

Telefónica in 2006

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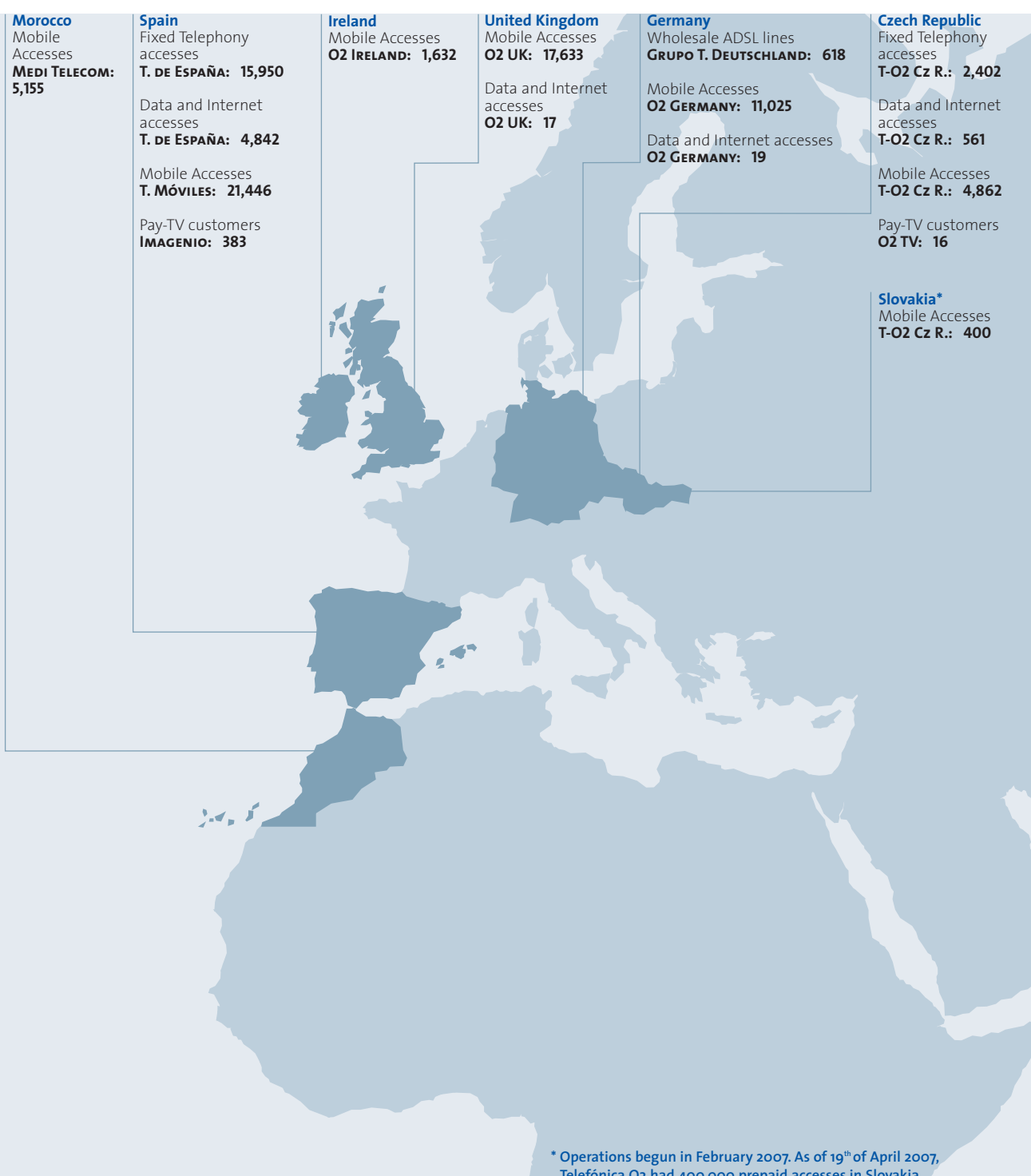
Magnitudes

Market Size

In thousands as at December 31 2006



Presence in more than **23** countries. **203** million customer accesses. **145** million mobile telephony accesses. **42.3** million fixed telephony accesses. **7.9** million Broadband accesses. **1 million** pay-television accesses. More than **62%** of its revenue comes from countries other than Spain. Revenue of more than **52.9** billion euros. **31.2%** shareholder returns in 2006. Market capitalization of **79.3** billion euros. **4.3** billion euros invested in R&D+i. More than **233,000** employees.



Only two Chinese companies manage more accesses than Telefónica Telefónica is the third company in the world by number of customer accesses

Telefónica has closed financial year 2006 with over 200 million customers, only two years after overcoming the barrier of 100 million customers.

Telefónica registered customer growth in all the services it offers: fixed telephony, broadband, mobile telephony and pay-TV.

Fixed Telephony

The telecommunications market has been changing in recent years, thereby offering clients alternatives to traditional fixed telephone access.

