(296.9)**	**(162.3)**	**(138.4)**	**(159.4)**	**(136.2)**
Extraordinary income (expense)	(7.9)	(22.6)	(43.4)	(1.4)	(1.6)
Income (loss) before taxes	**(304.7)**	**(184.9)**	**(181.9)**	**(160.8)**	**(137.8)**
Corporate income tax credit	87.8	101.7	88.4	30.0	32.2
Minority interest	0.9	0.4	0.5	0.6	2.2
Net income (loss)	**(216.0)**	**(82.9)**	**(93.0)**	**(130.2)**	**(103.3)**

Historic Data

Consolidated Balance Sheet

as of June 20, 2002

(in million of Euros - Spanish GAAP)
unaudited

	2001			2002	
ASSETS	**June 30**	**Sept 30**	**Dec 31**	**March 31**	**June 30**
Due from Shareholders for Uncalled Capital	**420.7**	**388.7**	**367.0**	**350.3**	**339.0**
Fixed Assets	**1,309.0**	**1,383.3**	**1,499.9**	**1,423.2**	**1,375.7**
Goodwill in Consolidation	**1,883.1**	**1,866.3**	**1,819.2**	**1,760.0**	**1,625.5**
Long-term deferred expenses	**14.2**	**11.4**	**8.8**	**14.9**	**12.3**
Current Assets	**2,845.8**	**2,552.7**	**2,412.5**	**2,234.1**	**2,098.8**
Cash and Short-term financial investments	2,610.9	2,333.1	2,190.1	2,021.9	1,911.4
Other current assets	234.8	219.6	222.3	212.3	187.3
TOTAL ASSETS	**6,472.9**	**6,202.4**	**6,107.3**	**5,782.4**	**5,451.3**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	**5,840.7**	**5,592.4**	**5,556.8**	**5,311.7**	**5,007.4**
Minority interests	**3.3**	**3.5**	**3.5**	**1.6**	**-0.1**
Long-term liabilities	**188.0**	**162.6**	**115.5**	**108.0**	**109.9**
Current liabilities	**440.9**	**444.0**	**431.5**	**361.1**	**334.1**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6,472.9**	**6,202.4**	**6,107.3**	**5,782.4**	**5,451.3**

2Q 2002 Results

Historic Data

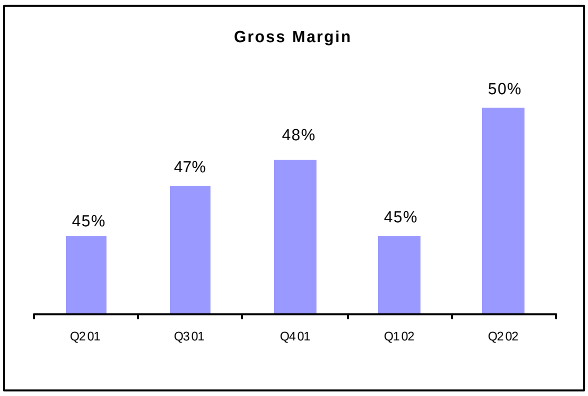
Revenue Data

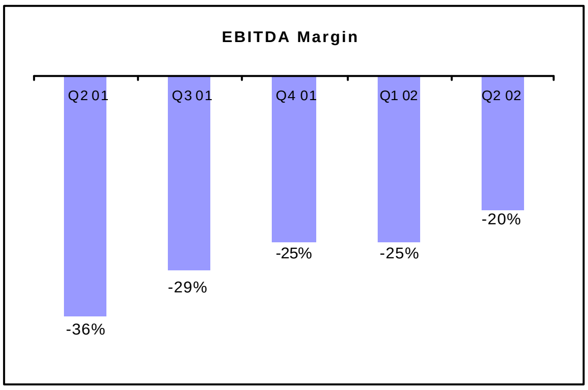
	2001			2002	
	Q2	Q3	Q4	Q1	Q2
Revenue by Business					
(% of total revenue)					
Media	62%	64%	64%	56%	60%
Access and Services	38%	36%	36%	44%	40%
Revenue by Region and Business					
(% of total revenue)					
United States	**49%**	**53%**	**43%**	**42%**	**44%**
Media	49%	53%	43%	42%	44%
Access and Services	0%	0%	0%	0%	0%
Spain & Latam	**51%**	**47%**	**57%**	**58%**	**56%**
Media	13%	11%	21%	14%	16%
Access and Services	38%	36%	36%	44%	40%

