A new world of Broadband Solutions

Julio Linares, Executive Chairman
Telefónica de España

4 Investor Conference

ACCELERATE TO INCREASE OUR LEADERSHIP

Telefónica

Barcelona, April 25th, 2005

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01 Strong delivery and sound fundamentals

02 Good positioning for the future

03 Two pillars of our strategy looking forward

- Develop client-specific communication, information and entertainment Broadband Solutions
- Deepen our transformation into a more commercially oriented and operationally excellent company

04 Commitments to continue delivering very strong results

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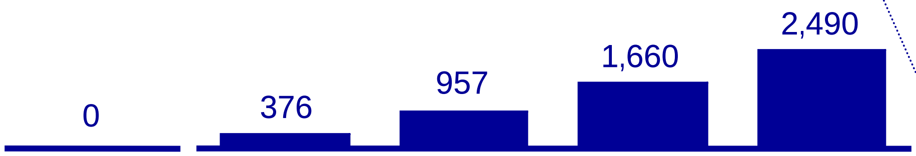
01 Anticipation and transformation have driven dramatic changes in our company ...

We are a more BB company

■ # ADSL (thousands)

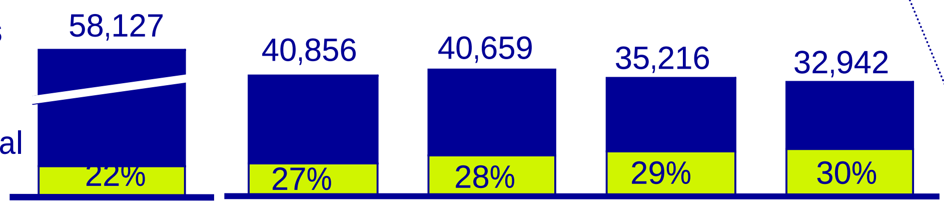


	1998	2001	2002	2003	2004
■ BB VAS (thousands)	**0**	**0**	**108**	**418**	**1,187**
■ ADSL coverage	**0%**	**82%**	**90%**	**93%**	**95%**

We are a leaner, more efficient and stronger commercial company

■ # employees

■ % commercial employees



	1998	2001	2002	2003	2004
■ EBITDA margin	**52%**	**44%**	**44%**	**46%**	**48%**
■ CAPEX/revenue	**22.6%**	**18.9%**	**17.3%**	**14.3%**	**11.4%**

- **Anticipation** of the major upcoming trends:
  - Aggressive deployment of DSL in 2001
  - Launch of segmented BB VAS early on (e.g. Soluciones ADSL for SMEs)
  - First steps in TV over DSL in 2002 (e.g. Imagenio)
- **Transformation** company effort:
  - More customer oriented
  - More efficient and leaner operating model

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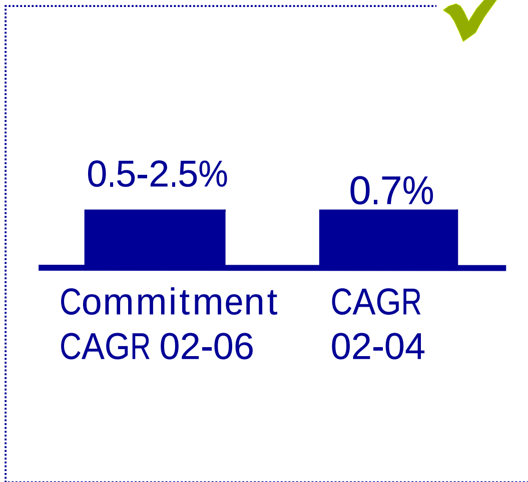
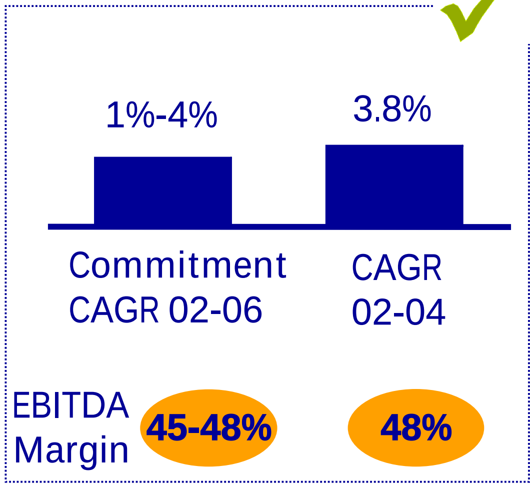
01 ... allowing us to achieve all the financial commitments announced in Madrid ...

Revenue growth

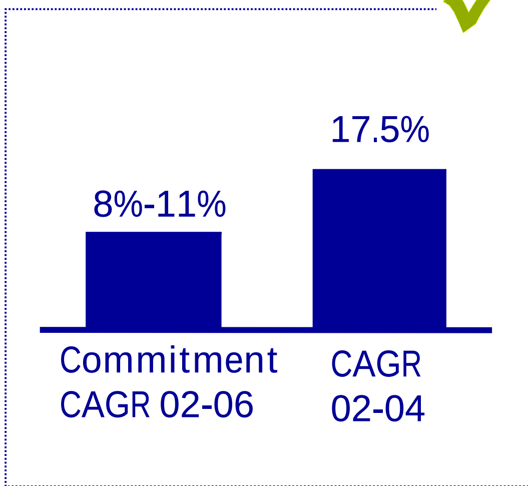


Revenues from new businesses

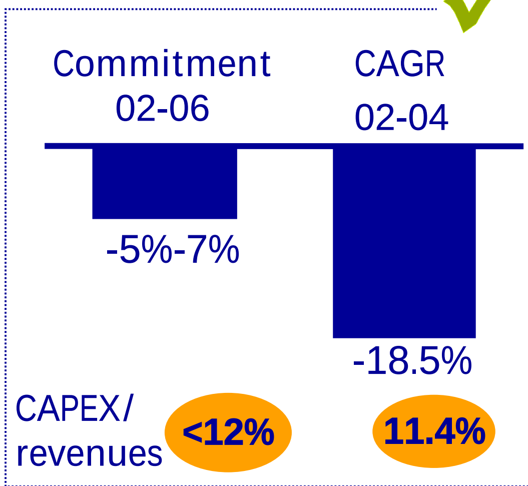
EBITDA growth



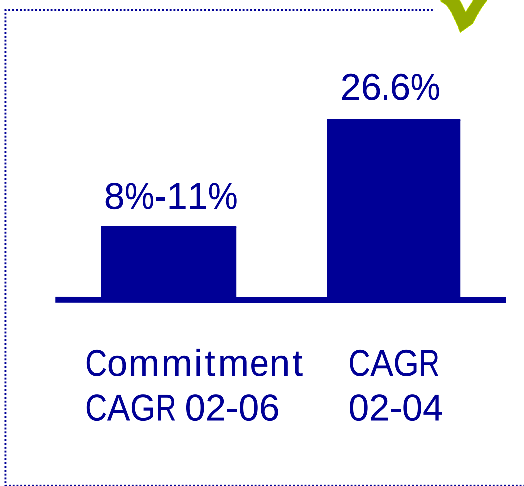
EBIT* growth



CAPEX reduction



FCF** growth



*EBIT = EBITDA – depreciation and amortization
**FCF = EBITDA – CAPEX - redundancy payments
Note: Parent Company TdE, integrating T-Empresas

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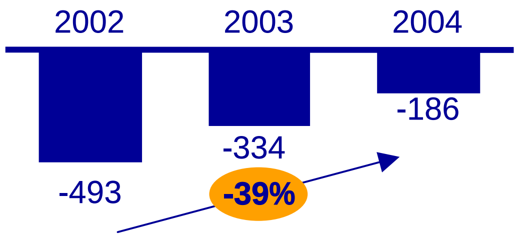
01 ... and strengthen our sound operational fundamentals

CAGR

1 ... containing the lines decrease...

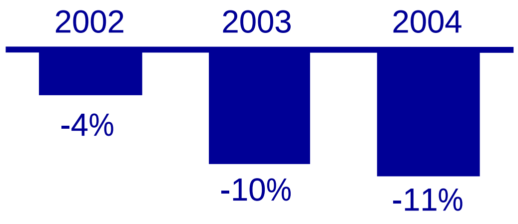
Access lines net losses* (Thousands)



- Differentiated offering:
  - Holidays line
  - Immigrant line
  - Pre-pay line
- Free connection fee promotions

2 ... fighting voice traffic erosion...

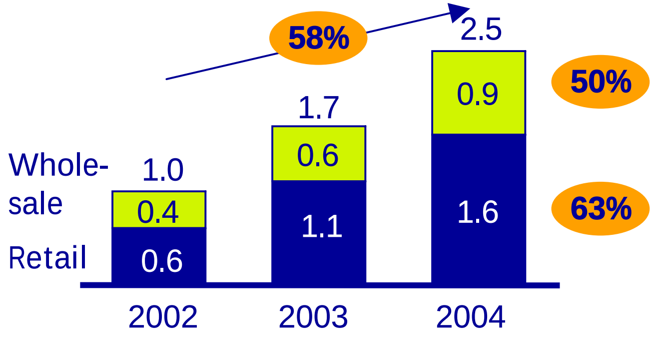
(% growth y-o-y)



- New traffic packages
- Access + traffic modules
- Communication VAS (Caller ID, voice mail, SMS)
- New terminals with more features (e.g. SIM card reader, video telephone)

3 ... boosting the number of DSL lines...

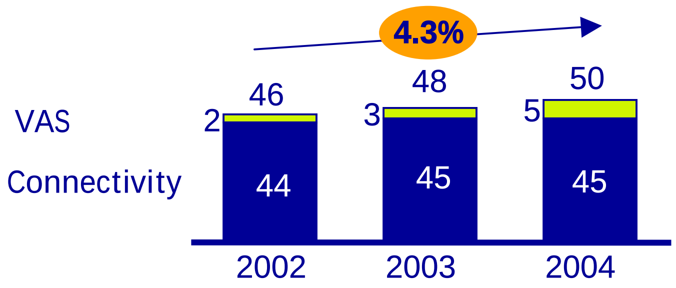
(Millions)



- New pricing schemes
- Upgrade (x2) for the same price
- New channels of distribution

4 ... increasing retail ADSL ARPU

(Euro/month)



- A more complete VAS offer (# VAS-Dec. 2004)
  - Security (260K)
  - Soluciones ADSL (653K)
  - Mundo ADSL (153K)
  - Maintenance (100K)
- Better commercial performance

