TELEFÓNICA: “Solid fundamentals, benchmark results”

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Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and other important factors that could cause actual developments or results to differ materially from those expressed in our forward looking statements.

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The financial information contained in this document has been prepared under International Financial Reporting Standards (IFRS). This financial information is un-audited and, therefore, is subject to potential future modifications.
Key messages

1. Telefónica at a glance

2. Clear strategy to fully exploit growth potential in our markets while increasing OpCF

3. Fully on track to meet 2009 guidance & 2010 guidance reiteration

4. Disciplined use of FCF with a clear priority: shareholder returns

5. A management team with a long expertise, strong track record in the telco sector and highly committed to share price performance
Telefónica is an integrated telco with presence in 25 countries

#1 or #2 position in most markets where we operate

93% of revenues generated in markets where holding #1 or #2 market share position

### Market revenue share position (Mar-09)

<table>
<thead>
<tr>
<th>Region</th>
<th>Wireline</th>
<th>Wireless</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Europe</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>UK</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Germany</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td><strong>Latin America</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Argentina</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Venezuela</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Mexico</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Chile</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Peru</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Colombia</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
A leading player in the industry

Customer ranking (30/03/09) (millions)

1. CHINA MOBILE 477
2. VODAFONE 307
3. CHINA TELECOM 284
4. CHINA UNICOM 280
5. TELEFÓNICA 261
6. DEUTSCHE TELEKOM 215
7. AMÉRICA MÓVIL 190
8. FRANCE TELECOM 183
9. AT&T 152
10. TELIASONERA 137
11. VERIZON 133
12. NTT 112

World telco ranking by market cap (8/06/09) (US$ bn)

1. CHINA MOBILE 210
2. AT&T 145
3. TELEFÓNICA 100
4. VODAFONE 94
5. VERIZON 83
6. NTT DoCoMo 62
7. AMÉRICA MÓVIL 61
8. NTT 59
9. FRANCE TELECOM 58
10. DEUTSCHE TELEKOM 48
11. CHINA TELECOM 40
12. CHINA UNICOM 34

#37 in world companies ranking by market cap (8/06/09)

#11 position in 2000
A global company with strong presence and expertise in emerging markets

- **Spain**
- Chile
- Argentina
- Peru
- Brazil
- Venezuela
- Puerto Rico

- **LatAm I**
  - 1990-1997
  - Brazil
  - El Salvador
  - Peru
  - Argentina
  - Morrocco

- **LatAm II**
  - 1998-2000
  - Mexico
  - Brazil
  - Latam: operations in 10 countries

- **LatAm III**
  - 2001-2004
  - Czech Republic
  - China
  - UK, Germany, Ireland
  - Colombia
  - Slovakia
  - Italy

- **Europe**
  - 2005-2008

Up to 1990

2001-2004
## Solid Group performance

<table>
<thead>
<tr>
<th>€ in millions</th>
<th>Jan-Mar 2009</th>
<th>Change Q1 09/Q1 08</th>
<th>Change organic(1) Q1 09/Q1 08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>13,703</td>
<td>-1.4%</td>
<td>+2.8%</td>
</tr>
<tr>
<td>Operating Income before D&amp;A (OIBDA)</td>
<td>5,354</td>
<td>-0.4%</td>
<td>+2.5%</td>
</tr>
<tr>
<td>OIBDA Margin</td>
<td>39.1%</td>
<td>+0.4 p.p</td>
<td>-0.1 p.p.</td>
</tr>
<tr>
<td>Operating Income (OI)</td>
<td>3,190</td>
<td>+2.9%</td>
<td>+3.9%</td>
</tr>
<tr>
<td>Net income</td>
<td>1,690</td>
<td>+9.8%</td>
<td></td>
</tr>
<tr>
<td>OpCF (OIBDA-CapEx)</td>
<td>4,154</td>
<td>+2.4%</td>
<td>+4.5%</td>
</tr>
</tbody>
</table>

(1) Organic growth: Assumes constant exchange rates and includes the consolidation of Telemig in January-March 2008.

