

Telefonica

ENDEMOL
ENTERTAINMENT



Presentation to Analysts

March 17th, 2000

Safe Harbour

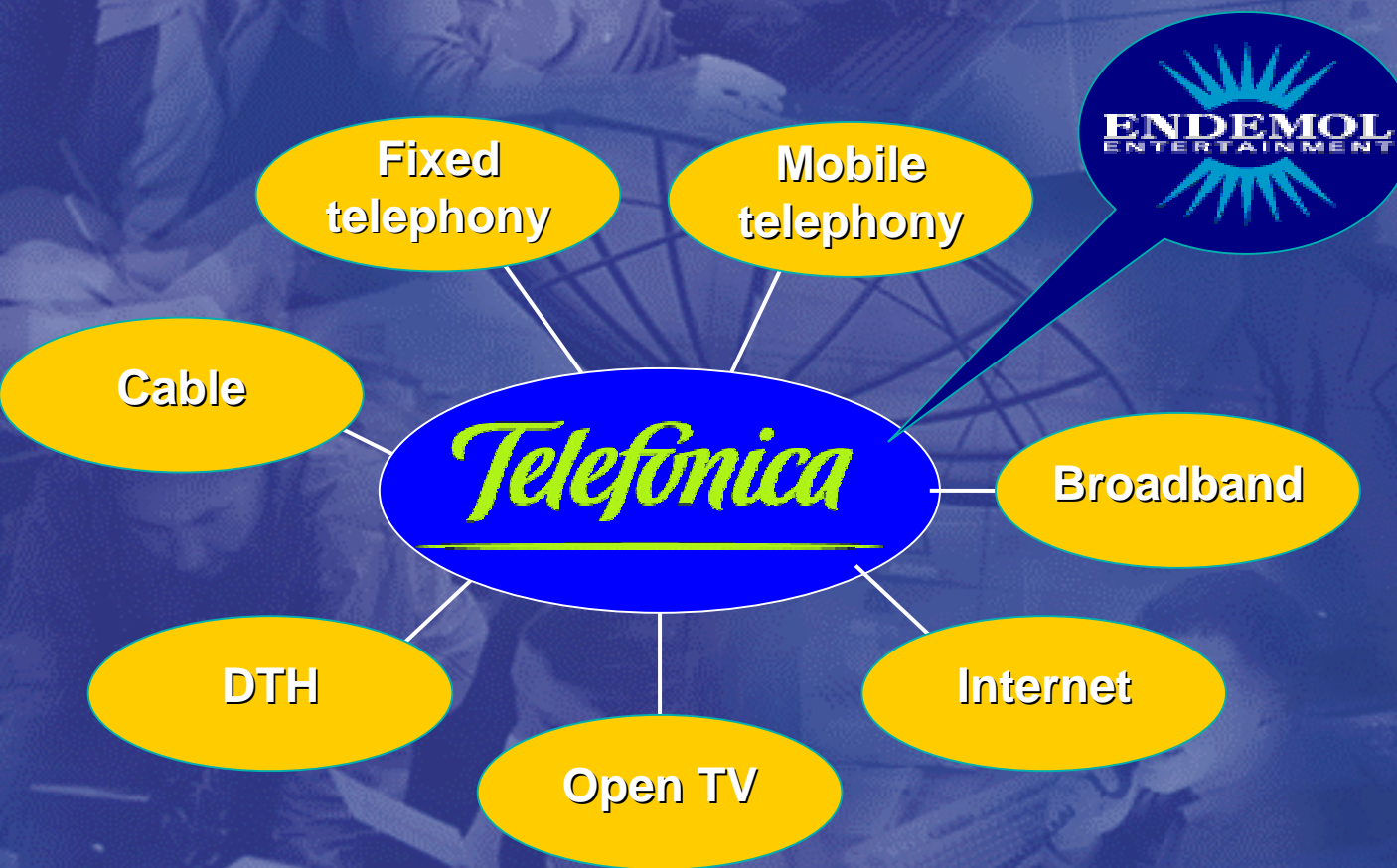
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- **Telefonica's Vision**
 - **Why Endemol**
 - **Why Telefónica**
 - **Transaction Description**
 - **Financial Impact**
 - **Conclusions**

Telefónica's Strategic Vision



- Telefónica has developed a network of platforms suitable for the packaging and distribution of a broad range of content
- Two years ago, anticipating the convergence of these platforms and the increasing value of content, Telefónica started to invest in media
- Today Telefónica announces another important step to strengthen these creative capabilities