*PSTN + Basic Access ISDN

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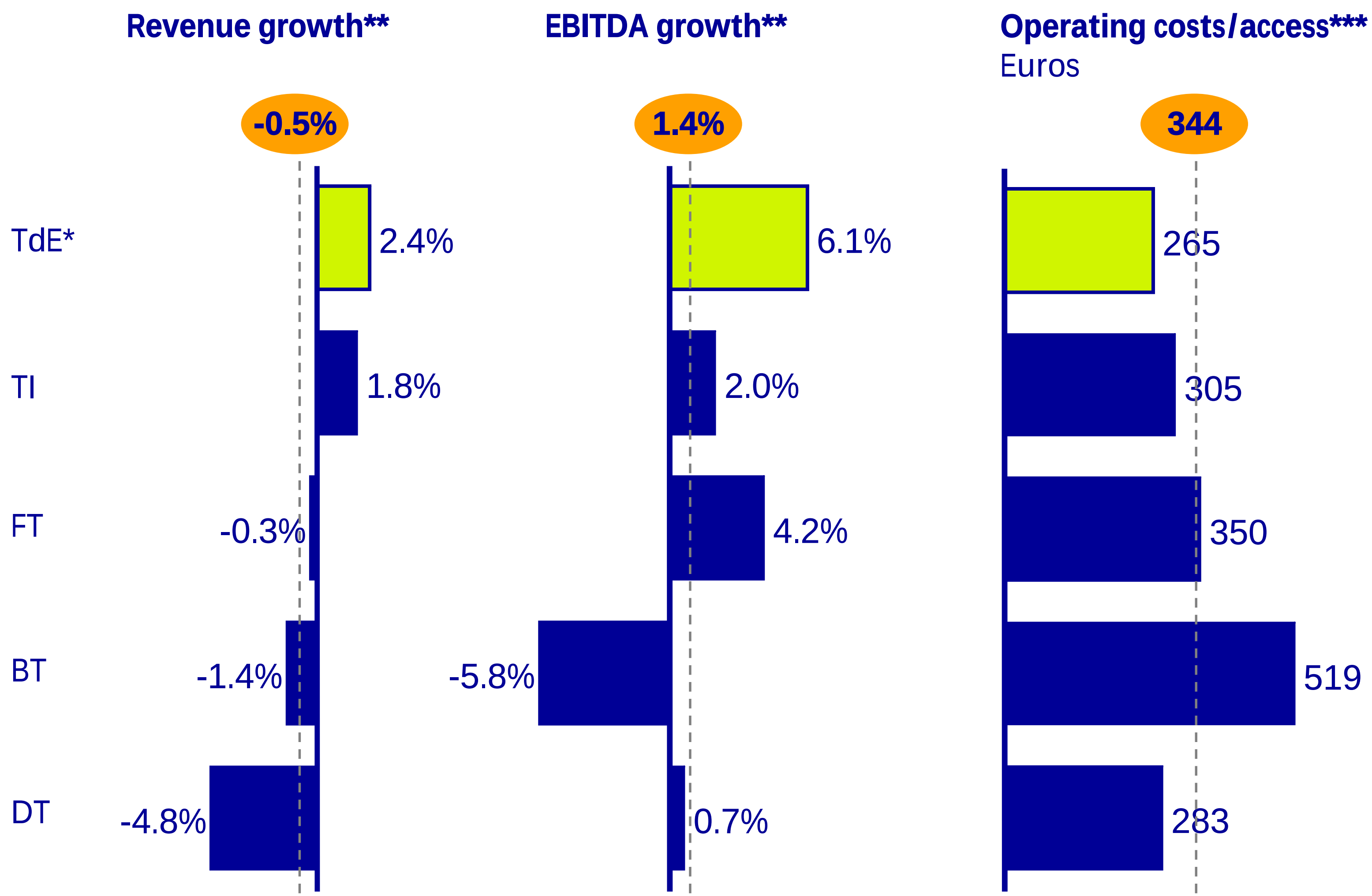
01 As a consequence, we are delivering in 2004 the best performance in growth and efficiency of the top 5 European incumbents in local markets



*TdE Group
**2003-04
***Including PSTN + ISDN B.A. + ADSL 2004
Source: Infocom, internal estimates

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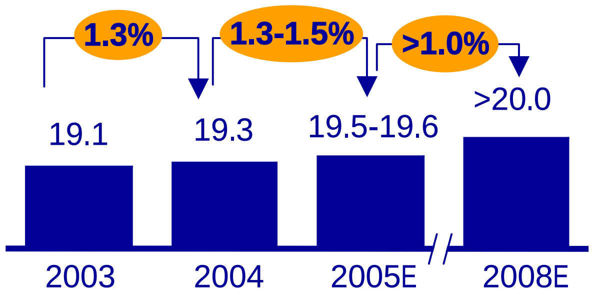
02 Regarding the future, we foresee increasing demand, mainly driven by broadband adoption ...

CAGR

Fixed access

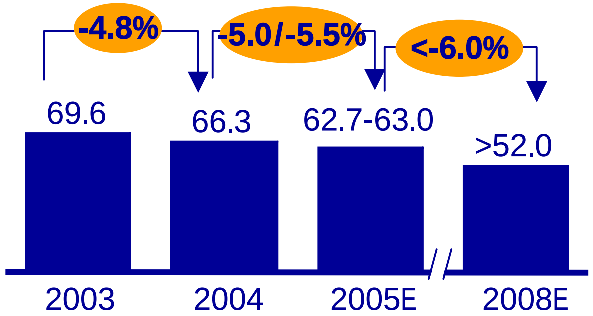
Total market access
Million lines



Access will increase due to household growth and BB penetration and will offset mobile substitution and VoIP deployment

Voice traffic

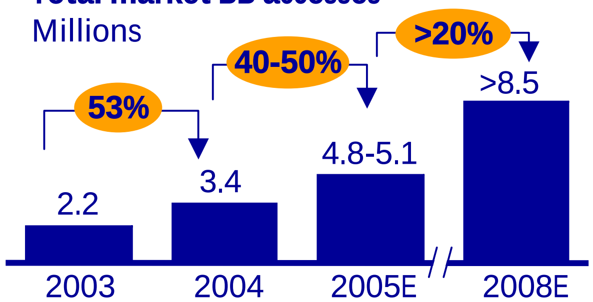
Total market voice traffic
Thousand million minutes



Traffic will continue its decline due to mobile and e-mail substitution and VoIP deployment, but it will be partially minimized by access increasing and wider use of flat rate traffic packages

Broadband

Total market BB accesses
Millions



	2003	2004	2005E	2008E
Household penetration*	10%	17%	25-27%	~50%

Broadband adoption will be generalized, driven by new pricing schemes and new compelling services over a BB connection

*Including only residential BB accesses

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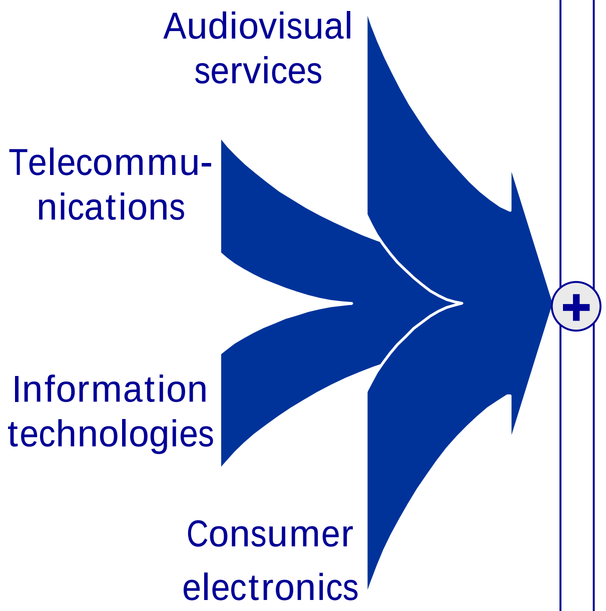
02 ... and a progressive convergence among adjacent businesses driven by new technologies that enable a wide range of opportunities

Convergence



Technological innovations

Devices
- Multi-access, multi-functional handsets
- Gateways integrating all services

Access
- DSL (ADLS2+, VDSL)
- Fiber (FTTN, FTTH)
- Wireless (Bluetooth, WiFi, WiMax)

Network
- All-over-IP networks (NGN)

Services
- Easy-to-provide services (standard interfaces)
- Advanced video compression

New services alternatives for wireline operators

- Enhanced communication services based on **data and voice integration** into IP network
- **Sophisticated value-added information services** based on telecom and IT convergence
- More **interactive and personalized entertainment** services

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02 Our wireline competitors are also trying to take advantage of these opportunities, resulting in an increasing competitive pressure

	Current situation	Likely evolution
Cable operators	▪ Consolidation process (from 12 in 1998 to 5 in 2004) ▪ Regional focus ▪ Bundled offers (2P, 3P, even 4P including mobile)	▪ Greater consolidation (2/3?) of cable operators, evolving towards a more nation-wide commercial strategy ▪ Increase BB coverage through use of DSL over ULL
DSL-based operators	▪ Aggressive 2P (DSL+Voice) offers launched in 2004 with the objective of capturing market quickly ▪ Increasing use of ULL	▪ Moving to 3P and 4P offers ▪ Improving economics but higher risk through a more extended use of ULL and VoIP-based infrastructures
Business-focused operators	▪ Enhanced competitive position through a better quality of service	▪ Reinforcement of current movements from adjacent businesses (e.g. System Integrators, IT providers)

- **Difficult business feasibility for operators without scale:**
  - **Fragmented market (15 major operators)**
  - **Limited market share (largest operator controls 7% of total revenues)**

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02 Moreover, we expect regulatory policies to foster the development of infrastructure-based models

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Regulation	Expected changes
Pricing and commercial flexibility	■ Liberalization of tariffs and progressive elimination of existing commercial restrictions once the analyses of the 18 relevant markets is concluded ■ Possibility of geographically adapted value propositions
Regulation of new services and infrastructure	■ Light regulatory framework for IP-based services (VoIP, IPTV, ...) ■ No regulation of new infrastructures (e.g. fiber)
Wholesale services	■ Focus of wholesale regulation on bottlenecks (local loop) and areas where there is no effective competition
Universal service	■ Extension of our obligation until 2007 ■ Likely reduction of universal service obligations (e.g. information services, higher connection fees for high-cost lines) ■ Establishment of financial fund

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02 In this environment, we believe we are in a great position to face the future

- **Market evolution:** increasing demand for communication services mainly driven by BB growth
- **Technology and industry dynamics:** progressive convergence among adjacent businesses and availability of new technologies
- **Competitive landscape:** intensifying fight to capture the new opportunities by evolving to wider bundles
- **Regulation:** regulatory policies to favor infrastructure-based models

TdE is ready

- **Strong client base (more than 12 million customers) and higher customer focus**
- **Complete and compelling offering (Voice, BB, IPTV, VoD, Data&IT Services) to address customer needs putting us ahead of cable and ULL based operators**
- **Advanced network infrastructure ready for future service demand**
- **Flexible cost structure, leaner processes, and lightened asset base**
- **More reasonable regulatory environment with higher liberalization and commercial flexibility**

+

We need to maintain our leadership as the most innovative, reliable and efficient company in the market