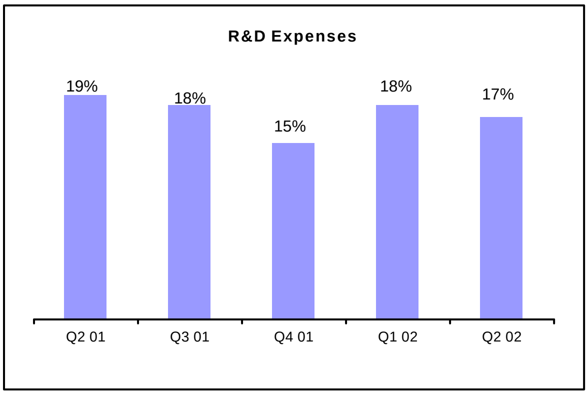
2Q 2002 Results

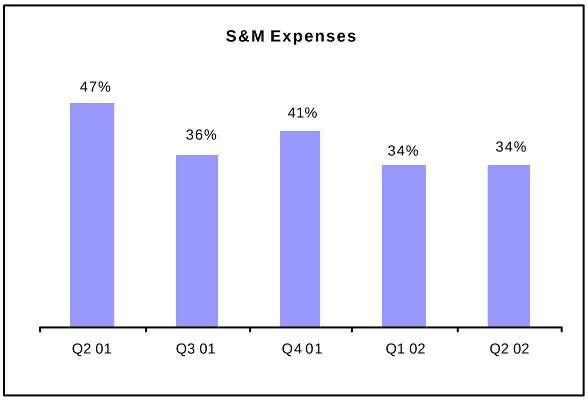
Historic Data

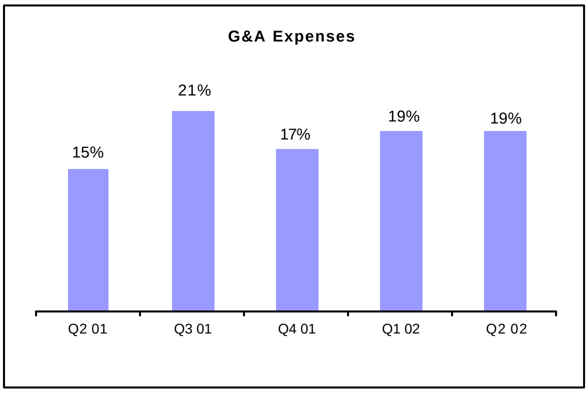
Operating Expenses and Margins











Historic Data

Operating Data

	2001			2002	
	Q2	Q3	Q4	Q1	Q2
Total Subscribers (million)	n.a.	n.a.	**4.7**	**4.9**	**5.0**
Access Subscribers (million)	**4.3**	**4.3**	**4.3**	**4.4**	**4.1**
Pay	30%	30%	30%	30%	33%
Free	70%	70%	70%	70%	67%
ADSL (thousand)	**133**	**174**	**233**	**272**	**301**
Spain	79	91	109	122	123
Latam	54	83	124	150	178
CSP + Portal Subscribers (million)	n.a.	n.a.	**0.4**	**0.5**	**0.9**
Total Pay Subscribers (million)	n.a.	n.a.	**1.7**	**1.8**	**2.3**
Access	n.a.	n.a.	78%	72%	59%
CSP + Portal	n.a.	n.a.	22%	28%	41%

Average daily page views (million)	**460**	**481**	**500**	**450**	**416**
Unique users (million)	**103**	**109**	**111**	**115**	**116**

Other Information

Differences between Spanish and United States Generally Accepted Accounting Principles

As described in Note (21) of the Company's Annual report on Form 20-F, the generally accepted accounting principles in Spain ("Spanish GAAP) differ in some respects from generally accepted accounting principles in the United States ("U.S. GAAP"). Some of the most significant differences are:[1]