Telefónica Announces the Acquisition of Endemol

Telefónica

Core shareholders committed to deliver majority of Endemol shares

Tender offer for the remaining shares (free float)

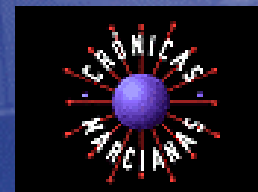
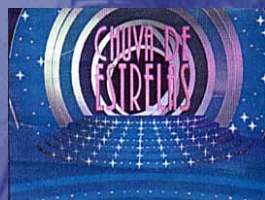


Leading communications & media group

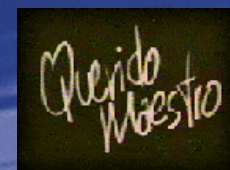
Payment through exchange of shares

Leading independent content developer, producer & distributor

Endemol, a Leading Independent Content Developer, Producer & Distributor



Goede Tijden, Slechte Tijden



Endemol's Presence in New Media Represents a Unique Opportunity for Telefónica



Open TV

Pay TV

Internet

Mobile phone

- Wide offer of content with outstanding commercial performance

- Repackaging in thematic and premium channels
- Viewers engagement through TV solutions

- Additional content
- Viewers' interaction
- Community building
- 24 hour "reality" shows
- Additional revenue sources

- Information about the programs
- Engagement of viewers
- Advertising and commerce
- Game shows catalogue

- Stronger brand positioning and customer loyalty

- Increasing returns through advertising, commerce and premium services

Endemol's Intrinsic Value

Hard assets

Products

- One of the largest format library in the world with over 400 titles
- Products with high commercial orientation
- Leading multi-platform content with a strong emerging record in interactive media

Soft assets

Skills

- Proven capacity to adapt formats to several markets
- Valuable pool of creative talent
- World class production know-how
- Successful acquisition strategy and execution
- Vast experience in content commercialization
- Ability to develop and exploit interactive products

Brand and presence

- Recognized as a global content leader
- Strategic presence in key European markets
- Evolving operations in other markets

Relationships

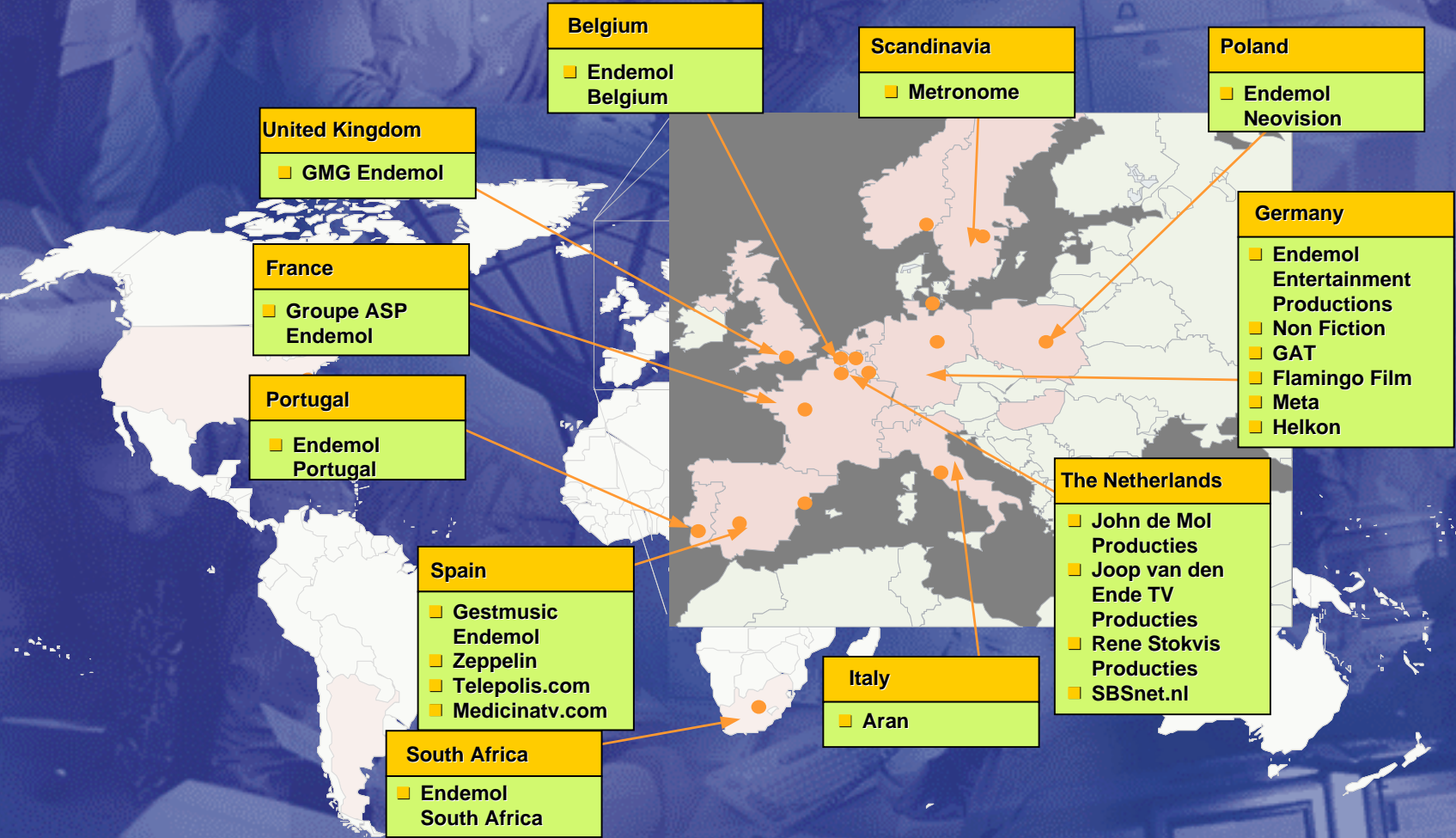
- Strong relationships with:
 - Creative talent
 - Content producers
 - Broadcasters