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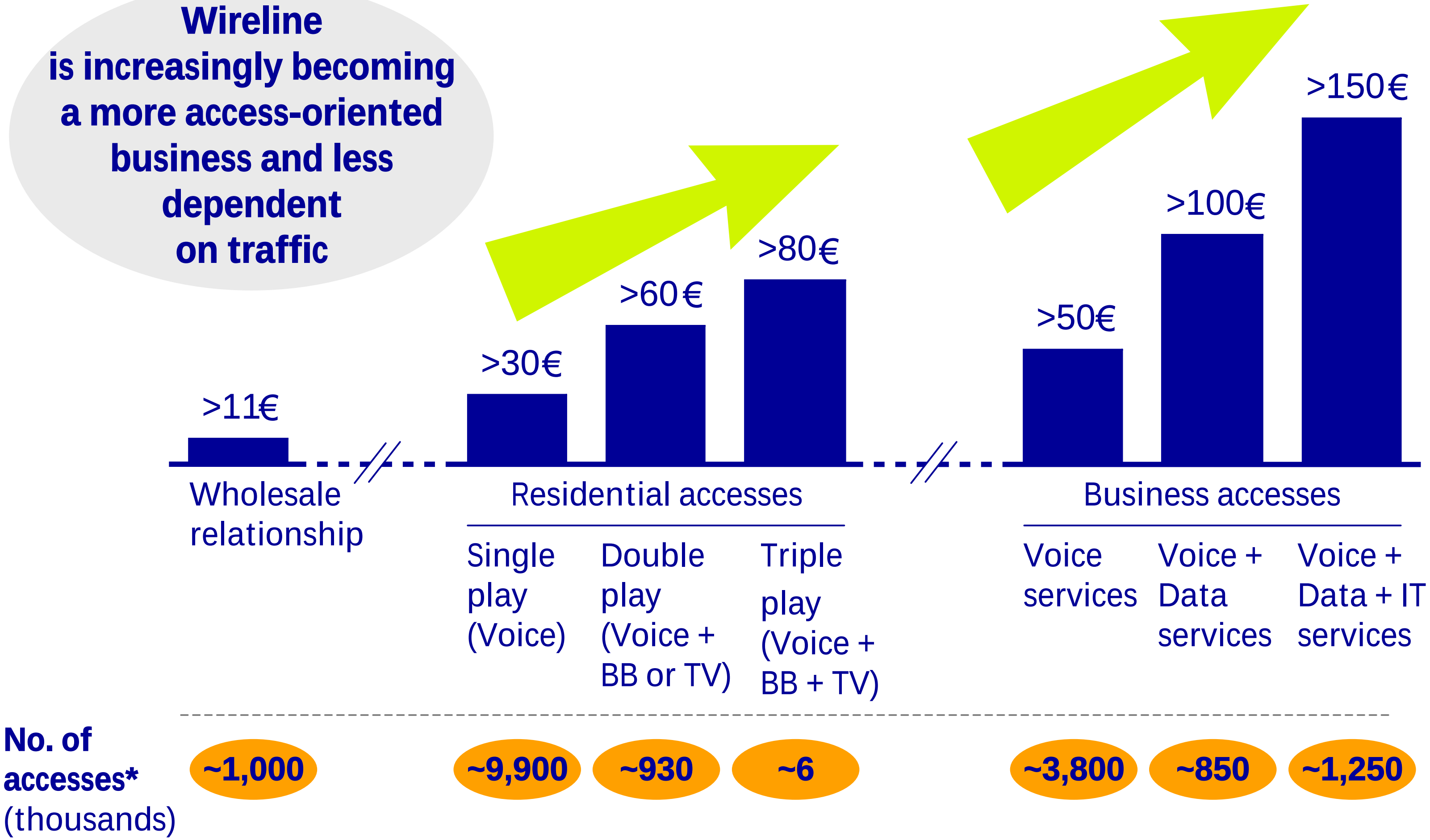
03 Our main asset is our strong relationship with 12.5 M clients through 21 M accesses

ARPU per access (euro/month), December 2004

Wireline is increasingly becoming a more access-oriented business and less dependent on traffic



*Total accesses calculated as: (1) wholesale + (1) single play+ (2) double play + (3) triple play + (1) voice services + (2) voice + data services + (2) voice + data + IT services

03 Customers demand simpler solutions to cover all their communication, information and entertainment needs ...

Our focus is on satisfying customer needs

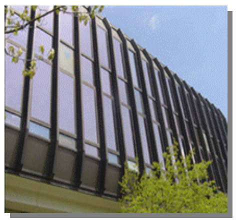
Homes

- Simple and affordable solutions that satisfy all home communication, information, and entertainment needs

SMEs

- Complete, integrated, and flexible communication and IT solutions, from a sole provider under an end-to-end scheme, that allow SMEs to behave like big companies

Large clients



- Very personalized, reliable, cost-effective, and integrated communications and IT solutions, that free large clients to focus on their core businesses

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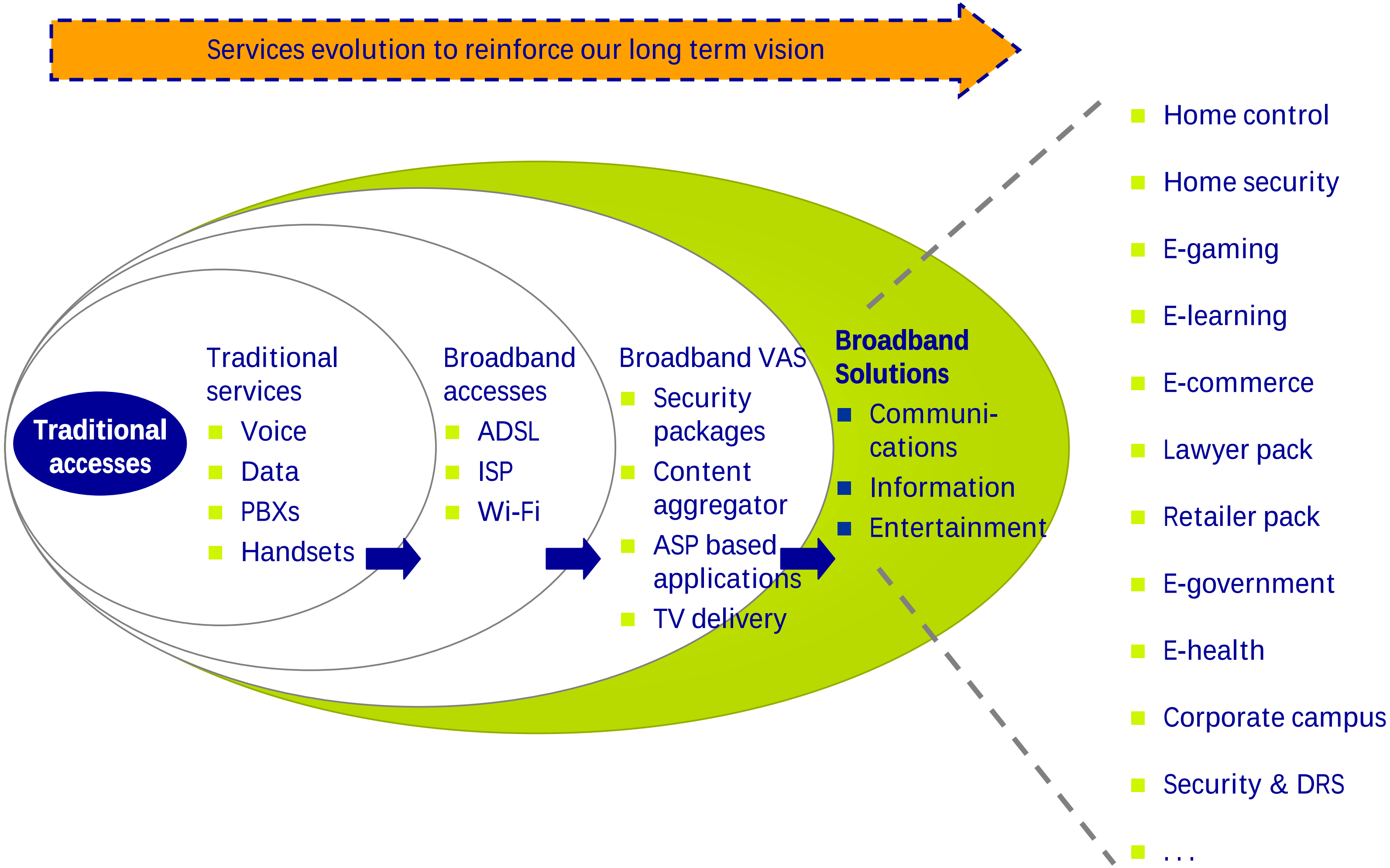
03 ... and we are taking a further step to evolve our services towards complete and integrated Broadband Solutions



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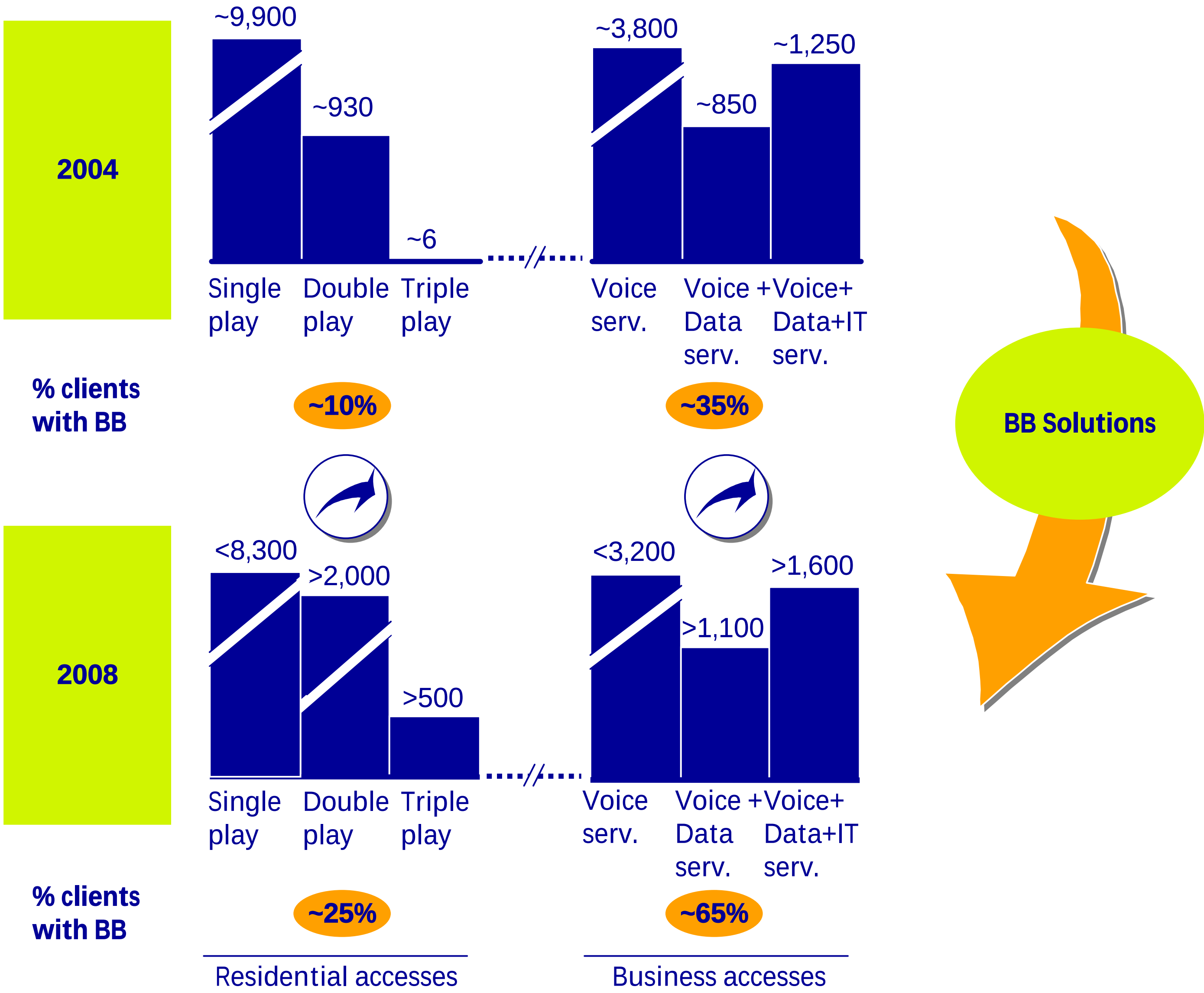
03 BB Solutions will accelerate migration to more valuable services while protecting our access base