1. Research and development
2. Accruals and deferrals
3. Corporate income tax
4. Consolidated method
5. Goodwill from acquisitions from related parties and others
6. Capital contribution to parent company
7. Acquisition of Lycos Virginia, Inc
8. Stock options granted to employees of Lycos
9. Acquisition of minority interests in Terra Networks USA
10. Acquisition of Uno-e Bank, S.A.
11. Allocation of Purchase Price and Goodwill Impairment
12. Investments under FASB 115
13. Treasury stock
14. Tax deduction benefit of stock options
15. Translation of goodwill
16. Shares in Deposit at Finance Entities acting as Agents in Stock Option Plans
17. Change in the accounting estimate
18. Comprehensive income
19. Statement of cash flows
20. Advertising
21. Disclosure of fair value of financial instruments
22. Stock option plan
23. Earnings Per Share
24. Business segment data
25. Pro Forma Effect of Acquisitions
26. Classification Differences
27. Significant accounting policies
28. New Accounting Standards
29. Related Party Transactions
30. Use of estimates

The most relevant differences in 2001 financial statements are:

Corporate income tax

[1] For further detail please consult Form 20-F filed with the US SEC

In accordance with Spanish GAAP and with Corporate Income Tax Law 43/1995, tax losses may be carried forward for ten years from the commencement of the tax period following that in which the tax losses were incurred. However, under Article 23.3 of said law, newly formed entities may calculate the period for the offset from the first tax period when their taxable base is positive. Under Spanish GAAP tax credits are only recorded when there is true and total certainty that these tax credits will be realized. Under U.S. GAAP, valuation allowances are not provided on deferred tax assets, including tax credits and carry forwards, to the extent that the assets are more likely than not to be realized.

Specifically, Spanish GAAP permit the recognition of deferred tax assets, including those arising from net operating loss carry forwards, if the deferred tax assets can be reasonably realized within a ten-year period from the date on which the assets were generated. For the 2001, 2000 and 1999 financial statements, the Group has recognized such tax assets under Spanish GAAP, since the business plan prepared by management indicates that these assets will be realized within a ten-year period.

Under U.S. GAAP, deferred tax assets should be recognized if it is “more likely than not” that these assets will be realized. In making a determination of whether it is more likely than not that a deferred tax asset is realizable, all available evidence, both positive and negative, should be considered. Companies should look to both objective evidence, such as a company’s operating history, as well as subjective evidence, such as a company’s budgets and business plans, to determine whether a valuation allowance is needed. The weight given to the potential effect of negative and positive evidence should be commensurate with the extent to which it can be objectively verified.

Under U.S. GAAP, reaching a conclusion that a valuation allowance is not needed is difficult when there is significant objective negative evidence, such as cumulative losses, in recent years. Each of the companies in the Group have incurred such losses in each tax-reporting period since its inception. Moreover, the Group does not have other objective, positive evidence such as existing contracts or a firm sales backlog, that will produce more than enough taxable income to realize the deferred tax asset based on existing sales prices and cost structures. Based on this evidence, a valuation allowance would be provided in full against the deferred tax assets related to the Group’s net operating losses under U.S. GAAP.

Allocation of Purchase Price and Goodwill Impairment

The Group, under Spanish GAAP, has recorded the difference between the purchase price of acquired companies such as Lycos Virginia, Inc. (subsequently renamed Lycos, Inc.), Terra Networks México, S.A. de C.V., Terra Networks Brasil, S.A. (formerly Nutec Informatica, S.A.) and Ordenamiento de Links Especializados, S.L. (OLÉ) and the fair value of the net assets acquired in these entities as goodwill. This goodwill is being amortized over a period of ten years beginning from the date of each acquisition.

Other Information

The table below summarizes the allocation of the purchase price for Lycos, Inc. according to U.S. GAAP.

	Fair value (thousands of Euros)	Estimated useful life (years)
Net assets (excluding intangible assets)	1,085,686	
Web visitors and customer base	389,568	3 to 5
Developed technology	376,302	3 to 5
Other intangible	196,593	5
Goodwill	12,429,998	10
Total	**14,478,147**	

Spanish GAAP requires that amounts paid to acquire companies in excess of the fair value of the assets acquired (including identified intangible assets) at their purchase date be accounted for as goodwill and amortized over a period not exceeding 20 years. The Group amortizes its goodwill over its estimated useful life of ten years for Spanish GAAP and for U.S. GAAP purposes.

