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Board of Directors

The Board of Director's Committees address a range of key issues for the Company

An effective and operational governance system which is based on the global scale of Telefónica

In the context of the Company's commitment to its shareholders, the Board of Directors, with the support of its committees, carries out its work in accordance with corporate governance standards which are mostly contained in its Articles of Association, the Regulations of the General Meeting of Shareholders and the Regulations of the Board of Directors.

The Board of Directors of Telefónica has 17 members*, and is responsible for supervision and control of the Company's activities. It has exclusive competence over issues such as general policy and strategies relating to corporate governance, corporate social

* May 2010

responsibility, compensation to directors and senior managers and returns to shareholders, together with strategic investment.

The Board of Directors of Telefónica, S.A. is supported in the Company's corporate governance by eight committees, which it charges with examining and monitoring key areas.

In accordance with its Regulations, the Board of Directors delegates day-to-day business management to the executive bodies and management team of Telefónica.

The Company provides more detailed information in the Annual Corporate Governance Report and in the Report on Compensation Policy for the Board of Directors. These documents are available at www.telefonica.com/en/shareholders_investors

Composition of the Board of Directors and its Committees

	Type of Chief Operating	Committee Officer	Audit and Control	Appointments, Remuneration and Good Governance	HR, Reputation and Corporate Responsibility	Regulation	Service Quality and Commercial Attention	International Issues	Innovation	Strategy
César Alierta Izuel (Chairman)	●	●								
Isidro Fainé Casas (Vice-chairman)	●	●								
Vitalino Manuel Nafría Aznar (Vice-chairman)	●		●		●	●		●		
Julio Linares López (Chief Operation Officer)	●	●							●	
José María Abril Pérez	●	●						●		
José Fernando de Almansa Moreno-Barreda	●					●		●		●
José María Álvarez-Pallete López	●									
David Arculus	●					●		●		
María Eva Castillo Sanz	●					●	●			●
Carlos Colomer Casellas	●	●		●			●		●	
Peter Erskine	●	●		●					●	●
Alfonso Ferrari Herrero	●	●	●	●	●	●	●	●		●
Luiz Fernando Furlán	●							●		
Gonzalo Hinojosa Fernández de Angulo	●	●	●	●	●		●	●		●
Pablo Isla Álvarez de Tejera	●			●	●	●	●		●	
Antonio Massanell Lavilla	●		●		●	●	●		●	
Francisco Javier de Paz Mancho	●	●			●	●		●		
Non-Director Secretary										
Ramiro Sánchez de Lerín García-Ovies										
Non-Director Vice-Secretary										
María Luz Medrano Aranguren										

● Executive ● Nominee ● Independent ● Other External Directors

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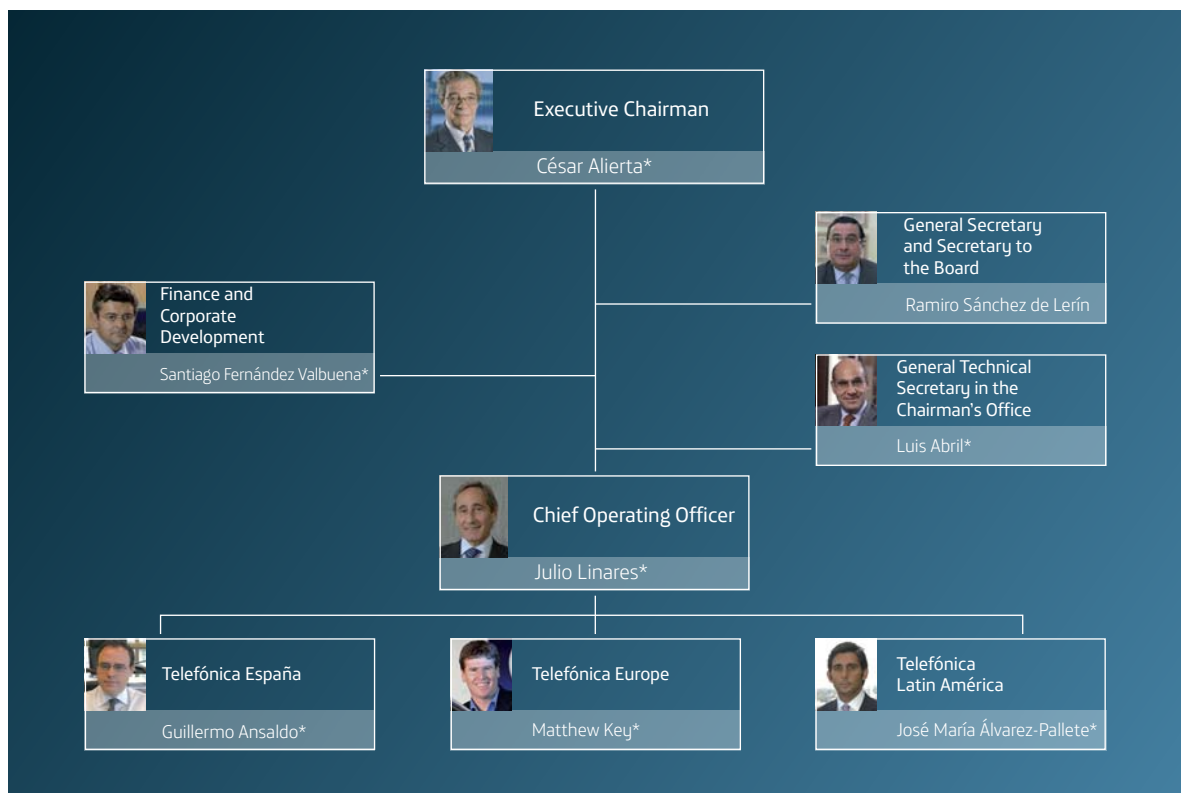
Management team

The Company has continued to develop its organisational model to strengthen its customer focus and relations, innovation and the efficiency of its operations

The organisational strategy of Telefónica aims to improve and personalise relationships with our customers, taking advantage of the benefits of scale and diversity.

Our organisational model is currently divided into three large regional organisations (Spain, Europe and Latin America) which report directly to the Chief Operating Officer, who in turn reports directly to the Executive Chairman of Telefónica.

In addition to the Chief Operating Officer, the Finance and Corporate Development General Manager, the Industrial Alliances and Shareholdings Manager (newly created post) and the two General Secretaries –the General Secretary and Secretary to the Board and the General Technical Secretary to the Chairman– also report to the Executive Chairman.



* Members of the Executive Committee

The Industrial Alliances and Shareholdings Department was created in 2009 to drive corporate growth by developing and exploiting alliances with, and shareholdings in, other companies in the sector, which include China Unicom, Telecom Italia and Portugal Telecom.

In addition, Telefónica has continued to innovate and develop new businesses in the search for new sources of revenue, and to convert the Company to more efficient management models.