Access distribution by services, Thousands



03 We are building client-specific BB Solutions around access with a wide range of operational and payment options

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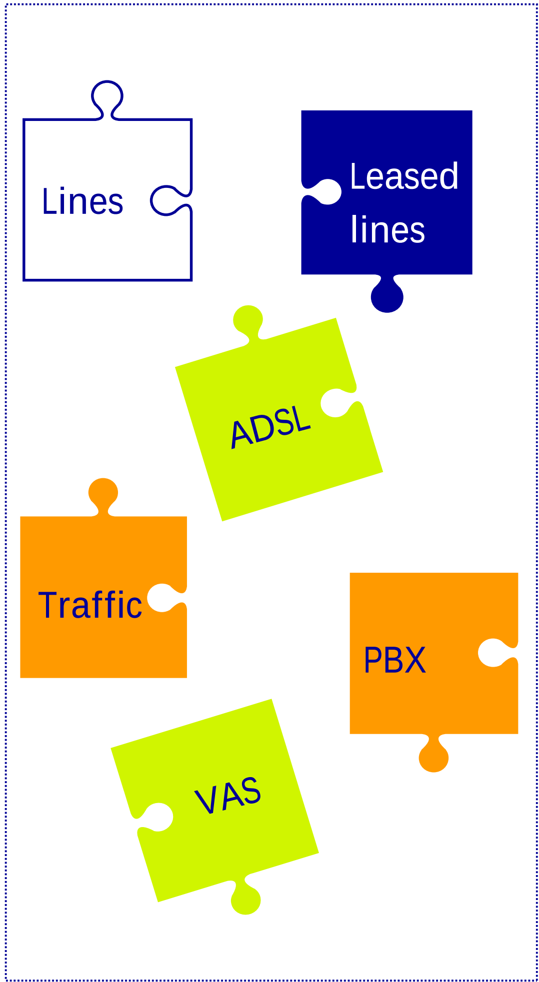
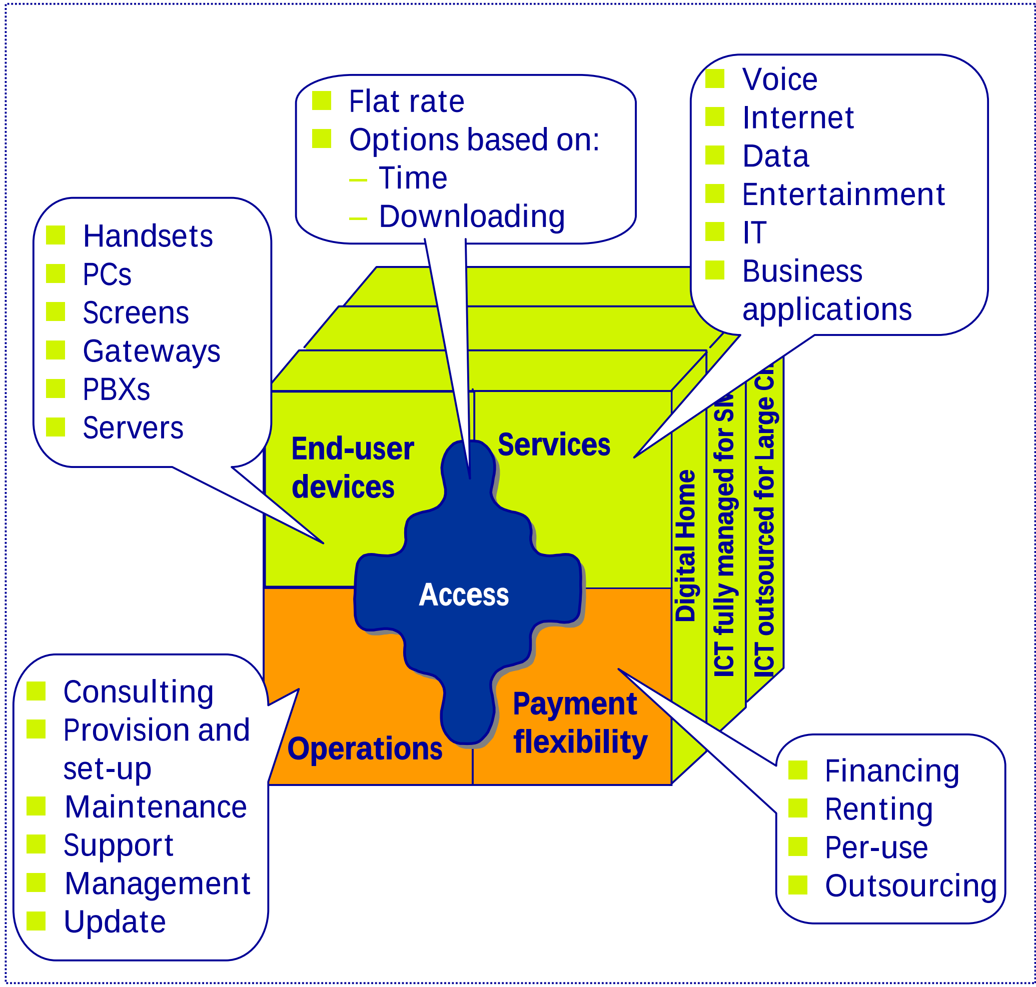
From a "parts provider" ...



... to a full range provider of complete, integrated and client-specific Broadband Solutions around access



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03 Specific BB Solutions for each customer segment

Homes

Digital home

"We have all the services you need for communication, information and entertainment in your home"

SMEs

Large clients

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03 The residential market is a real future opportunity

Over a growing household base...

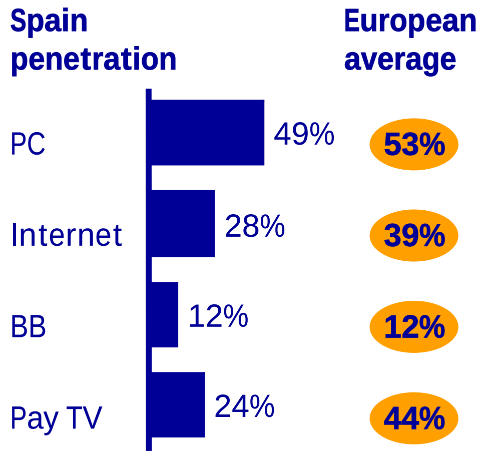
Household growth in Spain is continuing, with more than 700,000 new houses in 2004

	Total houses	Main households	Vacation households	Unoccupied
Total	23.0 MM	14.7 MM	3.5 MM	4.8 MM
Without fixed line	10.2 MM (44%)	3.3 MM (22%)	2.1 MM (60%)	4.8 MM (100%)

+

...we expect the "home revolution"

Spanish households have growth potential



"We have all the services you need for communication, information and entertainment in your home"

Source: Information Society Report 2004

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Our main objective for the residential segment is to develop a highly competitive triple play offering

We are developing a compelling triple play for the residential segment in order to ...

1 ... capture market potential growth to extend the current 1.2 million BB accesses and 0.5 million BB VAS base that generate a BB ARPU of 39€/month

2 ... be positioned ahead of cable operators by focusing on key competitive factors

- Coverage
- Bandwidth
- New interactive services
- Quality of service

3 ...anticipate ULL-based operators with a distinctive and competitive triple play offer

03 Imagenio is a distinctive and competitive entertainment service for home use

imagenio

Key features		Positioning against competitors
Wide range of channels	■ 40 TV channels + 15 music channels ■ PPV Spanish football league	=
Full interactivity	■ Video on Demand (+300 movies, TV series, documentaries, news, music) ■ Enhanced services (e.g., e-commerce) ■ Internet access from the TV set	+ +
Advanced home gateway	■ VoIP capability ■ Wi-Fi capability for Internet access ■ Home Plug capability for video transmission within the house ■ Decoder ready for Digital Terrestrial Television	+ +
Simple installation	■ Plug and play: easy installation and no additional wiring or antennas required	+
Competitive pricing	■ Basic fee from 12€ ■ Movie (on-demand) from 1€ ■ Football match from 5€	=

03 With Imagenio we will be able to provide entertainment to more than 50% of homes by 2008

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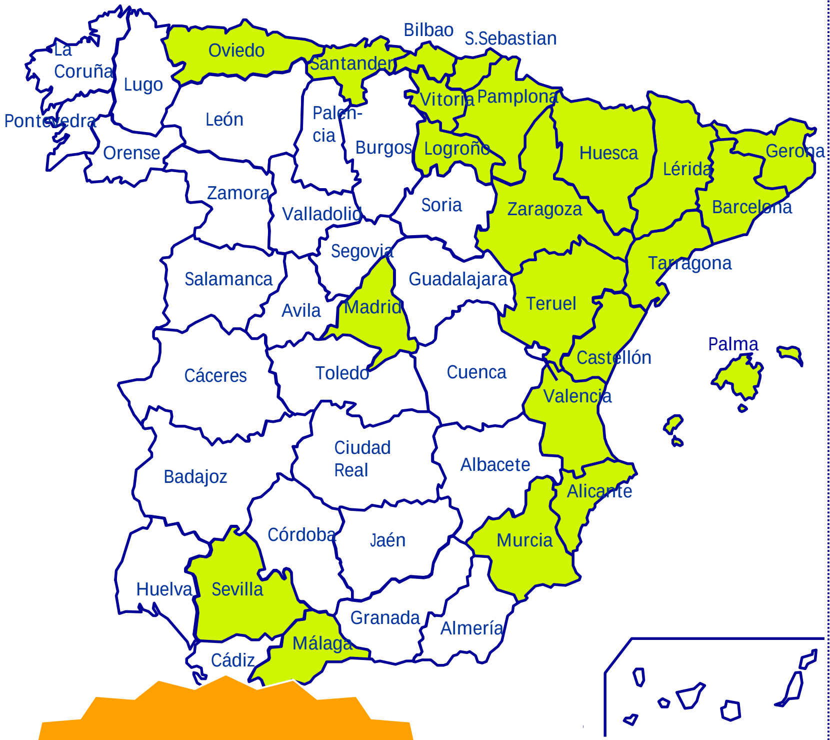
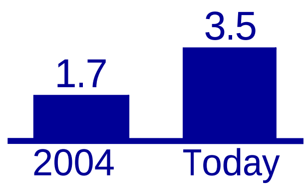
imagenio



Top 104 cities with Imagenio coverage in April-05

Homes with Imagenio coverage

Million households



% of homes **12%** **24%**

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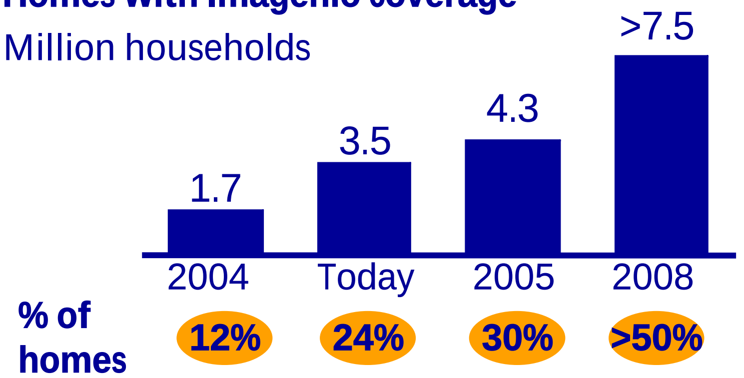
03 With Imagenio we will be able to provide entertainment to more than 50% of homes by 2008

imagenio

All province capital and major cities (top 138) with Imagenio coverage in July-05

