

Board of Directors

Their attention is focussed on two key areas for the Company: innovation and strategy

During 2008, Telefónica created two new consultation committees to reinforce its system of corporate governance

The Board of Directors of Telefónica, S.A. has set up eight Consultation or Control Committees, in support of its functions and fields of responsibility and which are charged with examining and monitoring key areas.

The Board of Directors of Telefónica, made up of 17 Directors*, is the Company's supervisory body, monitors its activities and has exclusive responsibility in matters concerning policy and general strategies related to corporate governance, corporate social responsibility, salaries of Directors and senior managers and shareholder's

return; these responsibilities extend to strategic investments.

Similarly and in accordance with its regulations, the Board mandates the day-to-day management of the business to the executive bodies and management team of Telefónica.

The Company has more detailed information on this subject in the Annual Report on Corporate Governance and in the report on the Compensation Policy of the Board of Directors. These documents can be inspected at www.telefonica.com/shareholdersandinvestors

* January 2009

Composition of the Board of Directors and its Committees

	Type of Director	Executive Commission	Audit and Control Committee	Nominating, Compensation and Corporate Governance Committee	Human Resources, Corporate Reputation and Responsibility	Regulation Committee	Service Quality and Customer Service Committee	International affairs Committee	Innovation Committee	Strategy Committee
César Alierta Izuel (Chairman)	●	●								
Isidro Fainé Casas (Vice Chairman)	●	●								
Vitalino Manuel Nafría Aznar (Vice Chairman)	●		●		●	●		●		
Julio Linares López (Chief Operating 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 ● Director representing major shareholders ● Independent ● Other external directors

Management Team

It has specific managers for the fixed and mobile businesses in each region

The Company consolidated its organisational structure in order to concentrate on the customer and efficiency

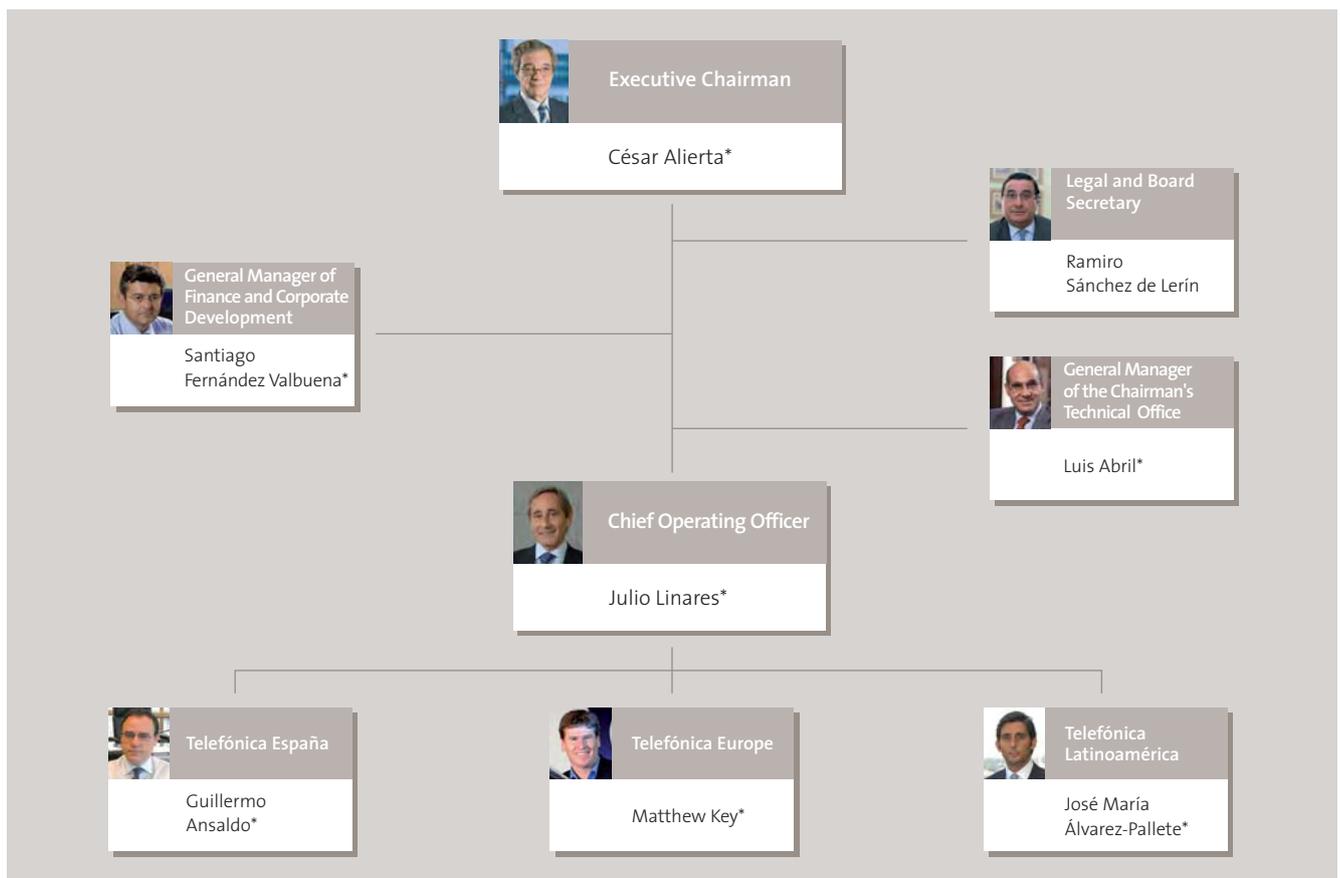
In order to stimulate evolution of the business and to improve aspects such as quality, Telefónica has created the Innovation and Transformation Business Divisions.

The organisational strategy of Telefónica seeks to take advantage of economies of scale and to focus more on customers: it includes three regional business divisions (Telefónica España, Telefónica Europe and Telefónica Latinoamérica) which report

directly to the Chief Operating Officer; whom in turn reports to the Executive Chairman of Telefónica.

In addition to the COO, the General Manager for Finance and Corporate

Development and the two General Secretariats: the Legal and Board Secretariat and the Technical Secretariat attached to the Chairman's office, which in 2008 became a part of the Executive Committee, report to the Executive Chairman.



* Members of the Executive Committee

In 2008, in order to spur growth and the transformation of the Company, two new divisions were created: the Innovation division, in order to contribute to business development and as a consequence,

increase the revenue; and the Transformation division that will increase management efficiency. These divisions are integrated within the Operative Committee which is made

up of the Chief Executive; General Regional Directors; Director of Transformation and Director of Innovation.