Telefónica continues working to fight the fall in fixed lines, having closed 2006 with 42.3 million fixed accesses managed by the group, which implies a net gain of 1.5 million with regard to the previous year.

In Spain the fixed telephony market share is at 82,5%, almost two points below that of 2005. However, the voice market share has remained stable throughout the year, at around 66%.

Brazil is the second fixed telephony access market for Telefónica, with 12.1 million customers (-1.9%), of which approximately 19% are prepaid lines or lines with consumption limits.

Peru registered significant growth in fixed telephony accesses (+6.4%) as a consequence of the campaigns carried out during the year and the increase in sales services.

Broadband

Telefónica leverages its solid position in the market to seize the opportunities offered by the new digital environment.

Fixed broadband accesses reached 8 million, with a year-on-year growth rate of 41.1% and a net gain of 2.3 million accesses.

In 2006, Telefónica has positioned itself as the first DSL operator in Latin America, with over 3.7 million broadband accesses in the region.

In Spain Telefónica manages over 3.7 million retail accesses to broadband Internet, with a net gain of 1.5 million in the financial year. One of the elements that have most contributed to this growth are the combined offers (dúo, trío...) which have surpassed 2.7 million subscriptions.

Telefónica O2 Europe registered a 93.4% growth in the number of broadband accesses as a result of the gain of 179,000 lines in the Czech Republic and the launch of the DSL offer in Germany.

Fixed telephony accesses

Data in thousands



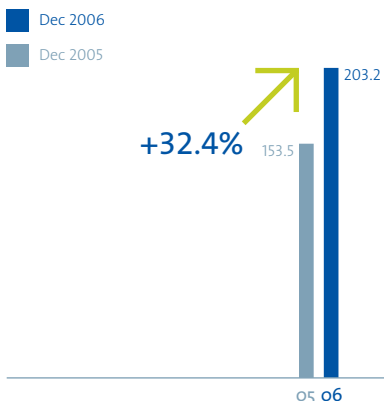
Broadband accesses

Data in thousands



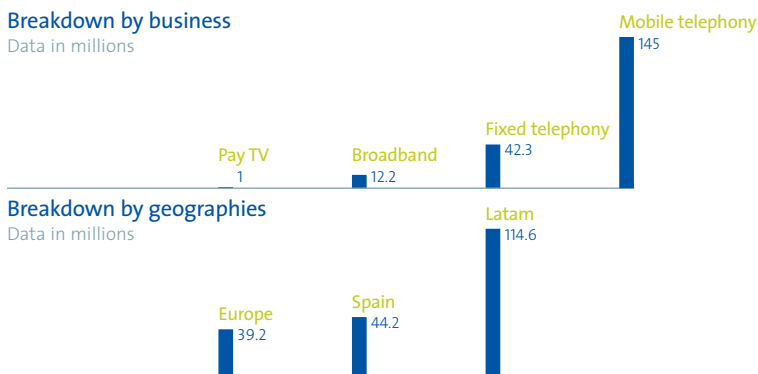
Total accesses

In millions



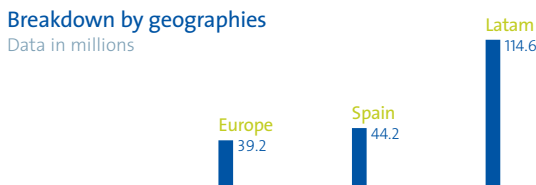
Breakdown by business

Data in millions



Breakdown by geographies

Data in millions



Mobile Telephony

Mobility is one of the attributes most valued by clients when it comes to using telecommunications services. Growth in the customer base, initiatives to encourage consumption and commercial efficiency are the main tools with which to compete in the market.

In financial year 2006, mobile telephony has been the main growth lever Telefónica, with a net gain of 45.7 million, thereby placing the access base at 145.1 million (+46.6% increase with regard to 2005). The organic growth of the mobile customer base was approximately 14.7%.

Our leadership in these two highly competitive markets allows us to take our solutions to other regions. In Latin America we have reached the figure of 83.3 million mobile customers (+18% compared to 2005).

Telefónica maintains its competitive position in Spain, with a market share of over 45%. On the other hand, Telefónica O2 is the market leader in the United Kingdom with over 17 million clients.

Pay-TV

Content distribution is one of the added-value services on which Telefónica wishes to build its integrated value offer for its customers.

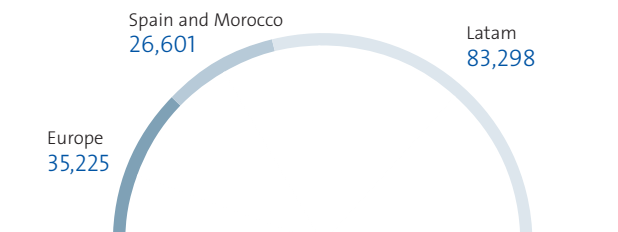
At the close of financial year 2006, we had over one million pay-TV customers, with a year-on-year growth of 55.7%.

In Spain, Telefónica's Imagenio service reached 383,000 TV customers at year-end 2006, with a growth of 85% compared to the previous year, having reached a market share of 10%.