Homes with Imagenio coverage

Million households



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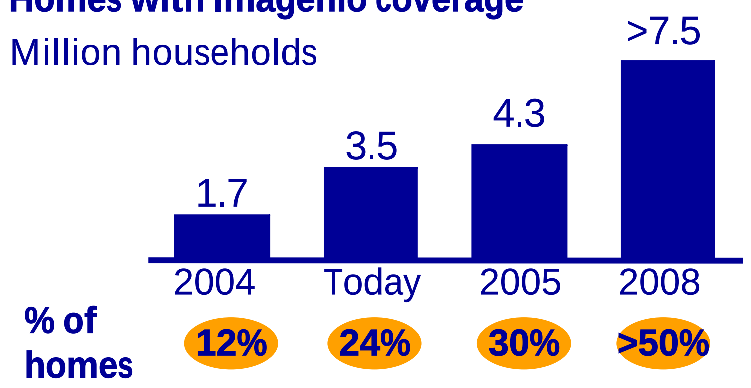
03 With Imagenio we will be able to provide entertainment to more than 50% of homes by 2008

imagenio

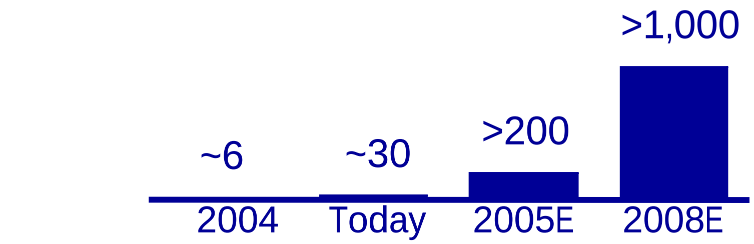
Homes with Imagenio coverage

Million households



Number of Imagenio clients

Thousands



All province capital and major cities (top 138) with Imagenio coverage in July-05

Additional lever to foster broadband penetration growth (+50% of new adds are only TV)

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03 Therefore, we have completed our portfolio of services and we are developing compelling bundling options

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Today

Evolution

Voice

- Flat rates
- Voice VAS (caller ID, voice mail)
- Innovative handsets (SIM card reader, SMS, video telephony)

BB Internet

- 512K basic flat rate (39€)
- Time-based tariff (22-29€)
- Download-based tariff (29€)
- BB VAS (Mundo ADSL, antivirus, Canguronet)
- PC + ADSL bundles

IP TV

- 40 TV channels
- 15 music channels
- VoD
- E-commerce
- Basic fee: 12-19€

Triple play
- TV
- BB Internet
- National calls

From 42 €/month

Double play
- TV
- National calls

From 27 €/month

Voice evolution:
- New flat rates
- VoIP
- New VAS (MMS)
- F2M convergent services:
  - Unified voice mail
  - Interoperable video telephony
  - 4-mode handset (GSM, GPRS, UMTS and Wi-Fi)
  - Home control via mobile

BB Internet evolution:
- New up-grade
- New pricing schemes
- New ADSL 2+ based services
- New BB VAS
- New attractive PC+ADSL bundles

IP TV evolution:
- More channels and contents (x2 VoD capacity)
- Several channels simultaneously
- More interactive services
- TV-based video telephony

Complete bundling options with more competitive 2P, 3P and 4P offering

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03 Specific BB Solutions for each customer segment

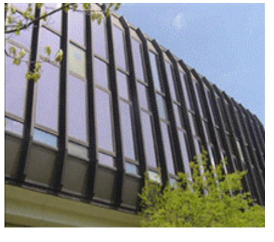
Homes

SMEs

Fully managed ICT

"We advise, sell, install, maintain, and manage your communication and IT solutions for a set monthly fee"

Large clients



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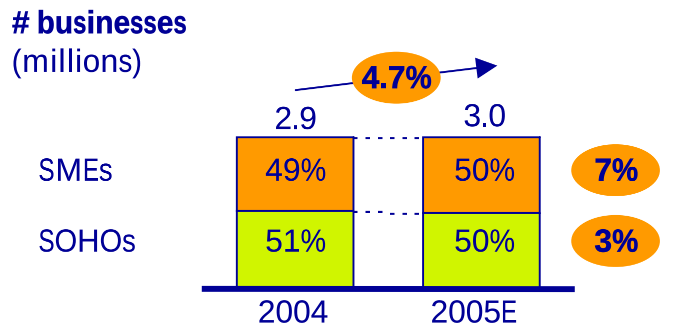
03 The SMEs and SOHOs market represents a great opportunity for those who understand their needs

In a dynamic environment that shows significant new business creation...



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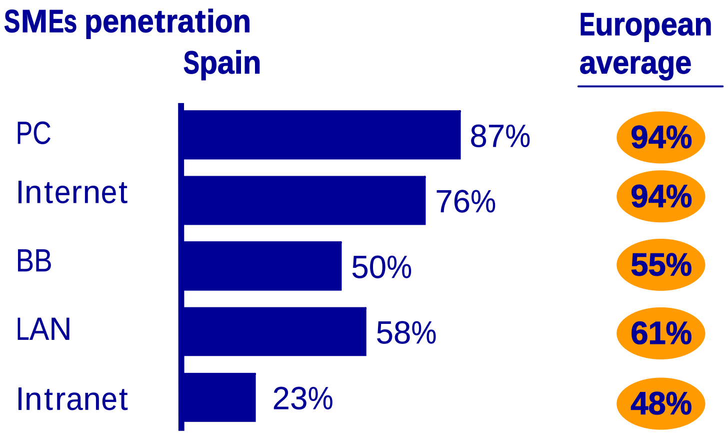
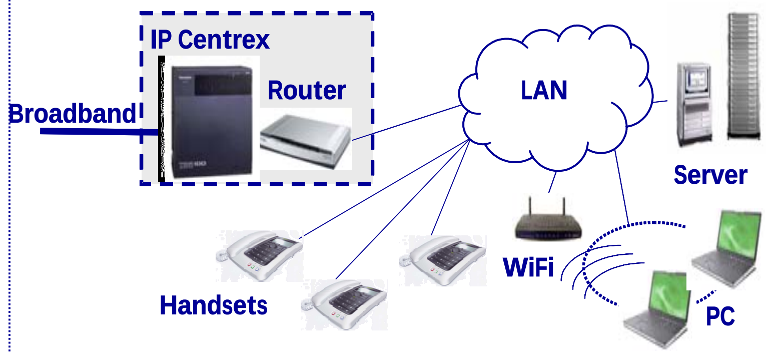
... business segment will be more technology intensive



"We advise, sell, install, maintain, and manage your communication and IT solutions for a set monthly fee"



- LAN and desktop management
- Security
- Web company
- VPN-IP
- Intranet
- E-commerce

Source: Information Society Report 2004, Gaptel, Dirce

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03 On top of BB connectivity, we are building ICT solutions, having already achieved encouraging results ...

Current offering

		Current status (March 2005)
Applications	Horizontal business applications: Surveillance; Company web; Intranet; Accounting; E-commerce Vertical business applications: Lawyers; Shoe makers	~580,000 business applications provided on ASP mode ~1,800 surveillance service ~90 vertical applications
Services	Traditional voice services; VoIP services; Data services; VPN services	~40,000 IP-VPN remote sites
Connectivity	BB Connectivity; Niche BB connectivity	~684,000 DSL lines (52% of penetration) ~185,000 safe lines (antivirus, firewall,...)
CPE	Voice equipment; Computer equipment; Access mobility (WiFi); LAN management	~5,800 PCs ~2,000 advanced IP PBXs ~445 WiFi zones

- **807,000 "Soluciones ADSL"**
- **~11€ Solutions ARPU (~83% last year increase) in addition to 51 € of connectivity**
- **Solutions revenues multiplied by 3 last year**

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03 ... and we will further enhance our offering for fully managed solutions to capture ICT growth opportunities

Applications

Horizontal business applications
- Background music
- Business contents
- CRM
- ERP

Vertical business applications
- Retailers
- Healthcare
- Hotels & Restaurants & Café's

Services

F2M convergent services
- Unified offers for specific segments

VoIP Services
- "Solution ADSL Oficina Integral" – Centrex IP

Data services

VPN services

Connectivity

BB Connectivity
- New up-grade

Niche BB Connectivity
- IP-VPN point of sales payment solutions

CPE

Voice equipment

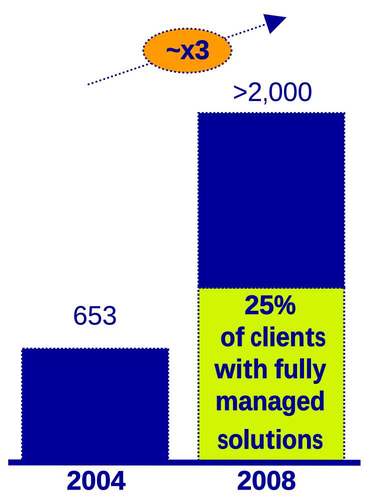
Computer equipment

Access mobility (WiFi)

LAN management

- **Installation**
- **Configuration**
- **Maintenance**
- **Support**
- **Help desk**
- **Payment flexibility**

Number of Solutions
Thousands



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03 With this complete and integrated offering we are leading and shaping this market segment

Communication services (voice and data)

- Voice equipment
- Voice service (traditional and IP)
- Data services
- VPN services

Fully managed ICT solutions

- Computer equipment (complete desktop management)
- LAN management
- Applications (ASP mode)

TdE portfolio

Competitor's portfolio

Competitors are mainly focused on integration of voice and data services leveraging IP technologies

TdE is the first mover into a complete and fully managed ICT Solution

With this unique market positioning we will maintain our strong leadership in the SoHo & SMEs market

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03 Specific BB Solutions for each customer segment

Homes

SMEs

Large clients

ICT outsourced

“We offer customized and end-to-end solutions for all communication and IT needs under an outsourcing model”

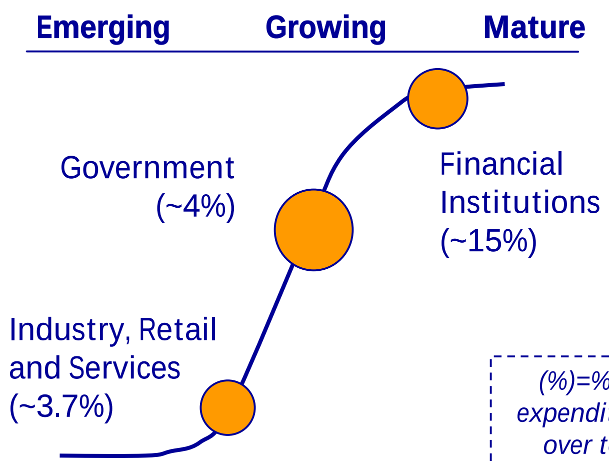
03 Our main objective for large clients is to develop end-to-end outsourcing solutions to cover all their ICT needs

Large clients are continuously expanding…

- Stable number of clients (~2,000)
- Greater need for ICT to support national and international expansion

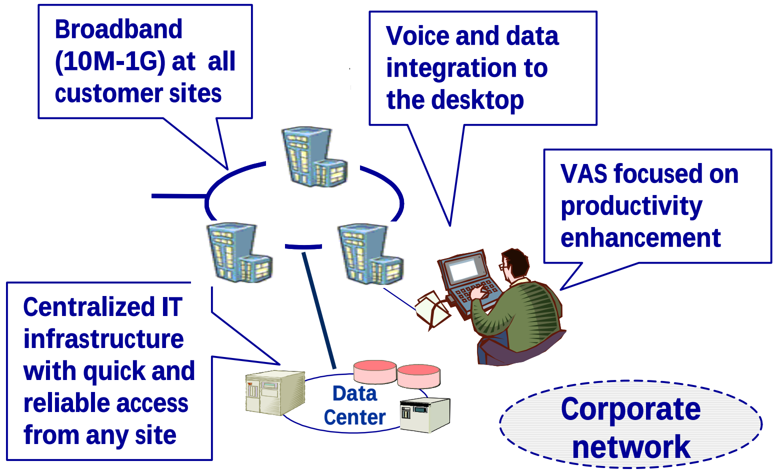
+

… and will be more technology intensive



(%)=% ICT expenditure over total costs

"We offer customized and end-to-end solutions for all communication and IT needs under an outsourcing model"



e-government

Security & DRS

Sectorized consultive sales force

- Highest commercial capillarity based on ~400 account managers and specific multi-disciplinary account teams

First-class customer care

- High levels of quality service

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03 Our objective is to develop an innovative, complete, and customized offering ...