### EPS (in €)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EPS (in €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 08</td>
<td>0.33</td>
</tr>
<tr>
<td>Q1 09</td>
<td>0.37</td>
</tr>
</tbody>
</table>

### FCFS (in €)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FCFS (in €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 08</td>
<td>0.18</td>
</tr>
<tr>
<td>Q1 09</td>
<td>0.28</td>
</tr>
</tbody>
</table>
01 Highly diversified portfolio by businesses and geographies

<table>
<thead>
<tr>
<th>Q1 09 Revenue</th>
<th>Q1 09 OIBDA</th>
<th>Q1 09 OpCF (OIBDA-CapEx)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>T. Europe</strong></td>
<td><strong>T. España</strong></td>
<td><strong>Others &amp; eliminations</strong></td>
</tr>
<tr>
<td>24%</td>
<td>36%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>T. Latam</strong></td>
<td><strong>T. España</strong></td>
<td><strong>T. Europe</strong></td>
</tr>
<tr>
<td>39%</td>
<td>16%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Telefónica Group Accesses

- **Total**: 261.4 Millions (+11.9%)
- **Mobile**: 198.2 Millions (+15.4%)
- **BB fixed**: 12.8 Millions (+17.5%)
- **Pay TV**: 2.3 Millions (+24.8%)
- **Fixed**: 42.4 Millions (-2.4%)
OpEx & CapEx discipline & flexibility to ensure OpCF generation

**GROUP CAPEX**

(2009E)

- Recurrent: 25%
- Growth: 75%
- 2009 committed CapEx as of March: ~30% of annual target

**Q1 09**

- Fixed: €1,200 m
- Mobile (2G): 30%
- Systems: 17%
- BB, Pay TV, 3G: 30%

**GROUP OPEX**

(2009E)

- Variable (2) ~45/50%
- ~45/50%

**Q1 09 y-o-y Organic (3) growth 2.6%**

- 4.3% decrease in total commercial costs:
  - Cuts in handset subsidies, advertising and billing costs
  - Interconnection costs reduction (-1.5% y-o-y) due to lower MTRs and usage in Spain

**Other costs:**

- Higher operating expenses in T. Latam explained by fast customer growth, US$ denominated costs and higher prices. Impact of the new call center law in Brazil (Telesp)
- Higher handset costs due to an increased proportion of high end devices in T. Latam and T. Europe
- USO impact (€54m costs in Q1 09) and bad debt recovery (€25 m Q1 08) in T. España

**Global OpEx and CapEx initiatives already launched in Q1 to leverage our scale: >€100 m savings expected for 2009**

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1. Transformation and growth projects.
2. Interconnection and commercial costs [subsidies, commissions and advertising].
4. Other costs: Non-commercial personal expenses, network costs, systems and rentals, customer equipment purchases, among others.
5. Commercial costs: Handsets subsidies, advertising, billing, commissions, personnel expenses and customer services.
01 Steady financial profile

Net Financial Debt/OIBDA

- Year-end Debt/OIBDA:
  - Dec-07: 2.3x
  - Dec-08: 1.9x (21% decrease)
  - Mar-09: 1.9x

Increasing average debt maturity

- Dec-08: 5.9 years
- Q1-09: 6.4 years

Debt distribution Mar-09

- Fixed: 39%
- Variable: 45%
- Bounded: 16%
- EUR: 65%
- USD: 6%
- GBP: 9%
- Latam: 13%
- CZK: 7%

Leverage target: 2.08x OIBDA

- Debt ratio stands below 2x:
  - Net financial debt at €42.3 Bn
- 5.95% effective interest rate in Q1 09
- Further improvement of our financial profile:
  - €7.4 Bn financing in Q1 09 and over €1 Bn in Q2 09
  - Cash balance exceeds gross maturities for 2009
- Active hedge policy to manage FX fluctuations risk
- Outlook upgrade from stable to positive by Moody’s last Feb-09, following the upgrades performed by Fitch, S&P and JCR to A or A- at the end of 2008
Key messages

