

Sixth Investor Conference

Turning organic growth into superior shareholder value
Closing remarks

César Alierta

Executive Chairman and CEO of Telefónica

London, October 11th 2007



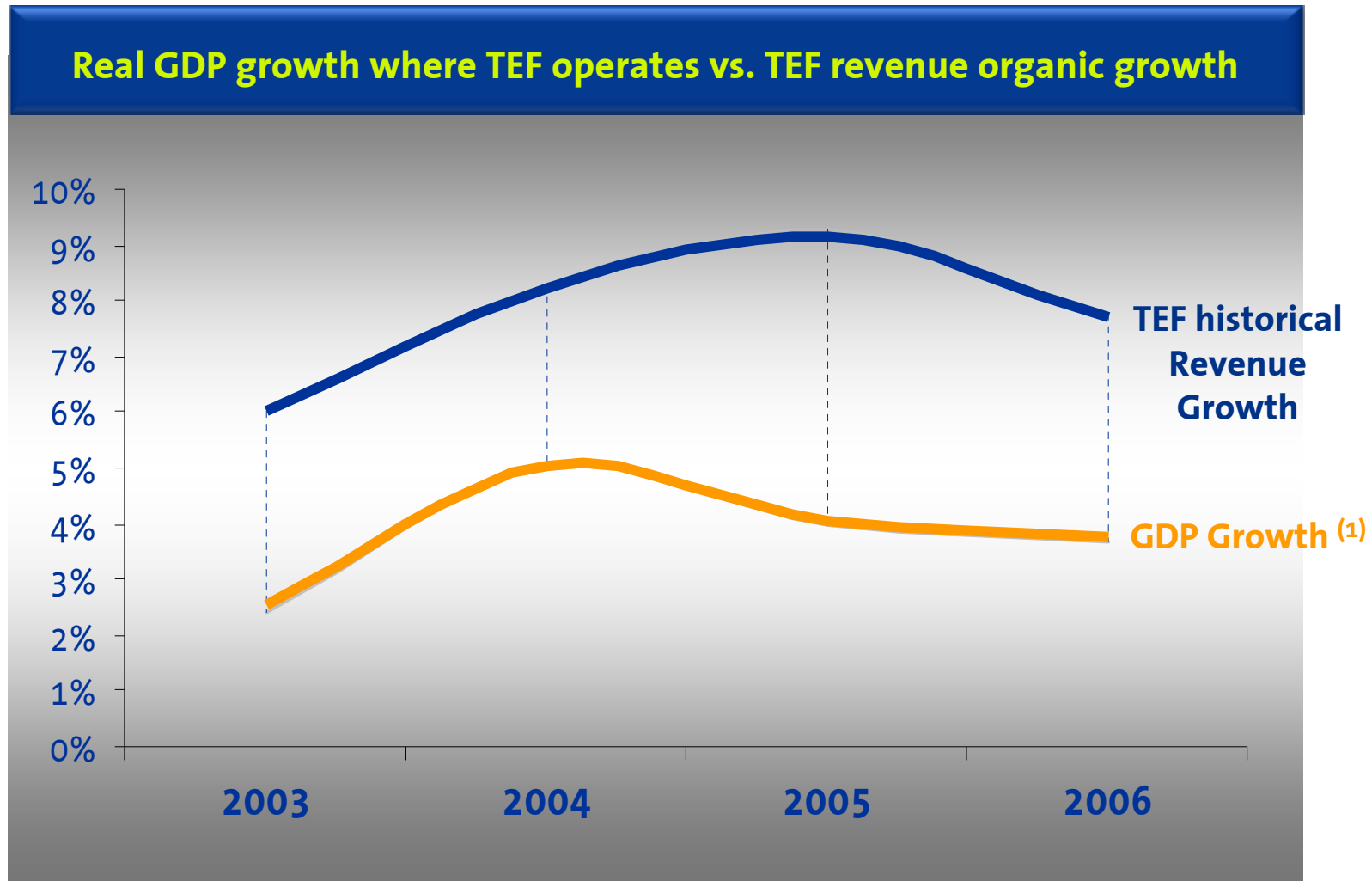
This is our investment value proposition

- Unique organic growth opportunities, putting the customer at the heart of everything we do
- The right scale & diversification
- Further opportunities in efficiency gains
- We are turning organic growth into cash
- A great track-record of delivering on what we promised



TELEFÓNICA: A growth stock in a promising industry

Going forward, Telefónica's organic growth will keep on outperforming macroeconomic growth...