Various programs genres for multiple markets and platforms:

- Game shows
- Variety Sitcoms
- Soaps
- Drama
- Leisure shows
- Talk shows
- Music
- Sport

Endemol's Strong Presence in Key Markets

Endemol is the leading independent TV producer in the Netherlands, Spain, Italy, Portugal, Poland & Scandinavia and in the top 3 in the remaining countries where it operates



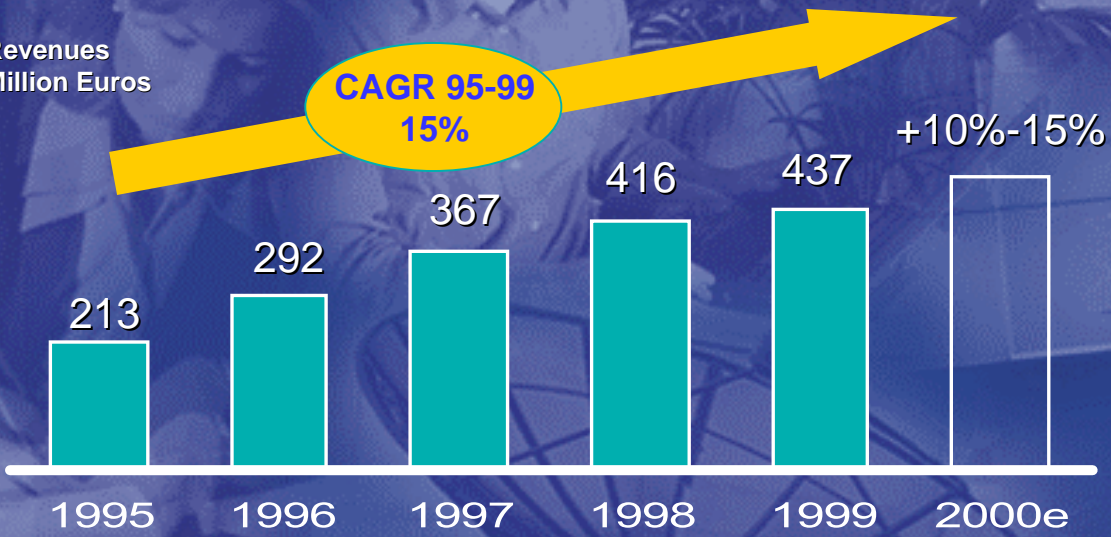
Endemol's Successful Track Record

- 10,335 hours of Endemol production broadcast in 1998/99 (+48% vs 1997/98)
- 294 different program series broadcast in 1998/99 (+43% vs 1997/98)
- Of these 294 program series 76% were formats developed in house (216 in 1997/98)
- 125 completely new programme series developed and broadcast in 1998/99 (+50% vs 1997/98)