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02 **2009 priorities**

**SPAIN**
- Sustain leading competitive position across businesses, emphasizing customer loyalty & rational value creation through commercial initiatives
- Strong focus on OpCF

**EUROPE**
- Continue to outperform the market in the UK
- Capitalize strengthened business foundations in Germany to drive growth
- Enhance profitability across markets to deliver increased OpCF

**LATIN AMERICA**
- Capture structural growth in the region (wireless and BB)
- Further OIBDA margin expansion
- Enriched OpCF profile, leveraging strong CapEx efforts in 2008

Focused strategy & high execution skills
02 Delivering our priorities

Q1 09 Organic growth\(^{(1)}\) (y-o-y growth)

Telefónica Group

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>OIBDA</th>
<th>OpCF(^{(2)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
<td>+2.8%</td>
<td>+2.3%</td>
<td>+6.3%</td>
</tr>
<tr>
<td>y-o-y growth</td>
<td>+2.5%</td>
<td>+3.8%</td>
<td>+4.5%</td>
</tr>
</tbody>
</table>

Considering comparable terms \(^{(3)}\) in T. España

T. España (y-o-y growth in comparable terms\(^{(3)}\))

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>OIBDA</th>
<th>OpCF(^{(2)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
<td>-5.7%</td>
<td>48.9%</td>
<td></td>
</tr>
<tr>
<td>y-o-y growth</td>
<td>-5.0%</td>
<td></td>
<td>+0.2%</td>
</tr>
</tbody>
</table>

T. Latam

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>OIBDA</th>
<th>OpCF(^{(2)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
<td>+8.7%</td>
<td>38.5%</td>
<td></td>
</tr>
<tr>
<td>y-o-y growth</td>
<td>+13.9%</td>
<td></td>
<td>+14.3%</td>
</tr>
</tbody>
</table>

T. Europe

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>OIBDA</th>
<th>OpCF(^{(2)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
<td>+4.0%</td>
<td></td>
<td>27.2%</td>
</tr>
<tr>
<td>y-o-y growth</td>
<td>+7.0%</td>
<td></td>
<td>+11.7%</td>
</tr>
</tbody>
</table>

Capturing growth opportunities & increasing OpCF in an economic downturn

OIBDA margin reported (y-o-y organic growth and in comparable terms)

TELEFONICA S.A.
Investor Relations

\(^{(1)}\) Organic growth: Assumes constant exchange rates and includes the consolidation of Telemig in January-March 2008.
\(^{(2)}\) OpCF: OIBDA-CapEx.
\(^{(3)}\) Excludes impact on revenues (Wireline: € 75.3 m and OIBDA (Wireline: € 45.6 m; Wireless: € 23.9 m) of USO in Q1 09, as well as bad debt recovery in Q1 08 (Wireline: € 17 m; Wireless: € 8 m) and Real Estate capital gains (Wireline: € 0.4 m Q1 09 and € 67 m Q1 08).
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## A reliable Company: consistently delivering or outperforming on guidance