In financial year 2006, Telefónica consolidated its offer of satellite TV (DTH) in Chile and Peru, reaching 120,000 customers. In addition, it prepared the future launch of the service in Brazil.

Mobile telephony accesses

Data in thousands



Pay TV accesses

Data in thousands



Revenues from external markets amounted to 62% of total in 2006

Telefónica is present in over 23 countries and has the most balanced geographic profile of all telecommunications companies

By region, Telefónica's profile is now more balanced than in 2005, given that the countries external to the domestic market increased their contribution to the group's consolidated revenues to 62.1% and to consolidated OIBDA, to 56.2%.

This geographic balance, together with the convergence of services and technologies, has configured a new organisational structure based around three geographic regions: Spain, Latin America and Europe.

Organisational Profile

The Corporate Centre is responsible for the global strategy and the corporate policy strategy, the management of common activities and the coordination of the activities of the regional business units.

Telefónica España

Its main activity is providing fixed telephony, mobile and broadband services in Spain.

Telefónica O2 Europa

Its main activity is to provide fixed telephony, mobile and broadband services in Europe. This business unit has operations in the United Kingdom, Ireland, Germany, the Czech Republic and Slovakia.

Telefónica Latinoamérica

Its main activity is to provide fixed telephony, mobile and broadband services in Latin America, with presence in all key markets in Latin America.

It offers services in Argentina, Brazil, Chile, Colombia, Ecuador, El Salvador, United States, Guatemala, Mexico, Nicaragua, Panama, Peru, Puerto Rico, Uruguay and Venezuela. In addition, it manages the office of Telefónica in China and the alliance with China Netcom.

Telefónica España

Telefónica España is the leading telecommunications operator in the Spanish market, with nearly 16 million fixed telephony accesses, 4.4 million data accesses and 21 million mobile accesses.

In 2006, this business unit contributed 19.75 billion euros to Telefónica's total revenues, representing 37.9% of the total.

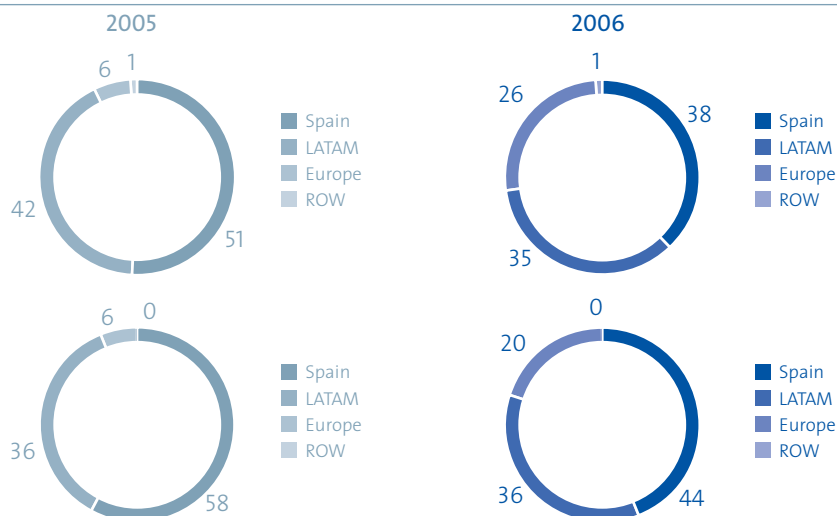
The main growth levers of the fixed telephony business are revenues from Internet and broadband, information technologies and data services. The percentage of lines with broadband access is 23.5% of the total (16.9% in 2005).

On its part, the mobile telephony business registered a year-on-year growth rate of 4.1%, mainly due to growth of revenues for services and client base.

Telefónica's Imagenio service reached 383,000 pay-TV clients at the close of 2006, representing a growth of 85% compared to the previous year, and reaching a market share of 10%.

A highly diversified financial performance

Revenues by region



OIBDA by region



Telefónica Latinoamérica

At the close of financial year 2006, Telefónica Latinoamérica was managing more than 23 million fixed telephony accesses, 5.9 million data and Internet accesses and over 83 million mobile accesses.

Latin America is the main lever of growth for the Group, with an organic client growth rate of 13.4%, which, together with the increases in boundary, imply revenues of 18.09 billion euros.

In 2006 we have reinforced our competitive position in Colombia and in the region through the acquisition of Colombia Telecom.

Revenue from mobile services grew 19.9% from 2005, with important contributions from Venezuela, Argentina and Mexico.

Fixed business lines increased revenues by a total of 14.5%, thanks to that fact that the larger contribution from Internet and broadband compensated the lower revenues from the traditional business.

Telefónica O2 Europa

In 2006, we have successfully incorporated O2 to Telefónica, and at the same time, we have reinforced its competitive position in Europe. This is confirmed by the annual growth rate in the client base of 7.9%, which indicates the successful integration of O2 in Telefónica, and our ability to strengthen its competitive position.