Subsequent to acquisition (for U.S. GAAP purposes), according to APB 17, the carrying value is reviewed if the facts and circumstances, such as significant declines in sales, earnings or cash flows, suggest that it may be impaired. If this review indicates that goodwill will not be recoverable, impairment is measured by comparing the carrying value of goodwill to fair value. Fair value is determined based on discounted cash flows.

In 2001 the Controlling Company has carried out a study of the evolution of the acquired companies' business plans in order to ascertain whether or not it was necessary to write down the goodwill arising from the acquisitions of companies in prior years. As a result of the study, the balance of the "Goodwill in Consolidation" caption was written down by €35,083,000 for Spanish and U.S. GAAP purposes. The primary facts and circumstances leading to the impairment are described in Note 4 a.

As described in Notes 21.5, 21.7 and 21.9 of the Form 20-F, there are significant differences between Spanish and U.S. GAAP in the value of goodwill associated with the acquisitions of OLÉ, Lycos, Inc. and the minority interests in Terra Networks USA. Under Spanish GAAP, the value of the shares issued to consummate the acquisition of Lycos, Inc. was €11 per share, while for U.S. GAAP purposes the shares were valued at €50.20 per share, which was the average market price of the Terra Networks, S.A. common stock around the time the merger was agreed and announced, in accordance with EITF 99-12 (see Note 21.7). Due to this difference in the purchase price, there is a goodwill of €1,766 million arising from the acquisition of Lycos, Inc. for Spanish GAAP purposes and a goodwill amounting to €13,441 million arising from this transaction for U.S. GAAP purposes. In the fourth quarter of 2001, the Controlling Company determined which amount of the goodwill (for U.S. GAAP purposes) associated with Lycos, Inc., Terra Networks USA and OLÉ was impaired. The write-off of the goodwill was based on an analysis of projected discounted cash flows, which were no longer deemed adequate to support the value of goodwill associated with OLÉ, Terra Networks USA and Lycos, Inc. under U.S. GAAP.

The following is a summary of the impairment charges in the consolidated statement of operations for the year ended December 31, 2001:

	Thousands of Euros
Impairment of goodwill arising from OLÉ acquisition	17,093
Impairment of goodwill arising from acquisition of Lycos, Inc.	8,628,163
Impairment of goodwill arising from acquisition of minority interests in Terra Networks USA	144,303
Total goodwill impairment charge	**8,789,559**

Reconciliation of shareholders' equity from Spanish GAAP to U.S. GAAP

# Ref		Thousand of Euros		
		12/31/01	**12/31/00**	**12/31/99**
	Shareholders' equity per Spanish GAAP	**5,556,792**	**6,126,833**	**1,233,527**
	Adjustments for U.S. GAAP purposes:			
1	Research and development expenses	5,079	-8,474	-247
2	Start-up costs			
	Advertising	-85,163	-49,608	-18,102
	Offering costs	-673	-64,374	-33,028
3	Valuation allowances on deferred tax assets (a)	-637,488	-279,350	-42,625
4	Investments carried by the equity method	76,996	12,531	-
5	Goodwill arising from OLÉ acquisition	17,093	21,594	28,236
5	Adjustment arising from Chile acquisition (net)	-27,737	-33,933	-38,345
6	Adjustment resulting from Perú acquisition (net)	-19,178	-23,974	-
7	Goodwill arising from Lycos acquisition	8,628,163	11,220,787	-
8	Stock options granted to employees of Lycos	-493,148	-509,534	-
9	Goodwill arising from acquisition of minority interests in T.N. USA	144,303	171,409	-
10	Amortization of goodwill relating to Uno-e Bank, S.A. acquisition	4,342	-	-
11	Impairment of goodwill of previous acquisitions	-8,789,559	-	-
12	Investments under FASB 115	-53,658	-47,720	-
13	Treasury stock	-2,188	-2,078	-
15	Translation of goodwill	-63,168	-124,186	-
16	Capital increase subscribed to by finance entities acting as agents in ESOP	-30,197	-	-
	Tax effects of above adjustments (b)	-	-	-
	Other	-	-	55
	Total differences	-1,336,339	10,283,090	-104,056
	Shareholders' equity per U.S. GAAP	**4,220,453**	**16,409,923**	**1,129,471**

(a) At 12/31/99 includes €6,677 thousand of tax carried forward relating mainly to Terra Networks México, S.A.