<table>
<thead>
<tr>
<th>Year</th>
<th>GUIDANCE</th>
<th>RESULTS (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Revenues 7% / 10%</td>
<td>8.6%</td>
</tr>
<tr>
<td></td>
<td>EBITDA 5% / 7%</td>
<td>6.0%</td>
</tr>
<tr>
<td></td>
<td>EBIT 15% / 18 %</td>
<td>15.5%</td>
</tr>
<tr>
<td>2005</td>
<td>Revenues 12% / 15%</td>
<td>17.2%</td>
</tr>
<tr>
<td></td>
<td>OIBDA 10% / 13%</td>
<td>12.3%</td>
</tr>
<tr>
<td></td>
<td>OI 12% / 18 %</td>
<td>16.1%</td>
</tr>
<tr>
<td>2006</td>
<td>Revenues 34% / 37%</td>
<td>38.8%</td>
</tr>
<tr>
<td></td>
<td>OIBDA 26% / 29%</td>
<td>28.9%</td>
</tr>
<tr>
<td></td>
<td>OI 26% / 30%</td>
<td>29.2%</td>
</tr>
<tr>
<td>2007</td>
<td>Revenues 8% / 10%</td>
<td>9.8%</td>
</tr>
<tr>
<td></td>
<td>OIBDA 10% / 13%</td>
<td>12.8%</td>
</tr>
<tr>
<td></td>
<td>OI 19% / 23%</td>
<td>27.6%</td>
</tr>
<tr>
<td>2008</td>
<td>Revenues 6% / 8%</td>
<td>7.3%</td>
</tr>
<tr>
<td></td>
<td>OIBDA 7.5% / 11%</td>
<td>10.6%</td>
</tr>
<tr>
<td></td>
<td>OI 13% / 19%</td>
<td>20.4%</td>
</tr>
</tbody>
</table>

(1) According to guidance criteria
Fully on track to meet 2009 guidance

Revenue Growth\(^{(1)}\)
- +3.3%

2009 GUIDANCE
- Revenue growth
- % Change Q1 09/Q1 08

OIBDA Growth\(^{(1)}\)
- +2.9%

2009 GUIDANCE
- +1%/+3%

% Change Q1 09/Q1 08

CapEx\(^{(1)}\)
- €1,270 m

2009 GUIDANCE
- < €7,500 m

% Change Q1 09/Q1 08

OpCF\(^{(1)}\)
- +5.0%

2009 GUIDANCE
- +8%/+11%

CapEx seasonality mainly in Brazil and Germany

(1) Full year 2008 adjusted figures for guidance exclude Sogecable capital gain (€ 143 m), the application of provisions made in T. Europe in respect of potential contingencies deriving from the past disposal of shareholdings, once these risks had dissipated or had not materialized (€ 174 m) and includes 9 months of consolidation of Telemig in T. Latam. 2009 figures for guidance assume 2008 constant FX (average FX in 2008). In terms of guidance calculation OIBDA exclude capital gains and losses from sale of companies and write-offs. Group CapEx excludes Real Estate Efficiency Program of T. España and spectrum licenses.
2010 guidance reiterated

2010 Guidance October 2007

- EPS \(^1\): 2.304 €
- FCFS \(^2\): 2.87 €

“Stress case” Scenario

- 2.10 €
- 2.50 €

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(1) Reported EPS.
(2) FCF available to remunerate Telefonica S.A. shareholders, to protect solvency levels and to accommodate strategic flexibility.
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Disciplined use of FCF with a clear priority: shareholder returns

>40 Bn € FCF (Cumulative 07E-10E) (1)

1st: SHAREHOLDER REMUNERATION

2nd: DELEVERAGE

3rd: SELECTIVE M&A

Growing path of DPS

<table>
<thead>
<tr>
<th>Year</th>
<th>DPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 07</td>
<td>0.75</td>
</tr>
<tr>
<td>FY 08</td>
<td>1.0</td>
</tr>
<tr>
<td>FY 09(2)</td>
<td>1.15</td>
</tr>
</tbody>
</table>

Tactical Share Buybacks

- Q1 09 Debt leverage (2.08x)(3) already within target: 2.0–2.5x range
- Foster growth in current markets

69% of 08 FCF devoted to shareholder remuneration

Notes:
(1) Free Cash Flow is the cash flow available to remunerate Telefónica’s shareholders, to protect solvency levels (financial debt and commitments), and to accommodate strategic flexibility.
(2) BoD approved the proposal to increase the dividend corresponding to 2009 fiscal year.
(3) Calculated based on January-December 2008 OIBDA, excluding results on the sale of fixed assets and annualized (Total Debt + Commitments)/OIBDA.
04 Superior value creation for our shareholders

Total Shareholders’ Return (Mar-1999 Mar-2009)