1 Fostering broadband access that enables VoIP migration...

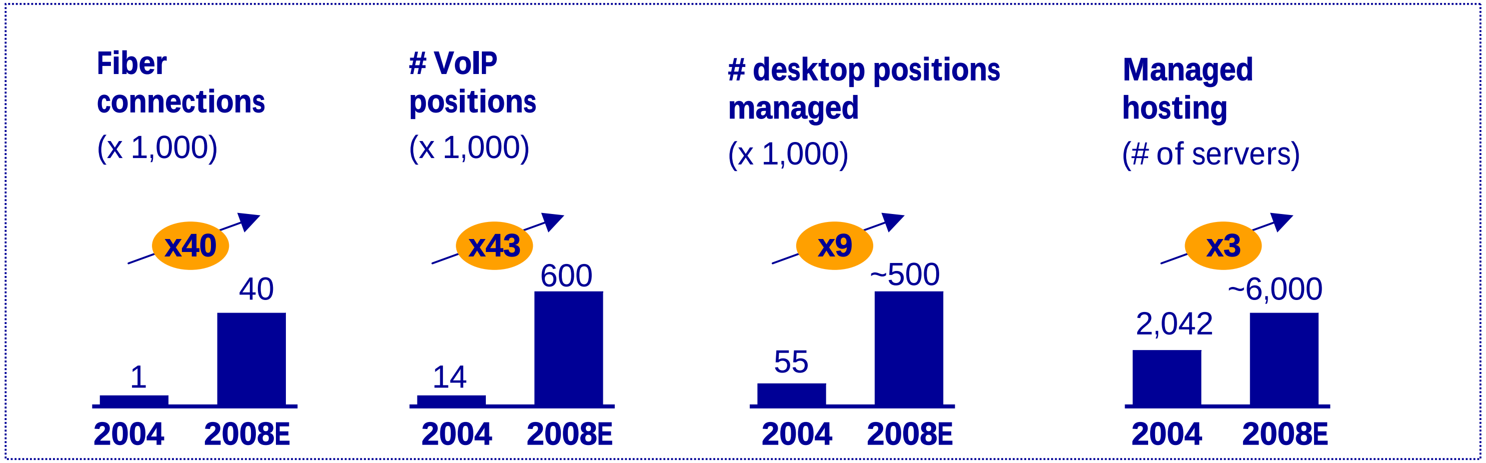
- Broadband access in all customer sites (DSL+FTTP)
- Integrated IP-based solution (voice+data VPN+advanced IP VAS) through Ibercom IP

2 ...extending our management to the LAN and desktop ...

- Extend traditional management (voice and data devices) to:
  - Desktop: PC, note-book, printer, mobile handset
  - LAN

3 ... and to hosting, ASP and centralized IT architectures

- Managed hosting
- Systems integration
- Secure data storage
- Applications on-demand
- Business Continuity and Disaster Recovery solutions



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03... building long-term relationships with our customers through an outsourcing model

Number of customers

1 Fostering broadband access that enables VoIP migration...

2 ... extending our management to the LAN and desktop ...

3 ... and to hosting, ASP and centralized IT Architectures

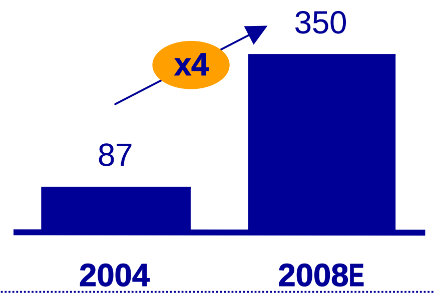
Current market references

- 70 — **JUNTA DE ANDALUCIA** Voice and data outsourcing solution
- 10 — **LA CAIXA** Communications and desktop outsourcing
- 7 — **NH HOTELS** Centralized IT model (hosting data center, booking system and ERP)

2008 objective

To ensure sustainable revenues and ARPU we are evolving to **end-to-end outsourcing solutions**

 # customers with outsourcing solutions



- Distinctive competitive positioning versus other telecom operators
- Defense against entrance by players from adjacent industries (e.g. IT, systems integrators)

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03 Client-specific BB Solutions set the path for our future

Homes

"We have all the services you need for communication, information, and entertainment in your home"

SMEs

"We advise, sell, install, maintain, and manage your communication and IT solutions for a set monthly fee"

Large clients

"We offer customized and end-to-end solutions for all communication and IT needs under an outsourcing model"

Allowing us to continue growing through:

- **Ambitious BB goals**
- **Defense of our traditional business**

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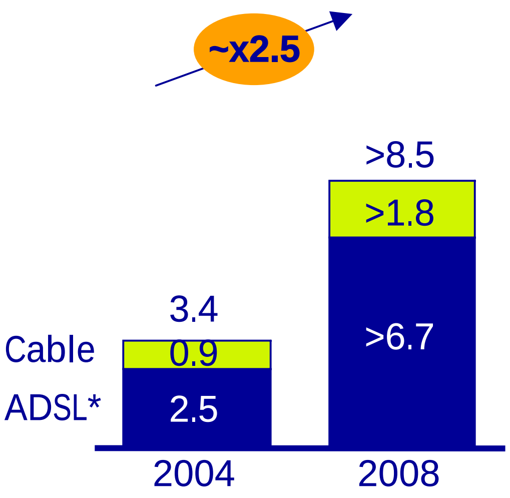
03 Our priority is to achieve our three main strategic goals in broadband...

CAGR

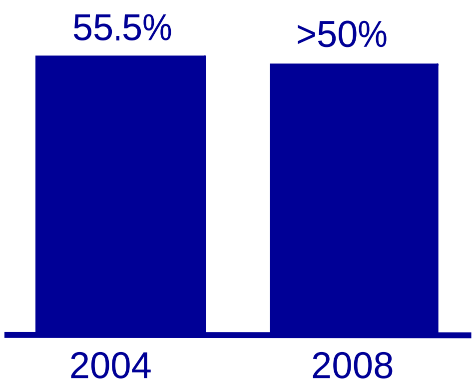
To increase BB penetration

Million BB accesses



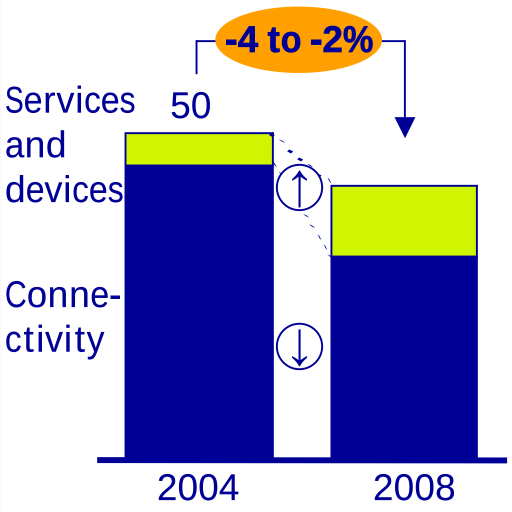
To defend BB market share

Group retail BB market share



To manage BB ARPU

Euros/month



Achieve more than 4 million of ADSL retail accesses by 2008 (Telefónica Group)

*Retail, Wholesale (bit stream) and ULL-based DSL

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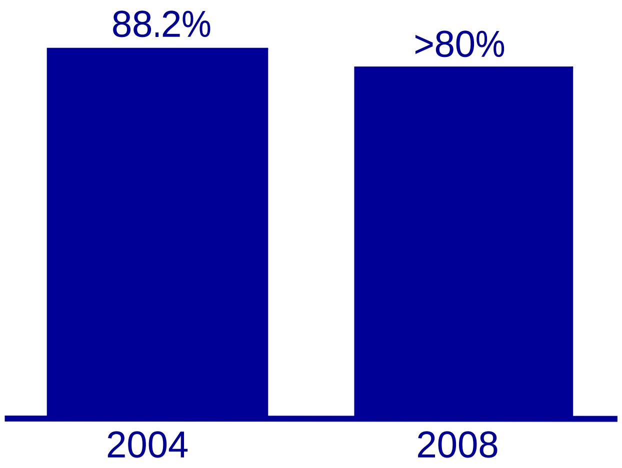
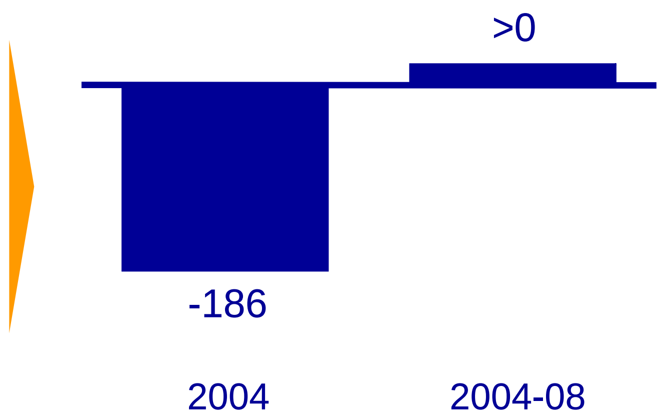
03 ... while defending our traditional business ...