(b) The adjustments above do not include the tax effect, if any, of reconciling the shareholders' equity from Spanish GAAP to U.S. GAAP, since a valuation allowance would be provided in full against the deferred tax assets related to the Group's net operating losses under U.S. GAAP.

Other Information

terra lycos

Reconciliation of net loss from Spanish GAAP to U.S. GAAP

# Ref		Thousand of Euros except per share data 12/31/01	12/31/00	12/31/99
	Net loss per Spanish GAAP	**-566,298**	**-556,354**	**-81,404**
1	Reversal of amortization of research and development expenses	3,865	920	96
2	Additions to research and development expenses	_	-156	-343
2	Reversal of amortization of start-up costs	30,627	19,569	920
2	Additions to start-up costs (advertising)	-1,629	-51,970	-19,020
3	Corporate income tax	-373,829	-239,630	-35,899
4	Investments carried by the equity method	68,606	4,538	_
5	Amortization of goodwill relating to OLÉ acquisition	-4,502	-6,641	-4,982
5	Adjustment relating to Chile acquisition	6,196	8,858	1,322
6	Adjustment resulting from Perú acquisition	6,743	6,395	_
7	Amortization of goodwill relating to Lycos acquisition	-1,745,568	-384,606	_
7	Amortization of deferred compensation expense	-53,148	-8,859	_
8	Stock options granted to employees of Lycos	-2,825	_	_
9	Amortization of goodwill minority interests T.N. USA	-27,106	-15,584	_
10	Amortization of goodwill relating to Uno-e Bank acquisition	4,342	_	_
11	Impairment of goodwill from previous acquisitions	-8,789,559	_	_
12	Unrealized gains/losses investments under FASB 115	-91,793	1,112	_
14	Tax deduction on employee stock options	_	-8,576	_
15	Translation of goodwill	124,231	-5,457	_
	Other	-102	_	_
	Tax effects of above adjustments (a)	_	_	_
	Net loss per U.S. GAAP	-11,411,749	-1,236,441	-139,310
	Net loss per share U.S. GAAP	-18.369	-3.586	-0.684
	Weighted average shares outstanding	**621,265,845**	**344,819,216**	**203,763,953**

(a) The adjustments above do not include the tax effect, if any, of reconciling the net loss from Spanish GAAP to U.S. GAAP, since a valuation allowance would be provided in full against the deferred tax assets related to the Group's net operating losses under U.S. GAAP.

Other Information

Operating P&L Description

Cost of sales represents the direct cost of supporting the Terra Lycos networks including all direct employee costs, product delivery and content, customer service, Ad servicing costs, and hosting and bandwidth and general office overhead.

Research and development includes the direct cost of developing new and supporting existing products and services, primarily direct employee costs, consulting, content, software and general office overhead.

Sales and marketing includes all direct costs of promoting the brand and selling against that brand including direct employee costs, marketing development and promotion, research, public relations, general office overhead.

General and Administrative includes all those costs which act as a support function to the company.

What is excluded from EBITDA includes interest on our commercial paper, taxes on corporate income, depreciation on fixed assets (including lease expense on fixed assets), and amortization on intangible assets (primarily relating to goodwill).

Other below the line items that are not included in EBITDA represent costs that are either not directly related to our core business or are non-recurring in nature including our share of gains and losses on strategic investments, equity losses on affiliates, and other one time charges we believe to be outside the normal course of business and which may change from period to period.

Main Fully and Equity Consolidated Companies

MAIN FULLY CONSOLIDATED COMPANIES	
ARGENTINA	TERRA NETWORKS ARGENTINA S.A.
BRAZIL	TELEFONICA INTERACTIVA BRASIL LTDA. (GRUPO)
COLOMBIA	TERRA NETWORKS COLOMBIA HOLDING S.A. (GRUPO)
CHILE	TERRA NETWORKS CHILE HOLDING LIMITADO
SPAIN	BUMERAN PARTICIPACIONES S.L. (GRUPO)
SPAIN	IFIGENIA PLUS, S.A.
SPAIN	MAPTEL NETWORKS, S.A.
SPAIN	TERRA NETWORKS ESPAÑA, S.A.
GUATEMALA	TERRA NETWORKS GUATEMALA S.A.
MEXICO	TERRA NETWORKS MEXICO HOLDING S.A. DE C.V. (GRUPO)
PERU	TERRA NETWORKS PERU S.A.I
DOMINICAN REPUBLIC	TERRA NETWORKS CARIBE, S.A.
URUGUAY	TERRA NETWORKS URUGUAY, S.A.
USA	LYCOS VIRGINIA INC.
USA	TERRA NETWORKS USA INC.
VENEZUELA	TERRA NETWORKS VENEZUELA S.A.