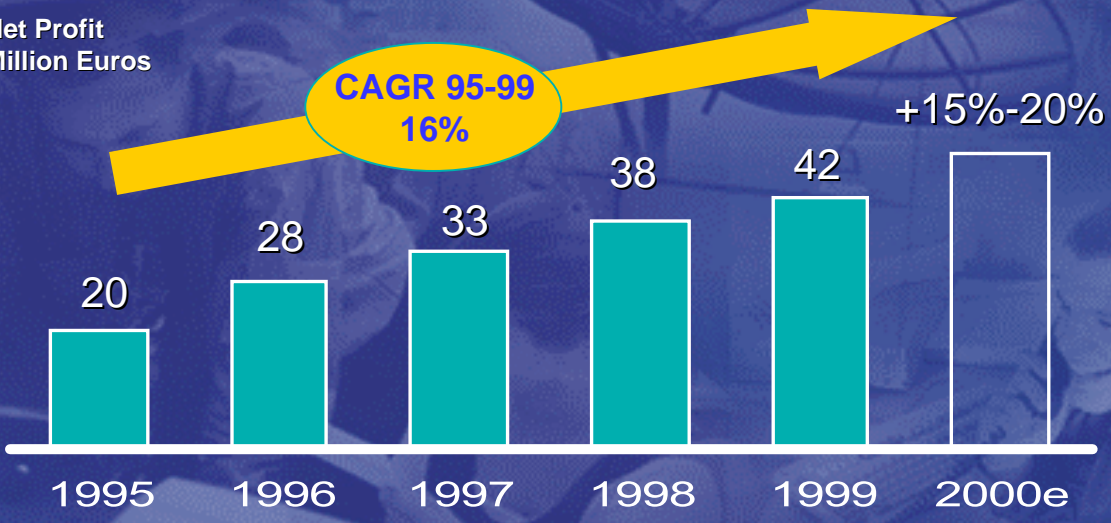
Endemol has a track record of producing programs which outperform in rating terms

Endemol's Accelerated Growth Path

Revenues
Million Euros



Net Profit
Million Euros



In the year 2000/2001 revenues and net profit are expected to double those of 1996

Source: Endemol's annual report, fiscal year from August to July.

Endemol's Future Development within the Telefónica Group

**Endemol's
creative
talent**

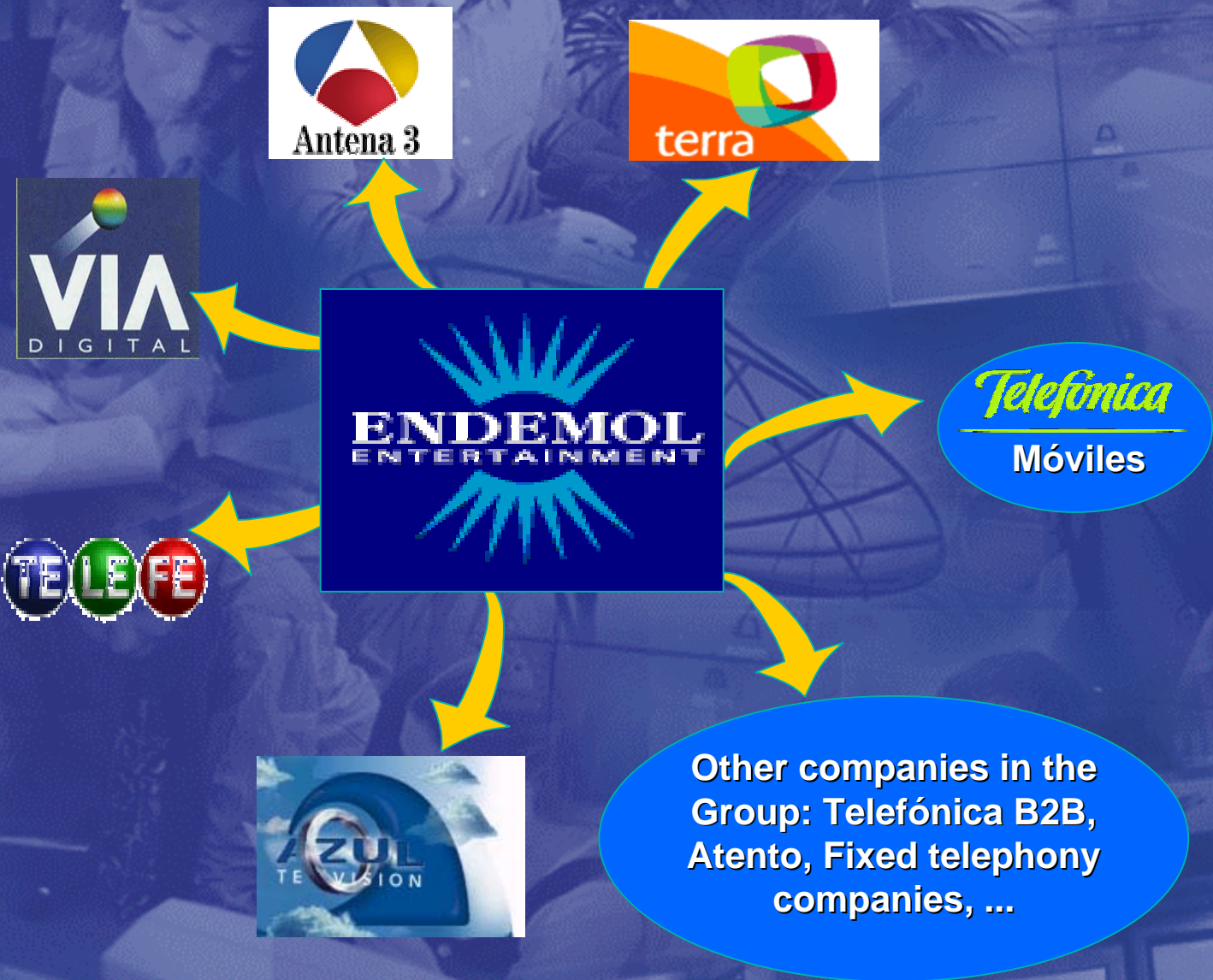
European strategy supported by Telefónica's financial strength, skills and relationships