Traditional accesses

Access market share*
Percentage

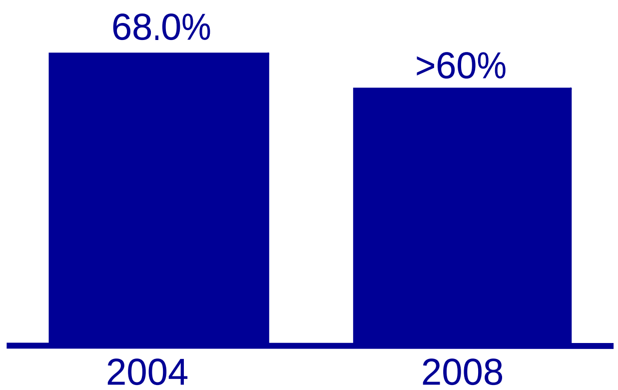


Access line net variation*
Thousands

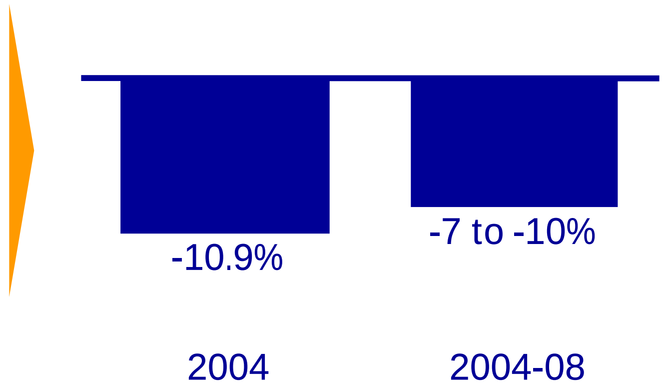


Voice traffic

Outgoing traffic market share
Percentage

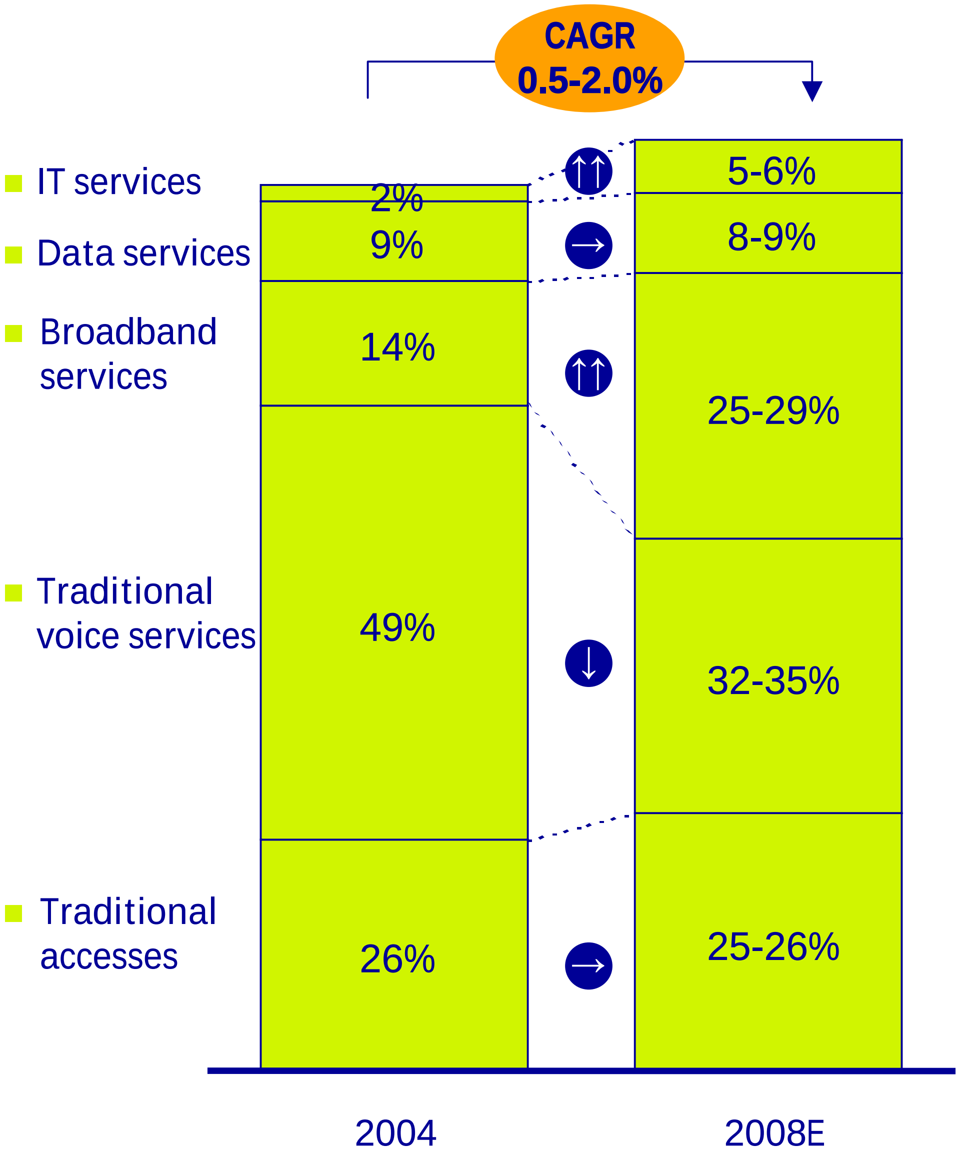


Outgoing traffic
% growth y-o-y

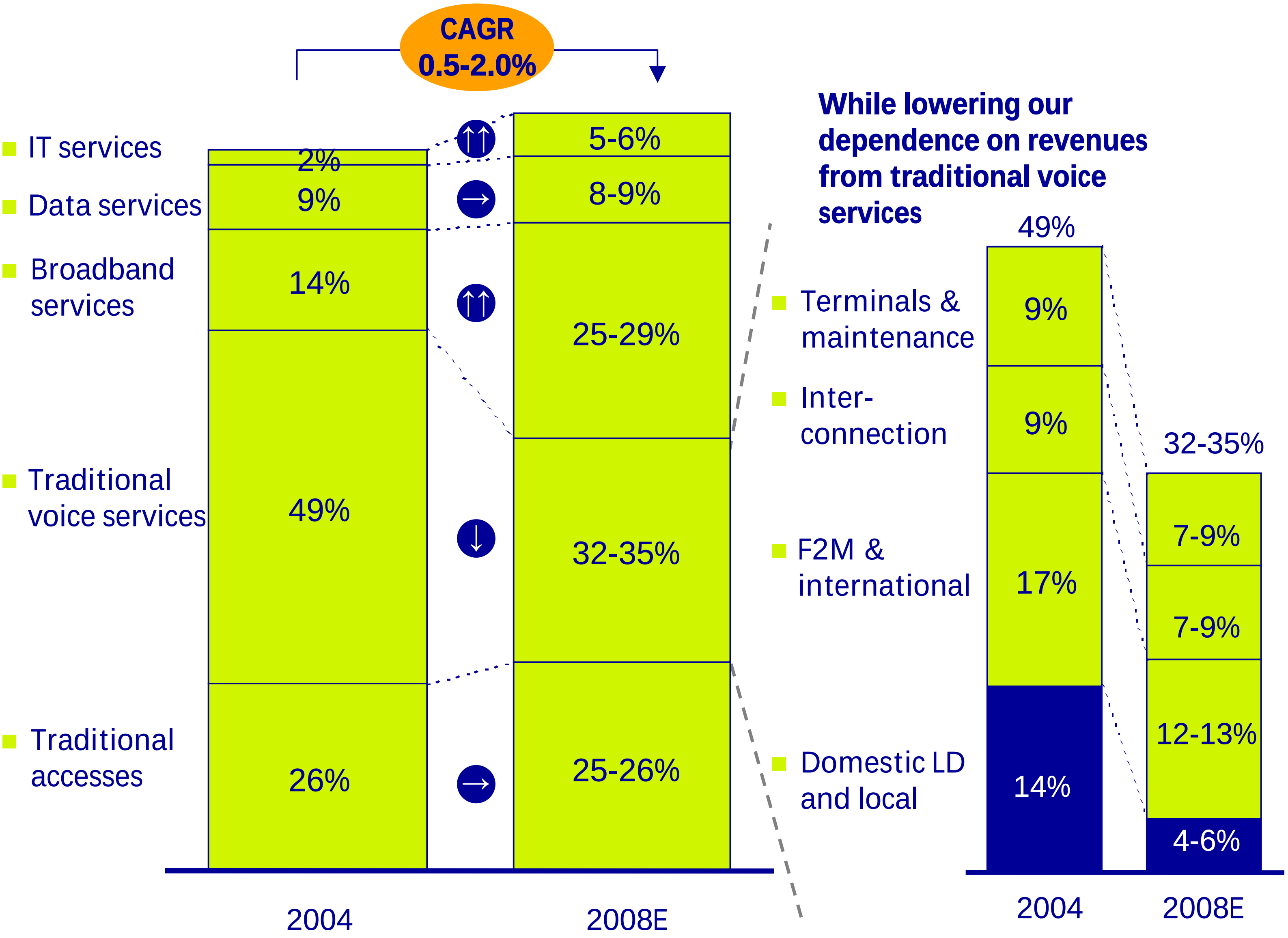


*PSTN + B.A. ISDN

03... leading to our primary objective: to continue growing



03... leading to our primary objective: to continue growing



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03 We need to continue our company transformation efforts

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Continuously challenging environment	Implications for TdE
Opportunity to go deeper into adjacent services	New capabilities are required
Increasing competitive pressure	Customer satisfaction as a key loyalty lever
Traditional businesses erosion	Pressure on margins

Deepen our transformation into an **operationally excellent** and **commercially oriented** company

Commercial drive

- Build capabilities throughout the commercial areas
- Enhance customer care performance in call centers
- Manage web of commercial channels

Operational excellence

- Quality improvement focused on client satisfaction
- OPEX reduction mainly based on efficiency programs
- CAPEX optimization

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03 To provide BB Solutions we are reinforcing our commercial drive

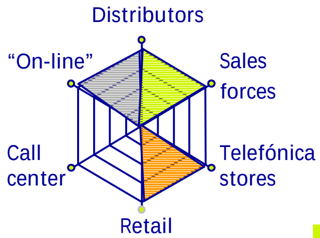
We are building capabilities throughout the commercial areas ...

- Enhanced consulting skills in sales force
- Commercial capabilities building program
- More than 1,000 additional commercial hires by 2008

... and moving our call center to a higher level of performance

- Customer value based model
- Proactive cross-selling
- Integrated care model from sale to complaint resolution

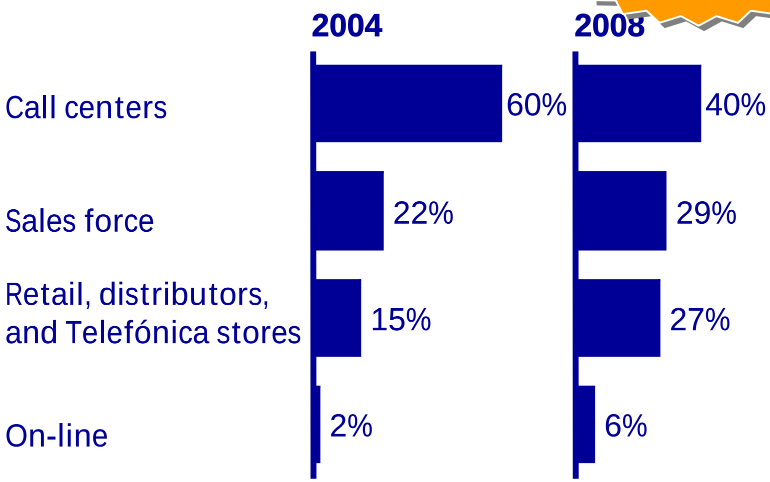
We are developing a web of channels for higher effectiveness



- More than 2.500 point of sales (March 2005)
  - 200 in large retailers (El Corte Inglés, Alcampo)
  - 104 in Telefónica Stores
  - 2,200 in Distributors
- Develop a multichannel strategy focused on increased capillarity and proximity

Commercial collaboration with TME

Channel mix evolution



03 Operational excellence goes beyond efficiency and productivity improvement

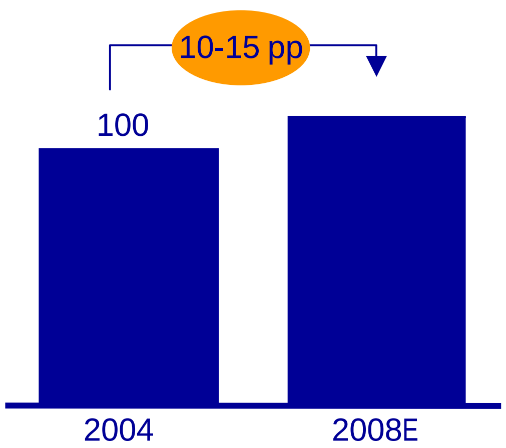
We have launched specific and horizontal programs that address both quality and efficiency:

- Customer care: redesign of client interaction processes/systems
- BB services provisioning: increase effectiveness and efficiency by applying 6-sigma and lean techniques
- Corporate billing: sophistication of billing system as competitive advantage
- Network evolution: opex saving through a higher IP infrastructure
- Additional efficiency programs: 5 specific efficiency programs linked to quality improvements

Total variation

Quality of service

Customer satisfaction
(Indexed to 100)