MAIN EQUITY CONSOLIDATED COMPANIES		
SPAIN	AZELER AUTOMOCIÓN, S.A.	50%
SPAIN	A TU HORA, S.A.	50%
SPAIN	INICIATIVAS RESIDENCIALES EN INTERNET, S.A.	50%
SINGAPUR	LYCOS ASIA	50%
SPAIN	RED UNIVERSAL DE MARKETING Y BOOKINGS ON-LINE, S.A.	50%
SPAIN	UNO_ E BANK	49%
USA	ONE TRAVEL.COM, INC.	39,6%
HOLLAND	LYCOS EUROPE	29,55%
JAPAN	LYCOS JAPAN	37%
SPAIN	TERRA MOBILE, S.A.	20%

2Q 2002 Results

Other Information

Guidance

	Revenue (€ m)	EBITDA Mg
July 24th, 2002		
For the period of:		
Q3 2002	**165 - 175**	**-19% -16%**
FY 2002 (at Q2'02 exchange rates)	**670 - 730**	**-19% -15%**
May 8th, 2002		
For the period of:		
Q2 2002	**170 -180**	**-24% -21%**
FY 2002	**720 - 780**	**-19% -15%**
Feb. 26th, 2002		
For the period of:		
Q1 2002	**160 -170**	**-27% -24%**
FY 2002	**720 - 780**	**-19% -15%**

Other Information

Press Releases

- **April 3rd 2002:** Terra Lycos launches Educaterra, a vertical portal offering online learning and training services for the Spanish-speaking market. Educaterra began operating in Argentina, Colombia, Chile, Spain, Mexico, Peru, Venezuela and the US Spanish-speaking market.
- **April 24th 2002:** Terra España makes its search engine more powerful by incorporating Lycos España's search engine's technology.
- **April 29th 2002:** Terra Lycos launches Domain Registration Services. Terra Lycos creates its own 'Lycos Domains' site where customers can search and register domain names directly from the Lycos network.
- **May 14th 2002:** Terra Lycos announced the launch of 'Lycos Mail Plus', a subscription e-mail service that provides a rich set of features for users whose needs have grown beyond free e-mail services.
- **May 15th 2002:** Terra and BBVA agree to merge Uno-e and the BBVA Finanzia consumer activity. The new Uno-e will be 67% owned by BBVA, through Finanzia, and 33% by Terra Lycos. Uno-e will have a balance of 1.4 billion Euro and a portfolio of 2.2 million customers.
- **May 16th 2002:** Terra España launches 'Canal Alimentación, the most complete food channel in the web.
- **May 20th 2002:** Terra Lycos announces the creation of 'Lycos Enterprise Services', a new business unit that offers world-class resources for hosting, navigating and extending the functionality of complex commercial Web sites.
- **May 20th 2002:** Terra España launches 'Radio Terra', the first radio offering CD quality music through the Internet.
- **June 7th 2002:** Terra Lycos Mexico gets 5 iBest 2002 Awards in the following categories: Financial Services for Invertia, E-commerce for Decompras and Best Portal for Terra.
- **June 11th 2002:** The Roslow Hispanic Internet Usage Study shows Terra as the main Spanish-speaking site, regarding usage and brand royalty.
- **June 11th 2002:** Terra Lycos announces the launch of a new subscription-based music service on Lycos Music.
- **July 1st 2002:** Terra Lycos launches Lycos Search 6.0, with several new product features and enhancements to Lycos search.

Other Information

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Other Information

Next Earnings Announcement Date
(subject to change)

3Q 02	Nov. 7th, 2002

SAFE-HARBOUR

This document 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 document 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 and investors are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. Terra Lycos 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 Terra Lycos 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.