Currently, Telefónica O2 Europe contributes 27% of the group's revenues (13.16 billion euros)¹ and groups the operations of the United Kingdom, Germany, Ireland and the Czech Republic.

In the United Kingdom, Telefónica O2 achieved a growth rate of 14.7% in revenues from services, sustained by the increase in the client base and the ARPU.

In Germany, the year-on-year growth rate registered was 6.7%, whereas in the Czech Republic revenues grew by 0.4% thanks to the growth in mobile telephony (+6.1%). Telefónica O2 Czech Republic has become the first experience of an integrated operator of Telefónica.

In addition, in 2007, we have launched commercial operations in Slovakia.

	Revenues by region		OIBDA by region	
	2005	2006	2005	2006
Spain	51%	37%	57%	43%
LatAm	42%	35%	36%	36%
Europe	6%	27%	6%	20%
ROW	1%	1%	1%	1%

(1) Only 11 months until Dec. 2006

Telefónica is already the European operator offering the best combination of growth and profitability in the sector

In financial year 2006, Telefónica achieved the best results in its history, positioning itself as a world leader in the telecommunications sector.

These results are the consequence of three simultaneous lines of action:

- Revenue growth by 41.5%, reaching 52.9 billion euros.
- Improvement in shareholder profitability, reaching 31.9%.
- Cash flow generation, which reached 11.12 billion euros, 12.3% more than in 2005.

Revenue growth*

Telefónica's revenue grew by 40.2% with regard to 2005, reaching 52.9 billion euros, benefiting from the diversification of regions businesses and market cycles that have resulted in gaining more clients, with greater consumption and more services.

Of this growth, the incorporation of O2, Telefónica O2 Czech Republic, Telefónica Telecom and Iberbanda contribute 32.1 percentage points.

The organic growth of 7.8% positions Telefónica at the head of the sector; characterised by the positive contribution of all businesses, especially the mobile services in Latin America and Europe and the growing contribution from of fixed broadband business.

By regions, Spain's contribution represents 37%, which means that Telefónica is the integrated operator with the most business outside its domestic market. 36% of its business comes from Latin America, and 26% from the rest of Europe.

Business profitability*

In the current telecommunications market, customers and new competitors demand increasing levels of efficiency and flexibility.

In financial year 2006, Telefónica proved its capacity for growth, maintaining excellent profitability. Thus, Telefónica's operating income before depreciation and amortization (OIBDA) increased 27.0% with regard to the previous year, amounting to 19.13 billion euros.

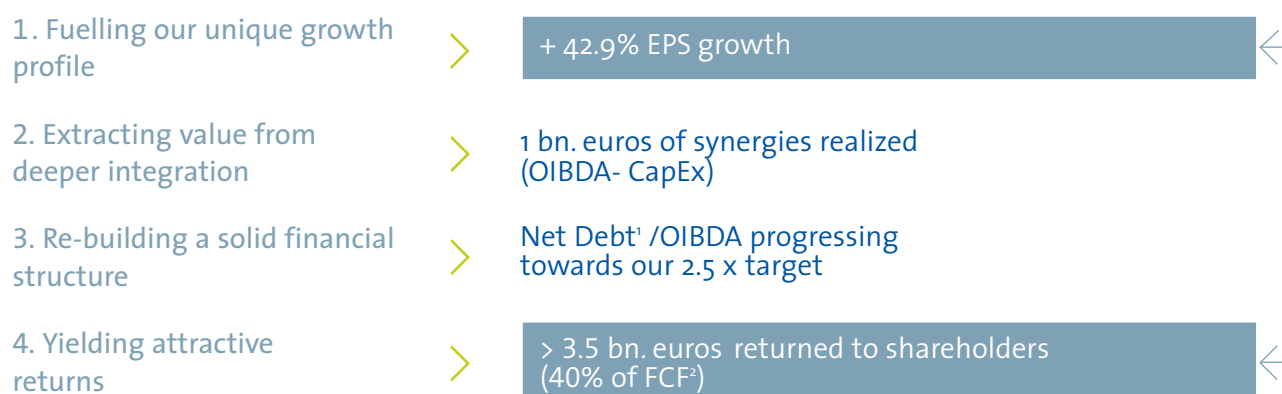
OIBDA margin, as at close of 2006, was at 36.2%, representing a year on year fall of 4.1 percentage points, mainly affected by the incorporation of O2 from the month of February.

The organic OIBDA growth was 6.4% excluding the provisions for the 2007 redundancy programme and pension plan for managers.

By regions, Spain's contribution to the consolidated OIBDA is reduced to 43.8%, showing a more balanced profile than twelve months ago (67.9%).

* For a detailed analysis of the consolidated financial statements of Telefónica Group, please refer to the audited information included in the annual accounts.

4 areas of management focus that delivered tangible results



¹ Including financial commitments

² FCF post minorities

Cash flow generation*

Discipline in investment management combined with expenditure curbing has contributed to increasing Telefónica's cash flow generation capacity¹ to 11.12 billion euros, representing an annual growth of 12.3%.