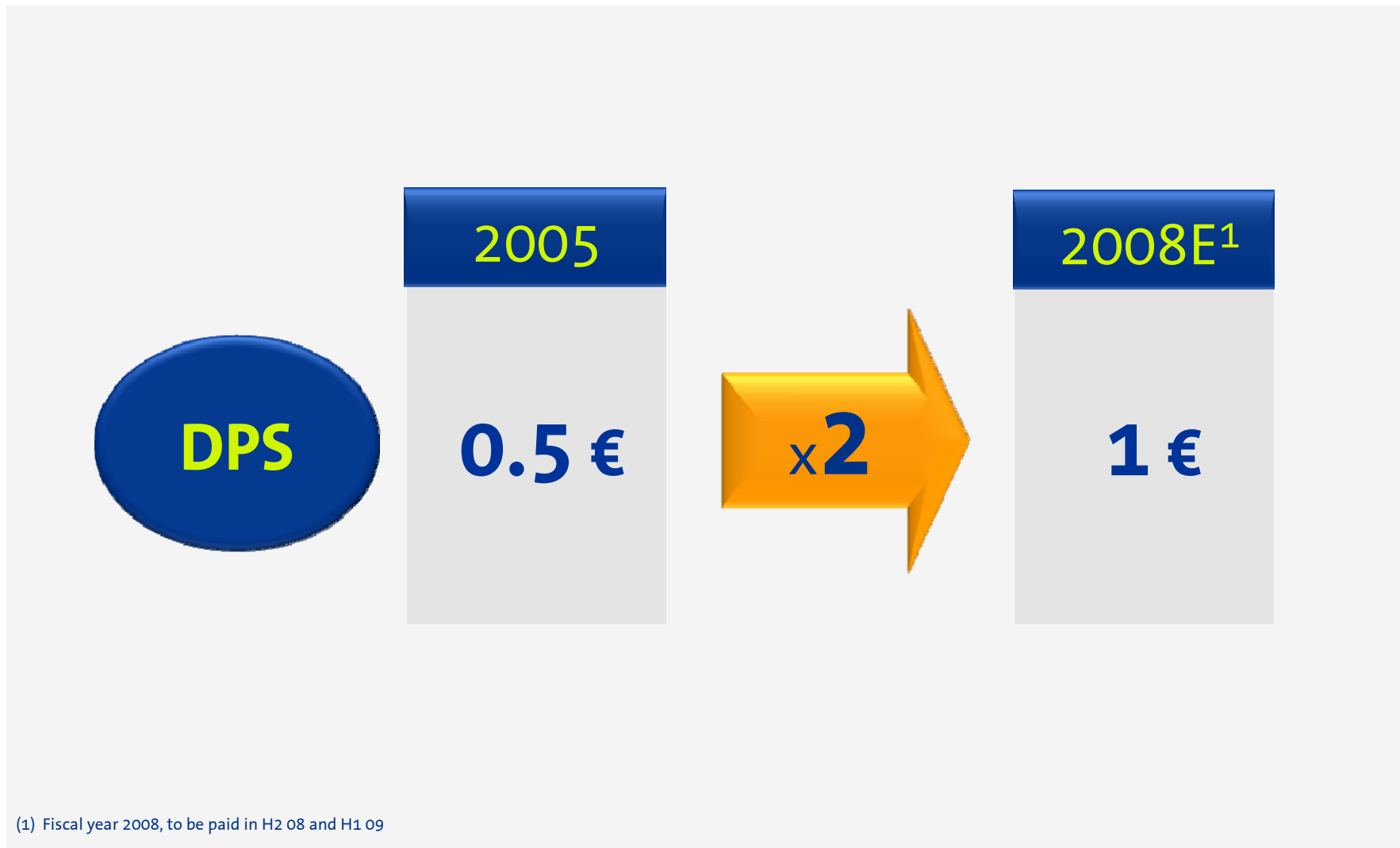
(1) Source: International Monetary Fund, World Economic Outlook Database, April 2007

Our guidance will lead to a high organic growth where the increase in operating income will outpace revenue growth