-83% -74% -66% -60% -40% -30% -26% -18%

68% Stock appreciation

Source: Bloomberg
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A management team with a long expertise, strong track record in the telco sector and highly committed to share price performance

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Shares</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>César Alierta</td>
<td>EXECUTIVE CHAIRMAN</td>
<td>3.915 m</td>
<td>10.2 m</td>
</tr>
<tr>
<td>Julio Linares</td>
<td>COO</td>
<td>0.188 m</td>
<td></td>
</tr>
<tr>
<td>Santiago Fernández Valbuena</td>
<td>CFO</td>
<td>0.261 m</td>
<td></td>
</tr>
<tr>
<td>José María Álvarez-Pallete</td>
<td>T LATINAMÉRICA GM</td>
<td>0.136 m</td>
<td></td>
</tr>
<tr>
<td>Guillermo Ansaldo</td>
<td>T ESPAÑA GM</td>
<td>0.072 m</td>
<td></td>
</tr>
<tr>
<td>Matthew Key</td>
<td>T EUROPE GM</td>
<td>0.072 m</td>
<td></td>
</tr>
<tr>
<td>Board of Directors (*)</td>
<td></td>
<td>&gt;1.700</td>
<td></td>
</tr>
</tbody>
</table>

Note: GM = General Manager; c.p. = current position. Excluding Executive Committee.
Conclusions

- Leveraging our strengths to continue delivering a superior performance
- Clear strategy to fully exploit growth potential in our markets while increasing OpCF
- Fully on track to meet 2009 guidance & 2010 guidance reiteration
- Disciplined use of FCF with a clear priority: shareholder returns
- A management team with a long expertise, strong track record in the telco sector and highly committed to share price performance
Back-up information: Q1 09 Results
T.España: Successfully managing OpEx and CapEx to maximize OpCF

Revenues & OpCF growth (comparable (1) y-o-y change)

OIBDA growth and OIBDA margin (comparable (1) y-o-y change)

CapEx growth and CapEx over revenues; (comparable(2))

Focus on OpCF maximization across businesses without jeopardizing revenue share leadership

Limiting top line pressure with efficiency gains and CapEx discipline

Sustaining solid margins: flat in wireline, while expanding in wireless

CapEx adapted to current trading environment

T. España OpCF: €2,068m; +0.2%(1) y-o-y

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(1) Excludes impact on revenues (Wireline: € 75.3 m) and OIBDA (Wireline: € 45.6 m; Wireless: € -33.9 m) of USO in Q1 09, as well as bad debt recovery in Q1 08 (Wireline: € 17 m; Wireless: € 8 m) and Real Estate capital gains (Wireline: € 0.6 m Q1 09 and 67 m Q1 08).
Revenue performance impacted by worse trading conditions

<table>
<thead>
<tr>
<th>POSITIVES</th>
<th>NEGATIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Strong IT revenue growth (+24.5% y-o-y) on sound evolution of wireline data revenues (+3.6% y-o-y)</td>
<td>- Regulatory actions: 17.4% cut in MTRs; 20% reduction in full ULL prices and flat PSTN monthly fee</td>
</tr>
<tr>
<td>- Sustained healthy wireless connectivity revenues (+50.4% y-o-y), driving total mobile data revenues up 7.0%</td>
<td>- Wireless handset sales (-22.8% y-o-y) due to different phasing of handset shipments to the channel</td>
</tr>
<tr>
<td>- 2006 USO revenues (€75.3 m in wireline)</td>
<td>- Lower usage patterns both in wireline and wireless</td>
</tr>
<tr>
<td></td>
<td>- Decrease in wireless roaming in revenues (-32.3% y-o-y) driven by price cuts and lower visitors traffic</td>
</tr>
</tbody>
</table>

Focus on revenue share (1) leadership

- Maintaining leadership in outgoing service revenues market share in wireless: +4/5 p.p. estimated gap vs. customer base market share, up y-o-y
- Improving gap between revenue (62% E) and accesses market share in wireline

