

Group Description

The goal is to facilitate the integration of the fixed and mobile businesses and boost convergence



For more information:
www.telefonica.es/abouttelefonica

The Telefónica Group's operations are structured into three geographic regions: Spain, Latin America and Europe

The rationale underpinning the Group's structure is to bring the company closer to its customers and to facilitate the exploitation of economies of scale to enhance its competitive positioning.

Organisational profile

Corporate Centre

Telefónica's Corporate Centre is responsible for defining overall strategy and corporate policy and managing the business units' shared functions.

Telefónica España

Telefónica was founded in Spain in 1924; Spain remains its biggest market today. Telefónica España's main activity is the provision of fixed and mobile telephony and Broadband services in Spain; this division also includes operations in Morocco (through Meditel).

Telefónica Latinoamérica

Telefónica Latinoamérica provides telecommunications services in thirteen countries under the Telefónica and Movistar brands: Argentina, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Panama, Peru, Uruguay and Venezuela. Telefónica also engages in complementary activities in Puerto Rico and in the US.

Telefónica O2 Europe

Its main activity is the provision of fixed and mobile telephony and Broadband services in Europe. This business unit operates in the UK, Ireland, Germany, the Czech Republic and Slovakia. Telefónica also has a foothold in China and Italy through its alliances with China Netcom and Telecom Italia.

Other companies

Atento provides customer care services through contact centres or multichannel platforms. Atento has centres in Spain, Argentina, Brazil, Chile, Colombia, El Salvador, the US, Guatemala, Morocco, Mexico, Panama, Peru, Puerto Rico, the Czech Republic, Uruguay and Venezuela.

t-gestiona is engaged in the provision of management support services in the following areas: finance, administration, HR management, logistics and comprehensive building and service management. This company has operations in Spain, Argentina, Brazil, Chile and Peru.

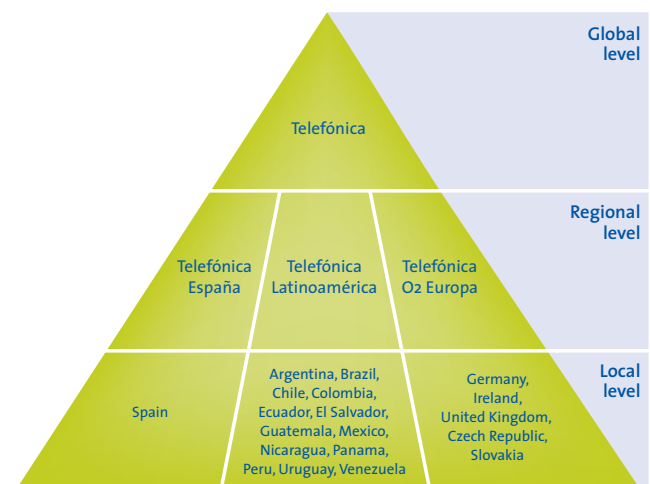
Telefónica I+D is the Group's R&D subsidiary, operating in Spain, Brazil and Mexico.

New structure

Telefónica's new structure enables it to unlock value at global, regional and local levels:

- Locally, initiatives are implemented seeking the integration of services and technologies in each country with the overriding aim of enhancing customer service.
- Regionally, the new structure makes for optimal management of sales and technical resources.
- Globally, Telefónica's corporate structure enables it to better leverage the opportunities afforded by its international scale and diversity.

NEW STRUCTURE



Group Structure

The Telefónica Group's main shareholdings, broken down by business units



For more information:
www.telefonica.es/shareholdersandinvestors

TELEFÓNICA ESPAÑA GROUP

	% Part
Telefónica de España	100.00
Telefónica Móviles España	100.00
Telyco	100.00
Telefónica Telecomunic. Públicas	100.00
T. Soluciones de Informática y Comunicaciones de España	100.00
Iberbanda	51.00
Medi Telecom	32.18

TELEFÓNICA O2 EUROPE

	% Part
O2 UK	100.00
O2 Alemania ¹	100.00
O2 Irlanda	100.00
Manx	100.00
Be	100.00
Group 3G (Germany) ³	100.00
Telefónica O2 República Checa ¹	69.41
Telefónica O2 Eslovaquia ²	100.00

¹ Company owned through Telefónica S.A.

² Company owned through Telefónica O2 Czech Republic.

³ Company owned through O2 Germany.

TELEFÓNICA LATINOAMÉRICA GROUP

	% Part
Telesp ¹	87.95
Telefónica del Perú	98.18
Telefónica de Argentina	98.04
TLD Puerto Rico	98.00
Telefónica de Chile	44.89
Telefónica Telecom	52.03
Telefónica USA	100.00
T. Intern. Wholesale Serv. (TIWS) ²	100.00
Brasilcel ³	50.00
T. Móviles Argentina	100.00
T. Móviles Perú	98.53
T. Móviles México	100.00
Telefónica Móviles Chile ⁴	100.00
T. Móviles El Salvador	99.08
T. Móviles Guatemala	100.00
Telcel (Venezuela)	100.00
T. Móviles Colombia	100.00
Otecel (Ecuador)	100.00
T. Móviles Panamá	100.00
T. Móviles Uruguay	100.00
Telefonía Celular Nicaragua	100.00
T. Móviles Soluciones y Aplicac. (Chile)	100.00

OTHER OWNERSHIPS

	% Part
3G Mobile AG (Switzerland)	100.00
Grupo Atento	100.00
Telefónica de Contenidos	100.00
Mobipay Internacional	50.00
Telco SpA (Italy) ⁵	42.30
Tempos 21 ¹	43.69
IPSE 2000 (Italy) ¹	39.92
Lycos Europe	32.10
Sogecable ²	16.79
Mobipay España ¹	13.36
Hispasat	13.23
Portugal Telecom ³	8.21
China Netcom Group ⁴	5.00
BBVA	0.97
Amper	6.10

¹ Companies owned, directly and indirectly, by Telefónica Móviles.

² Telefónica de Contenidos, S.A. holds 15.59% and Telefónica, S.A. holds 1.20%.

³ Telefónica Group's effective participation. Telefónica Group's participation would be 8.32% if we exclude the minority interests. The percentage of voting rights of Telefónica Group would reach 9.16% if the shares owned by the Portuguese company without considering minority shareholders would be taken into account.

⁴ Ownership held by Telefónica Latinoamérica.

⁵ Telefónica owns an indirect share in the ordinary capital (with right to vote) of Telecom Italia through Telco of, approximately, a 10%. If we would take saving shares (azioni di risparmio) into account, which do not confer political rights, the indirect participation of Telefónica over Telecom Italia would be a 6.9%.

¹ Effective participation 88.01%.

² Telefónica, S.A. owns 92.51% and Telefónica DataCorp owns 7.49%.

³ Joint Venture that consolidates, through a share in Vivo Participações, S.A. the subsidiary Vivo, S.A. by the full integration method.

⁴ Telefónica Móviles Chile enlarged its capital in May. This turned it in the only shareholder of Telefónica Móviles de Chile, which was dissolved the July 1st, 2007.