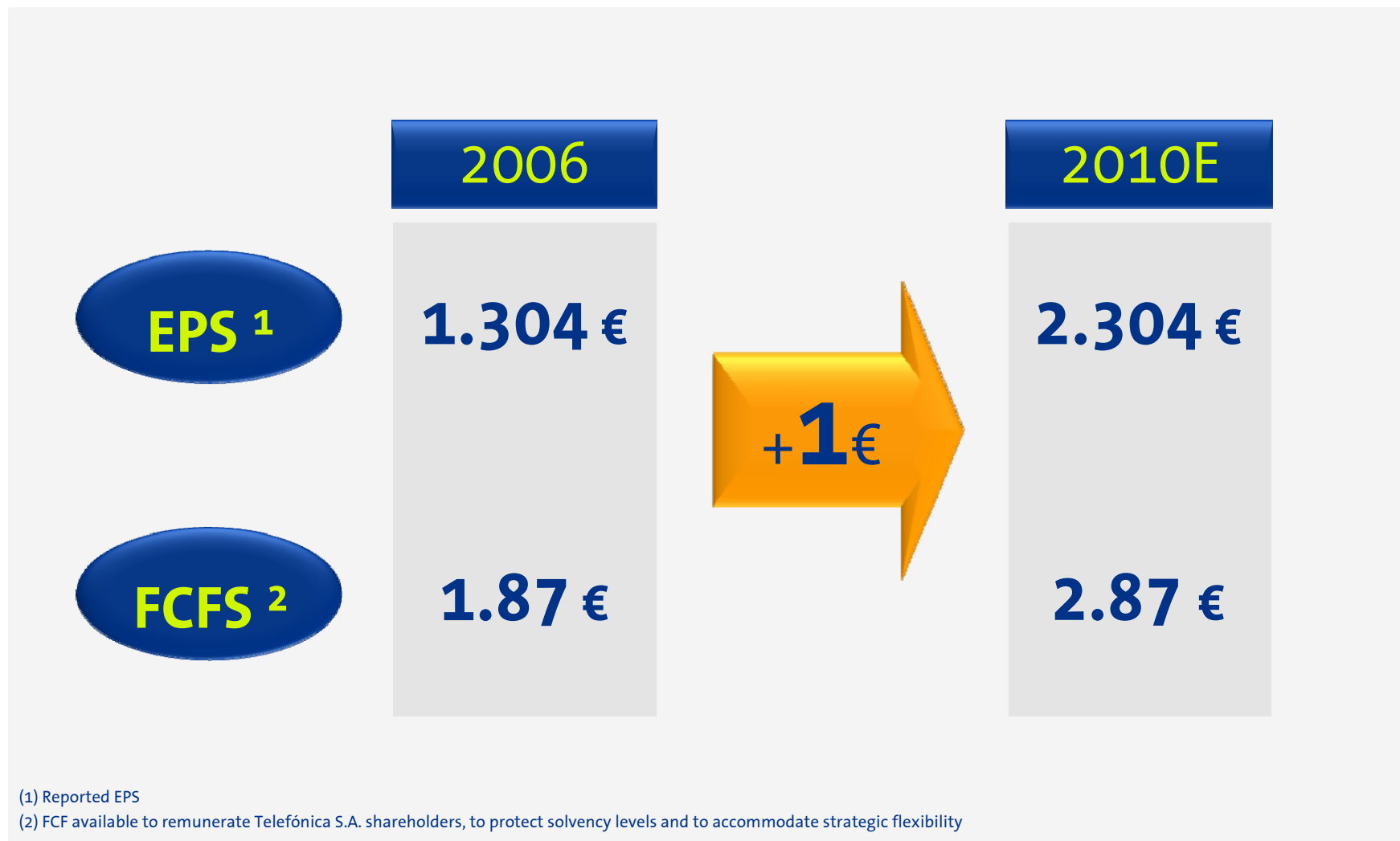
(€ in millions)	TELEFONICA GROUP		
	FY2006 ⁽¹⁾	FY2006 (Adj) ⁽²⁾	CAGR 06-10E ⁽³⁾
ACCESSES	203	203	>9%
REVENUES	52,901	51,298	+5%/+8 %
OIBDA	19,126	18,688	+7%/+11 %
OI	9,421	9,098	+16%/+20 %

- (1) Base 2006 reported numbers include eleven months of O2 Group (consolidated since February 2006), eight months of Telefónica Telecom (consolidated since May 2006), six months of Iberbanda (consolidated since July 2006) and three months of start-up losses in Slovakia
- (2) In terms of guidance calculation, Endemol and Airwave results are excluded from the base 2006. OIBDA and OI exclude other exceptional revenues/expenses not foreseeable in 2007E-2010E. For comparison purposes the equivalent other exceptional revenues/expenses registered in 2006 are also deducted from reported figures. CapEx excludes investments related to Real State Efficiency Plan
- (3) CAGR 06-10E guidance assumes constant exchange rates as of 2006. All figures exclude changes in consolidation, other than Telemig acquisition (50% through TEF stake in Vivo), TVA and Deltax (Czech Republic)

Our sound business execution, together with a disciplined use of FCF, allow us to upgrade our previous DPS commitments...



... at the same time than upgrading our targets for turning organic growth into EARNINGS and CASH



Telefonica
