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Telefónica, best positioned to capture growth opportunities in our industry...

**The right asset base**
- Unique combination of global and local scale
- High-class diversification with unmatchable exposure to Latin America

**The right capabilities**
- Innovation fostered by P&S Global Units and OTT companies
- Strong execution skills and highly committed team

**The right strategy**
- Capturing the digital growth fostering mobile data and new services
- Accelerating transformation to enable growth and sustain benchmark efficiency
...maintaining a shareholder-oriented mindset

- Best in class shareholder remuneration
  - € 1.6 DPS for FY 2011E
  - € 1.75 DPS minimum target for FY 2012E
  - € 1.75 minimum annual shareholder remuneration beyond 2012

- Investing for future growth
  - Cumulative CapEx 2011-13E < € 27 bn
  - Predictable M&A policy:
    - Spectrum in current markets
    - P&S innovation

- Keeping solid financial position
  - Net debt + cash commitments within the range 2.0 to 2.5x OIBDA

A growth Company in a growing industry

1. Spectrum not included