This growth in cash flow generation has been compatible with the growth of CapEx investments (8 billion euros) and with the financial expenses derived from the net financial debt, which amounted to 52.15 billion euros as at close of 2006.

This cash flow generation has made it possible to devote 2.63 billion euros to dividend payments, 2.40 billion euros to the purchase of own shares of Telefónica S.A. and 830 million euros to paying off commitments acquired by the group, mainly derived from staff reduction schemes.

Shareholder returns*

In 2006, Telefónica achieved the best results in its history, positioning itself as a world leader in the telecommunications sector. The company's net profit has grown by 40.2% with regard to 2005, reaching the record figure of 6.23 billion euros.

Returns for Telefónica shareholders in 2006 reached 1,304 euros per share, representing a year on year growth of 42.9%.

Throughout the financial year, the total profitability for Telefónica shareholders reached 31.2%, nine percentage points above the DJ Telco Index profitability (+22.2%).

Total returns for Telefónica shareholders	+ 31.2 %
Total returns for DJTelco for shareholders	+ 22.2 %

Source: Bloomberg

¹ Free cash flow understood as OIBDA - CapEx

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With a value of 80 billion euros

Telefónica is now positioned among the five leading operators worldwide in terms of market capitalization

In the financial year 2006, Telefónica has positioned itself as fifth company worldwide in terms of market capitalization, reaching 79.3 billion euros.

With these figures, Telefónica is the only operator worldwide to fulfil, year after year, its commitments to investors in terms of revenues, OIBDA, Operating Income and CAPEX.

Furthermore, shareholders have benefited from the ability to generate value: earnings per share increased by 43% in 2006, reaching 1.304 euros per share.

Share Performance

During 2006, Telefónica's share performance presented a positive profitability of 26.8%, in a context of widespread increases in the leading international stock markets. Telefónica's 26.8% increase to 16.12 euros/share, has been far higher than that of the rest of the reference sector in Europe (Dow Jones Europe Stoxx Telecommunications +16.9%) and that of the Eurostoxx-50 general index (+15.1%). The Ibex-35 was increased by 31.8%.

Similarly, the relative performance of Telefónica in 2006 was also better than that of its European counterparts, which ended the year with negative profitability in the case of Telecom Italia (-6.9%), Deutsche Telekom (-1.7%) and France Telecom (-0.2%) or lower profitability in the case of Vodafone (+12.9%), with the exception of BT, which was increased by 35.4%.

Worldwide Ranking

Market Capitalization 2005

At 31st December 2005

	Company	Millions of dollars
1	Vodafone	133,240
2	AT&T	95,836
3	China Mobile	93,805
4	Verizon	83,281
5	NTTDocomo	74,544
6	Telefónica	74,113
7	Saudi Telecom	73,816
8	NTT	71,749
9	Deutsche Telekom	70,034
10	Sprint Nextel	69,016

Market Capitalization 2006

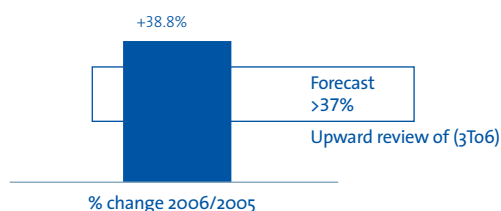
At 31st December 2006

	Company	Millions of dollars
1	China Mobile	176,061
2	Vodafone	146,289
3	AT&T	137,384
4	Verizon	108,723
5	Telefónica	104,722
6	BellSouth	85,932
7	América Móvil	81,006
8	Deutsche Telekom	80,371
9	NTT	77,751
10	NTTDocomo	74,176

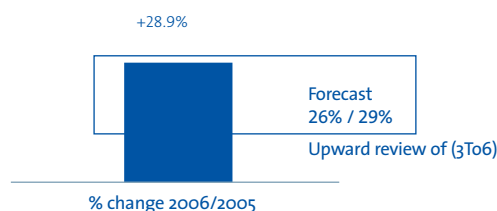
Source: Bloomberg

Fulfilment of commitments¹

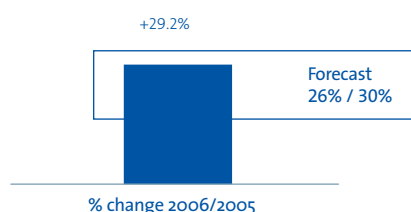
Revenue Growth



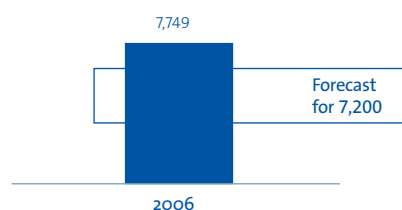
OIBDA Growth



OI Growth



CapEx



Borrowing Power

In the financial year 2006, Telefónica took advantage of its borrowing power to boost its growth. The increase from 83.9% total average net debt (54,315 million euros at 31st December 2006, including early retirement commitments) and the financial costs figure for 2006 represents an average cost of 5.0% over the total average net debt for the year.