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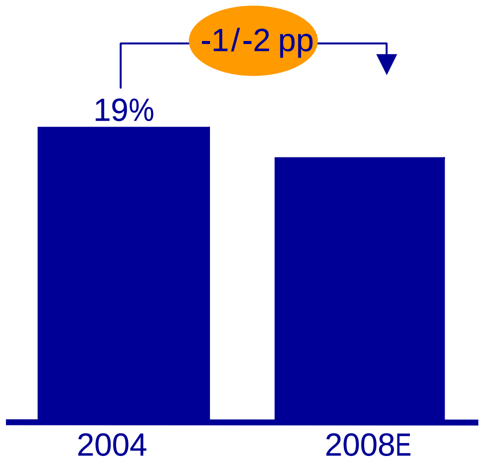
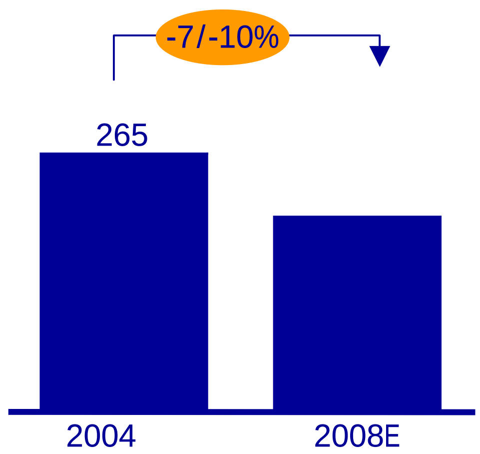
Efficiency

Personnel cost*/operating revenues
(Percentage)



Operating cost/access**
(Euro)



***Do not include cost provision due to workforce reduction program**
****PSTN + ISDN B.A. + ADSL**

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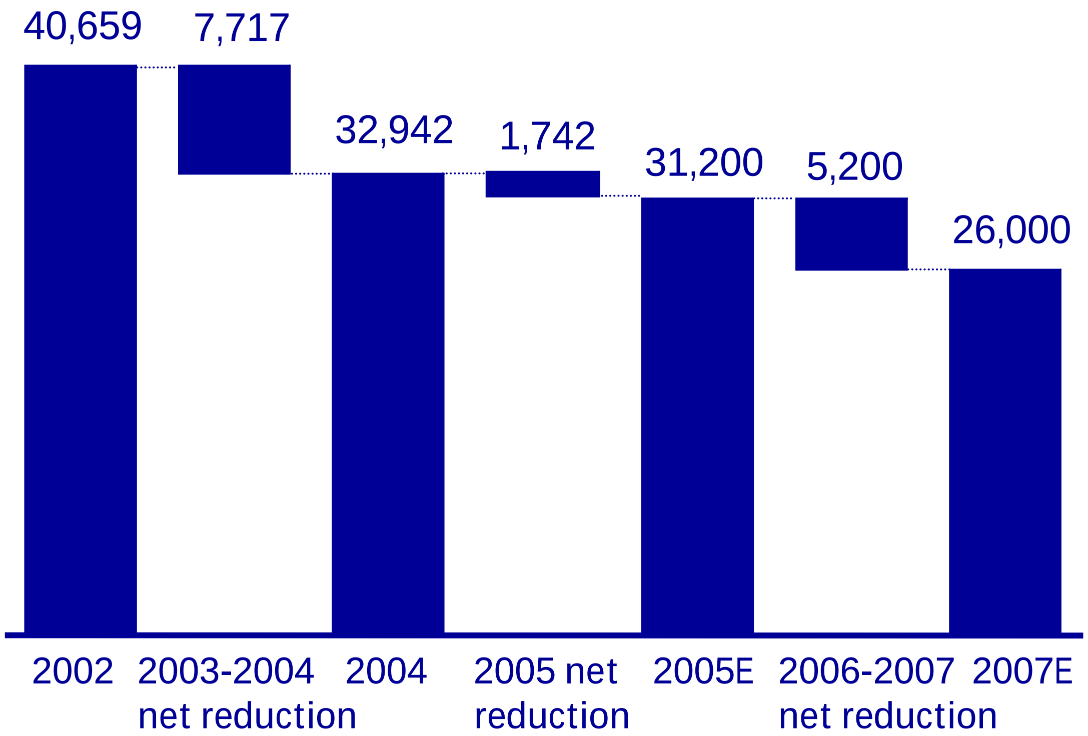
03 Our main efficiency effort is to continue our redundancy program without more outsourcing

Workforce reduction*



- 1,750** people joined the program this year
- Estimated provision for payments in 2005 to pre-retirees of ~530 M€
- 65% of the redundancy program already achieved

*Not including T-Data and T-Soluciones
** 1,700 Parent company and 50 other TdE Group companies

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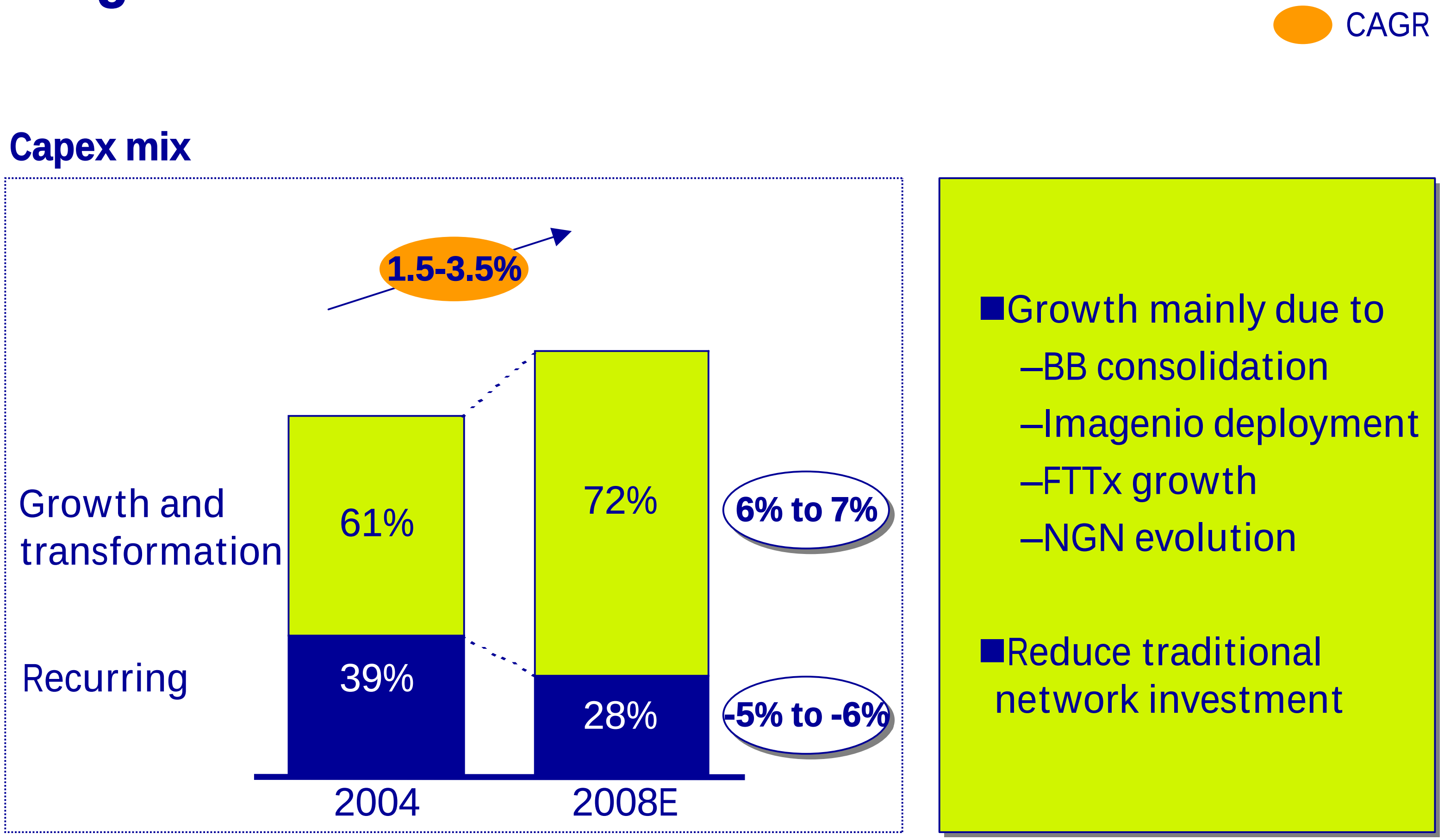
03 Additionally, we will maintain strong capex control, while accelerating the investment in growth areas ...

Capex mix



- Growth mainly due to
  - BB consolidation
  - Imagenio deployment
  - FTTx growth
  - NGN evolution
- Reduce traditional network investment

CAPEX over revenues	10.8%*	<12%

*TdE Group Under IFRS

03 ... and developing an advanced infrastructure that will allow us to build the future around broadband

	From (2004) ...	... to (2008)
Access	High capillary BB coverage in basic ADSL (512 K): ~95%	Increase bandwidth, keep coverage
	Emerging IPTV service (6M): ~10%	Increase basic IPTV coverage to >50% Launch premium IPTV
	Wide FTTx coverage (10/100M): ~60%	Increase significantly the number of accesses with Ethernet technology
Backbone	Core IP network – Routing 73% of traffic – 99.999% availability – Backbone capacity up to 6 million DSL	Freeze investments in ATM and continuously migrate to Ethernet MPLS Migrate progressively traffic to IP overlay network (94% in 2008)
Service platforms	Ready to support a wide range of services: – Videotelephony – VoIP – IPTV and VoD – VPN	Integrate different service platforms into a one NGN based platform Leverage IMS capabilities of NGN platform to develop F2M convergent services with TME

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03 Our dual strategy will allow us to differentiate our market positioning in the current price centric competitive arena

TdE Strategy

Develop client specific communication, information and entertainment Broadband Solutions

+

Deepen our transformation into a more commercially oriented and operationally excellent company

- **The best customer care process:**
  - **First call resolution**
  - **Commitments in time and quality of service provision**
- **The most innovative offer in the telco market:**
  - **Residential: 3Play with VoD**
  - **SMEs: Fully managed ICT solutions**
  - **Large clients: ICT outsourcing**
- **The most powerful telco marketing machine:**
  - **More sophisticated segmentation**
  - **Higher marketing expenditure**
- **The leanest and most efficient company:**
  - **Higher flexibility**
  - **New ways of working**

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04 This strategy will allow us to achieve our main 2008 operating KPIs ...

Imagenio: x165 **>1 M**

ICT Solutions: x3 **>2 M**

Outsourced customers: x4 **>350**

Retail DSL accesses: x2 **>4 M**

Access base: maintain **~ 17 M**

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04

...with one ultimate objective: to continue delivering sound results

Telefónica de España Group, Million euros

	Reported 2004 under IFRS	CAGR 2004-08E *
Revenues	11,202.2	0.5-2.0%
Operating Income before D&A **	4,560.0	3-6%
Operating Income **	2,192.4	12-16%
CAPEX/Revenues	10.8%	<12%

* All projections exclude changes in consolidation

** In terms of guidance calculation, Operating Income before D&A and Operating Income exclude other exceptional revenues/expenses not foreseeable in 2005-2008. These exceptionals amounted to 68.8 MM€ in 2004 and are therefore also excluded, meaning a calculation base for guidance of 4,491.2 MM€ for OIBDA and 2,123.6 MM€ for OI, respectively. Personnel Restructuring and Real Estate Programs are included as operating revenues/expenses.

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