(1) Based on historical data and Telefónica’s estimates.
OpEx & CapEx discipline to preserve OpCF generation

**Q1 09**

- Focus on growth businesses: mobile data
- Enhanced CapEx efficiency: Significant vendors per unit cost reductions
  - Benefiting from Group purchasing power
  - Vendors adapting to economic downturn
- Lower investment in GSM and traditional access
- Fiber rollout adapted to current environment
- IT systems rationalization
- Network integration

**Further opportunities**

- Lowering pressure on personnel costs
- CPI reduction vs. 2008
- 2008 Workforce adaptation program bearing fruit in 2009
- Lower commercial costs (as commercial activity and unit cost go down)
- Lower mobile handset costs
- Interconnection costs down on lower usage and prices

**Track record of capability to manage OpEx/CapEx**

- Lowering pressure on personnel costs (+0.3%)
- CPI reduction vs. 2008
- 2008 Workforce adaptation program bearing fruit in 2009
- Lower commercial costs (as commercial activity and unit cost go down)

**OpEx**

Q1 09 vs. Q1 08 (€ in millions)

- USO Q1 08: 2,671, Q1 09: 2,566, -6% reduction
- Q1 08 ex-USO: 2,665, Q1 09 ex-USO: 2,512, -11% reduction

**CapEx**

Q1 09 vs. Q1 08 (€ in millions)

- Internet & BB access Q1 08: 771, Q1 09: 759, -1.3 p.p.
- Traid. access Q1 08: 294, Q1 09: 266, -11 p.p.
- Other Q1 08: 344, Q1 09: 334, -1 p.p.

**Efficiency ratio**

(1) Efficiency ratio (OpEx+CapEx)/Revenues (4)

- Mar-08: 62.5%, -1.3 p.p., Mar-09: 61.1%

**2009 committed CapEx as of March:** € 600 m

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(1) Defined as last 12 months (OpEx (ex internal exp. Capitalized in fixed assets an non recurring items)+CapEx)/Revenues. CapEx figure excludes spectrum acquisition.

(2) Handset subsidies, commissions to dealers and advertising.

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Telefónica S.A. Investor Relations
T.Latam: sustained strong results combining growth & enhanced efficiency

**Revenue growth** (Q1 09 y-o-y change)

- € terms Organic\(^{(1)}\) +4.8%
- Arg. +8.7%
- Brazil 2.2 p.p.
- Peru 1.8 p.p.
- Ven. 0.8 p.p.
- Others\(^{(2)}\) 3.8 p.p.
- 0.1 p.p.

**OIBDA growth** (Q1 09 y-o-y change)

- € terms Organic\(^{(1)}\) +10.9%
- Arg. +13.9%
- Mex. 3.0 p.p.
- Peru 2.4 p.p.
- Ven. 1.2 p.p.
- Others\(^{(3)}\) 6.8 p.p.
- 0.5 p.p.

**Margins over Revenues** (Q1 09)

- Total +1.7 p.p.
- Organic y-o-y growth \(^{(1)}\) 38.5%
- OIBDA / Revenues +0.3 p.p.
- CapEx / Revenues 8.8%
- OpCF (OIBDA-CapEx; € in millions) 1,606
- Q1 09 +14.3%

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- **Healthy customer growth** across businesses: total accesses up 12.6\(^{(4)}\) y-o-y driven by mobile (+15.8\(^{(4)}\)) and BB (+18.6%)
- **Strong y-o-y organic revenue growth** driven by robust mobile and Internet & TV revenue growth
- **Outstanding OIBDA margin expansion** supported by mobile business leveraging scale economies and lower commercial activity
- **Significant OIBDA margin expansion across every mobile operation**: +5.6 p.p. in Argentina, +9.8 p.p. in Mexico, +8.3 p.p. in Peru
- **Solid OpCF** despite strong investments in growth platforms

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\(^{(1)}\) Assuming constant exchange rates and including the consolidation of Telemig in Jan-Mar 2008.