Aggregate Value of Telefónica

The aggregate value of Telefónica is calculated by adding the market capitalization for Telefónica in 2006 and its net debt. As a result, Telefónica closed 2006 as one of the three leading companies worldwide in terms of company aggregate value (market capitalization + net debt), moving up from sixth position the previous year.

Ability to fulfil commitments

In 2006, Telefónica has once more fulfilled its investor commitments, upholding the company's credibility in the financial markets. Therefore, on the one hand, the increase in revenue (+38.8%) exceeded forecasts communicated by Telefónica (>37%); on the other hand, the OIBDA growth (+28.9%) was in the upper part of the band communicated by the company (+26% - +29%); furthermore, the increase in the Operating Income (OI) (+29.2%) was also in the upper part of the band communicated by the company (+26% - 30%); and finally, Telefónica managed to combine its growth with an increase in CapEx investments, above what was communicated (7,749 million euros compared with 7,200 which was predicted).

¹ 2006 objectives take on types of change from 2005. Published base figures include six months of Telefónica O2 Czech Republic (consolidated from July 2005) and includes TPI as a discontinued operation. It excludes changes at the perimeter of consolidation with the exception of the O2 Group (included in February-December 2006). To calculate objectives, the OIBDA and OI excludes other incomes/exceptional expenses not foreseen in 2006. Workforce restructuring and the sale of property project are included as incomes/operating costs. With the aim of comparing, other incomes/exceptional expenses registered in 2005 are also eliminated from the published data. The allocation of funds from the purchase of O2 has not been taken into account in calculating the OI objective.

With an investment in R&D+i of over 4.3 billion euros Telefónica drives innovation in the markets where it operates

According to OECD criteria, during financial year 2006, Telefónica devoted 4.3 billion euros to technological innovation, 588 million of which were spent on R&D. In addition, Telefónica acts as a driving force for direct innovation, with over 1,700 people of its workforce working in the field of innovation, and encourages indirect and induced innovation in over 6,800 people who collaborate with the company.

Technological Innovation

Telefónica is currently in a unique position within the telecommunications sector to seize the opportunities that arise, thanks to its permanent commitment to innovation. The sector is currently offering excellent opportunities, which must be leveraged, with broadband and new consumer habits, and growing added value demand from the consumers.

In 2006 Telefónica increased its technological innovation investment by 48.3%, devoting a total of 4.3 billion euros, according to the criteria established by the Organisation for Economic Co-operation and Development (OECD).

39.5% of this amount was devoted to technological innovation in Spain, 38%, in Latin America and 23% in the rest of Europe.

This commitment to innovation has led to the launch of 179 new products and services during financial year 2006 and has increased the intellectual and industrial property portfolio to 3,160 registrations. In the year 2006, 296 new registrations were filed before a Notary, corresponding to the same number of new products developed. In addition, 18 new patents and 19 utility models were registered.

Research and Development

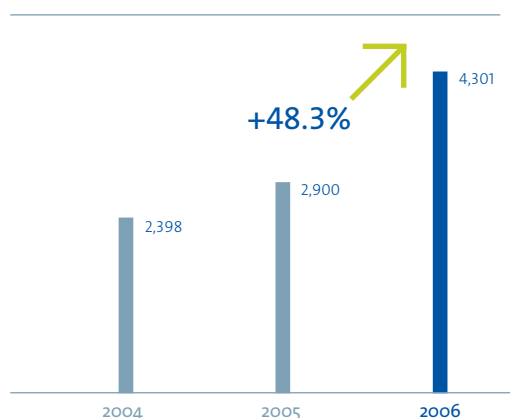
For a company that seeks to set itself apart from its competitors and achieve a higher acceptance in the current market, it does not suffice to acquire technology; it is also necessary to promote its own research and development activities.

During 2006, Telefónica devoted 588 million euros to R&D+i activities, which amounts to 1.1% of our turnover. According to data published by the European Commission corresponding to financial year 2005, we are the leading Spanish company in R&D+i efforts.

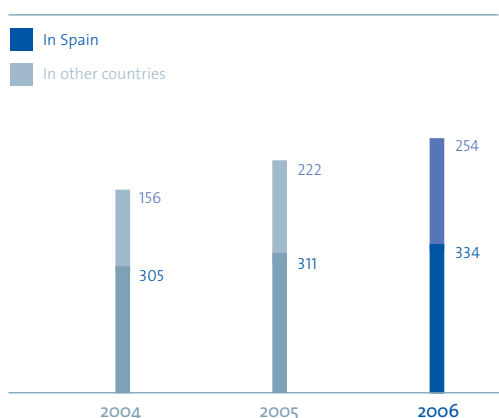
Telefónica was responsible for 5.6% of the business efforts in R&D+i carried out in Spain and for 21% of the efforts carried out in the Information and Communication Technologies sector in 2005, according to the latest data published by the Spanish National Institute of Statistics (INE in its Spanish acronym) and by the Spanish Association of ICT Companies (AETIC).