Further entrance to Spanish & Portuguese speaking markets where Telefónica already has a leading presence

Leverage the multi-platform network of the Group to move towards convergence

Full support for Endemol to maximize the development of its unique creative capabilities

Endemol's Significant Role within the Group



Endemol's value sources will be exploited throughout the companies in the Group to strengthen Telefonica's overall competitive position in the world of convergence and broadband

Endemol's Fit with Telefónica Media Strategy

Endemol Value for Telefónica Media

Hard assets

Products

- Access to a wide content and format offer for its networks

Soft assets

Skills

- Transfer of creative talent, world class production and management skills
- Take advantage of Endemol's successful acquisition strategy of small and medium media players
- Increase Telefónica Media negotiation power

Brand and presence

- Broaden access to creative talent
- Create and strengthen relationships with other media players

Relationships

The acquisition of Endemol can significantly and rapidly strengthen Telefónica Media content area in its core markets

Endemol's Fit with Terra Networks Global Strategy

Endemol Value for Terra Networks

Hard assets

Products

- Access to a wide content and format offer to add value for its users
- Improve Terra negotiation position with global and European players

Soft assets

Skills

- Leverage on the ability to adapt content to several local markets
- Take advantage of interactive production capabilities

Brand and presence

- Accelerate Terra's presence in European markets

Relationships

- Broaden access to creative talent
- Create and strengthen relationships with local broadcasters and Internet players

Endemol's rich content pool as well as its broad presence in Europe significantly enhance Terra's global offer

Endemol's Fit with Telefónica Móviles Strategy

Endemol Value for Telefónica Móviles

Hard assets

Products

- Access to a wide content and format offer to add value for its users
- Possibility for customers to engage in real time with TV and Internet shows

Soft assets

Skills

- Leverage on the ability to adapt content to several local markets
- Take advantage of multi-platform production capabilities

Brand and presence

- Improve Telefónica Móviles presence in European markets
- Increase possibilities for partnerships

Relationships

- Broaden access to creative talent
- Create and strengthen relationships with local and global players

Endemol's multi-platform content exploited in Telefónica Móviles current and future markets will help it to provide higher value to its clients

Offer Price and Value

- **Offer Price:** €158 per Endemol share
- **Offer Value:** € 5.5 billion based on 34.7 million fully diluted Endemol shares
- **Premium:** 54% over the average price of Endemol over the last nine trading days
- **Exchange Ratio:** A/B
Approximately 5.58
- **Downside Protection**
Telefónica n° of shares: Endemol shareholders will get downside protection for the first 10% and this will place a cap on the number of shares to be issued by Telefónica.

Conditions and timetable

Considerations

- Share exchange
- 100% new Telefónica shares

Management and Corporate Governance

- John de Mol to become Chief Creative Officer and participate in new creative committee of Telefónica
- Non executive board to comprise three members from Telefónica and two members from Endemol
- Arrangements to retain Endemol key management employees for the long term

Tentative Timetable

- Announcement Friday, March 17th, 2000

The Acquisition of Endemol Places Telefónica in a Privileged Position to Consolidate its Leadership as a Global Player in the Media and Communication World



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