Telefónica's R&D+i activity generates employment for over 8,500 people, 1,700 of which are employed directly by Telefónica. By region, 3,500 professionals innovate for Telefónica in Spain and almost 5,000 do so in other markets.

Total Investment in Technological Innovation
Millions of euros



Total Research and Development Investment
Millions of euros



Telefónica I+D

Approximately 35% of Telefónica’s research and development activity is carried out directly by Telefónica I+D, a fully-owned subsidiary of Telefónica. This company acts as the driving force for innovation of the group, it develops new future-oriented services and identifies emerging technological options.

In 2006, Telefónica I+D worked on 1,781 projects, developed products, services and processes, and carried out applied research financed by the corporation. This activity is indicative of the interest in promoting the company’s own applied research and development activities. These projects were implemented by a staff of 1,186 professionals employed directly and 1,378 people employed indirectly.

During the last year, the company accelerated the transformation of its laboratories into a Network of Centres of Excellence. It currently has offices in Barcelona, Granada, Huesca, Madrid, Valladolid, Sao Paulo and Mexico and is working on the extension and specialisation of these centres, in order to optimise its technological efficiency and attract local scientific and technological talent.

Innovation in collaboration

Telefónica is aware of the need to be in contact with all the players that take part in the innovation process.

Collaboration with the University

The promotion of the relationship between Universities and Businesses is a priority goal for Telefónica. During 2006, Telefónica carried out more than 100 initiatives with Universities and awarded 600 grants.

The 14 Telefónica Chairs financed in Spain developed 69 technological innovation projects and issued 32 publications in 2006.

Collaboration with Public Administrations

Telefónica I+D is the leading Spanish company in terms of participation in projects of the 6th EU Framework Programme, with 111 initiatives funded with over 70 million euros. This makes Telefónica the most participative European telecommunications operator in this programme.

Movilforum

Movilforum is an initiative launched six years ago to promote collaboration with the business world, making available to companies its platforms and networks to carry out tests, terminals and training courses.

It currently has 4,900 partner members and 115 registered companies in Spain. In 2007, there are plans to export the model to Latin America.

Accumulating indirect and induced employment, Telefónica would be providing employment for more than half a million people

Telefónica generates direct employment for more than 233,000 professionals

By region, Latin America represents 60.87% of the total physical workforce. Spain, with 24.29%, is the second region by size. Finally, Europe represents 14.4% of the total workforce.

Atento is the company which provides the largest number of professionals, with more than 106,000 of the total.

Evolution of the Workforce

Telefónica closed the financial year 2006 with a workforce of almost 235,000 professionals, which is a 13.3% increase over the previous year. The area with the highest growth with respect to 2005 is Europe, whose workforce has been doubled in just one year with the acquisition of the O2 Group.

The most significant changes affecting the workforce during the year are the following:

- Variation of the Workforce as a result of business growth: 11% increase in the Atento workforce and consolidation of the “Telefónica O2 Europa” business unit.
- Integration of Business Lines: in line with the geographic restructuring of the Group into three large regions, integrating fixed and mobile operations.
- Divestment of Companies: as a result of the process of selling the TPI Group, the figures for TPI are not included in 2006.
- Completion of the Employment Regulation Plan in Telefónica de España, approved by the Ministry of Employment and Social Affairs. It had 3,304 sign-ups in 2006.

Characteristics of the Workforce

The distribution of the Telefónica workforce by functions, without taking into account the Atento staff, indicates that 36.8% is dedicated to commercial functions, 49% to production functions and 14.2% to support functions. Our objective is to increase the workforce dedicated to commercial functions, reaching 50% by 2010.

49.5% of the workforce of the Telefónica Group is made up of women, whereby Atento stands out with 67.2%. This increase in the female workforce is essentially due to the incorporation of the O2 Group.

The average length of service of the Telefónica workforce is 5.6 years, and the average age is 33.2. Atento records the shortest length of service of the workforce with an average of 1.3 years and an average age of 25.

As for the transient nature of the workforce, 84.6% of our equivalent workforce has a fixed or indefinite contract (85% in 2005). The rest is divided between employees with a temporary contract (14.6%) and grants (0.7%). Atento is the company which registers the highest levels of temporality in the Telefónica Group, with 32% of the equivalent workforce.

The level of hierarchization of the equivalent workforce lies at 7%. This figure is the percentage that represents senior management, management and intermediary positions over the total.

Physical Workforce by Region

	2005	2006	% Growth (06/05)
Spain	60,405	57,058	-5.54
Europe	14,326	33,818	136.06
LATAM	131,968	142,983	8.35
Rest of the World	942	1,041	10.51
Total Telefónica Group	207,641	234,900	13.13

Indirect Employment

In relation to indirect employment generated during 2006, we created more than 64,000 indirect jobs in Spain and more than 100,000 in Latin America. On the whole, this indirect employment corresponds to the subcontracting of activities to collaborating companies. These collaborators are devoted to the performance of work awarded by Telefónica, such as the setting up and maintenance of telephony plants for public use, supply and maintenance of telecommunications products and services.

Telefónica requires these companies to fulfil the employment contracts and agreement for the sector. Telefónica signed an agreement with collaborating companies at the beginning of 2002 limiting the subcontracting of activities of the collaborating companies themselves, enabling only 30% of services to be subcontracted to third parties.

The risk increases when these companies, in turn, subcontract services to other companies. To ensure the fulfilment of working conditions, as of 2007, Telefónica shall carry out regular audits in these collaborating companies to ensure that they fulfil the provisions of the law.

Physical Workforce

December 2006

Country	excluding Atento	including Atento
Spain	42,453	57,058
Europe	33,818	33,818
Germany	5,335	5,335
Ireland	1,787	1,787
United Kingdom	13,028	13,028
Czech Republic	9,276	9,276
Rest of Europe	4,392	4,392
Latin America	52,205	142,983
Argentina	14,635	19,398
Brazil	12,812	65,993
Chile	5,533	12,541
Colombia	3,873	7,127
Mexico	2,241	11,485
Peru	7,536	12,301
Venezuela	2,288	6,882
Central America	1,776	4,549
Rest of America	1,511	2,707
Rest of the world	0	1,041
Total Telefónica Group	128,476	234,900

With the Telefónica brand as a backbone element

In 80 years of history, Telefónica has surpassed other companies that were leaders in the past

Telefónica was created in 1924, owned by a North American multi-national (ITT), in Spain. In 80 years of history, Telefónica has surpassed, one by one, the companies which were its historical reference in the past.

Today, Telefónica is the third telecommunications company worldwide in terms of customer accesses, with more than 203 million; it operates in more than 23 countries; it has a workforce of more than 233,000 employees; and maintains its identity as the leading Spanish multinational company under the Telefónica brand.

1924

The Compañía Telefónica Nacional de España (CTNE) was created in Madrid as a subsidiary of the International Telephone and Telegraph Corporation (ITT) of New York. There were 78,124 telephones in existence



1928

Alfonso XIII and the President of the United States, Calvin Coolidge, inaugurated the commencement of transatlantic telephone communications



1945

The Spanish State nationalized 79.6% of the total shares of CTNE owned by ITT



1953

The first million telephones in Spain were reached. Only eleven countries worldwide had achieved this figure

1960



The CTNE was now the leading company in the country with 100,000 shareholders, 10.4 billion pesetas in capital and 32,000 employees in its workforce

1 million customers

1974

The CNTE celebrated its 50th anniversary. Just a few years later, the increased demand for data transmission circuits would favour the development of the TESIS system

1967

Satellite communications were initiated. Telefónica opened the Satellite Communications Ground Station in Buitrago de Lozoya



1971

Telefónica began operating the first European Data Transmission Special Network. The 5 millionth telephone was installed



5 million customers

1985



The new image and company name was adopted: Telefónica de España, S.A.

1978

The 10 millionth telephone was installed



10 million customers

1988

The (LOT) Ley de Ordenación de las Telecomunicaciones (Telecommunications Act) came into force



1987



Telefónica began trading on the New York Stock Exchange

1990

Telefónica launched the analogue mobile service, MovilLine, reaching a coverage of 98% of the territory and the population in three years



Telefónica acquired stakes and took over the running of CTC and ENTEL, in Chile, and the Argentine operator



1993

With the beginning of the commercialisation of the first Spanish satellite, Hispasat, Telefónica, present in 6 American countries, took the leap into participation in trans-European networks

1998

The Telefónica-led consortium won the tender to acquire Telesp, which operates in the state of Sao Paulo



Telefónica presented its new corporative identity

Telefónica

1999

Broadband was initiated through ADSL technology

Línea ADSL »

Telefónica was fully privatised and was organised as a holding to manage global business lines

1994

Launch of digital mobile telephony

MoviStar

Entrance of Telefónica in Peru



1995

Internet boom
Telefónica launched Infovía



First partial privatisation of Telefónica

32 million customers

2002

Telefónica began divestiture in the media. Its Digital TV platform was merged

2006

Telefónica purchased 51% of Colombia Telecom



telecom

Telefónica was structured for integrated customer management, creating three geographical areas: Spain, Latin America and Europe

Telefónica acquired the European assets of the O2 mobile telephony operator in the United Kingdom, Germany and Ireland



Award of the mobile license in Slovakia

2004

Acquisition of BellSouth's mobile telephony assets in Latin America



2003

Telefónica and Portugal Telecom set up a joint venture which combined their mobile telephony assets in Brazil



2000

Operation Verónica. Telefónica carried out a public offering of shares in Telefónica de Argentina, Telesp and Tele Sudeste (Brazil), and Telefónica del Perú. This paved the way for Telefónica's integrated management of fixed telephony operations in Latin America

2005

Purchase of 5% of the share capital social in China Netcom



Acquisition of Cesky Telecom



Global launch of the new Movistar Identity



68 million customers

100 million customers

200 million customers