\(^{(2)}\) Includes Central America, Colombia, Mexico, Ecuador, Chile, Uruguay and Others.

\(^{(3)}\) Includes Brazil, Central America, Colombia, Ecuador, Chile, Uruguay and Others.

\(^{(4)}\) Includes Telemig in March 2008.
## Solid performance across major operations

<table>
<thead>
<tr>
<th>Q1 09 y-o-y growth (in local currency)</th>
<th>Total revenue</th>
<th>Mobile service revenue</th>
<th>Total Wireline revenue</th>
<th>BB &amp; TV revenue</th>
<th>Total OIBDA</th>
<th>Mobile OIBDA</th>
<th>Wireline OIBDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil (1)</td>
<td>+7.8%</td>
<td>+10.0% (2)</td>
<td>+2.2%</td>
<td>+26.0%</td>
<td>+4.4%</td>
<td>+11.7% (2)</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Argentina</td>
<td>+20.6%</td>
<td>+23.9%</td>
<td>+17.4%</td>
<td>+50.4%</td>
<td>+30.8%</td>
<td>+45.7%</td>
<td>+14.3%</td>
</tr>
<tr>
<td>Chile</td>
<td>+1.9%</td>
<td>+2.2%</td>
<td>-1.0%</td>
<td>+14.3%</td>
<td>+4.1%</td>
<td>+10.3%</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Peru (3)</td>
<td>+10.9%</td>
<td>+5.9%</td>
<td>+3.7%</td>
<td>+9.2%</td>
<td>+17.6%</td>
<td>+57.2%</td>
<td>+1.0%</td>
</tr>
<tr>
<td>Colombia</td>
<td>-6.2%</td>
<td>-6.2%</td>
<td>+0.5%</td>
<td>+37.9%</td>
<td>+7.0%</td>
<td>+27.8%</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>+34.5%</td>
<td>+33.3%</td>
<td></td>
<td></td>
<td>+47.3%</td>
<td>+61.4%</td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>+6.5%</td>
<td>+16.7%</td>
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</tr>
</tbody>
</table>

- **Sound performance in Mexico:** continue to increase customer & revenue share while expanding margins (28.8% in Q1 09) with very robust OpCF growth (+41.3% in local currency vs. Q1 08)

- **Strong growth at Vivo coupled with higher OIBDA margin** (30.0% in Q1 09; +0.4 p.p. (2) y-o-y) in a highly competitive environment, maintaining its leadership

- **Telesp** continues advancing in its transformation strategy

- **Outstanding revenue and OIBDA growth rates in Argentina** driven by a strong push in on-net traffic in mobile while increasing bundled services in wireline

- **Venezuela:** very solid commercial and financial performance
T. Europe: Delivering on cash flow generation through a more rebalanced portfolio while maintaining momentum

- **Solid Q1 09 performance across markets in an increasingly tough trading environment**
  - +9.0% y-o-y increase in total customer base
  - Increasing value through product innovation and customer insight: flat rates, SIM-only, Mobile BB and retention activity:
    - Exceptional performance in mobile contract: 82% of new total accesses added in Q1 09
    - Solid mobile BB adoption, leading to a +28.5% y-o-y growth in non P2P-SMS data revenue\(^{(1)}\)
    - Continued optimizing behaviour of customers using bundles, less prepay and roaming activity

- **Ongoing efficiency programmes and improved customer retention to deliver strong OpCF**
  - OIBDA margin up 0.8 p.p.\(^{(1)}\) year-on year to reported 27.2%
  - More streamlined commercial approach, mainly through direct channels
  - Lower non Commercial costs (-2.1% y-o-y\(^{(1)}\)) despite increased activity levels
  - Improved profitability of fixed BB on increased scale
  - Keeping flexibility on CapEx commitments

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\(^{(1)}\) Assumes constant exchange rates.

\(^{(2)}\) Includes OIBDA contribution to OpCF growth from other operating businesses.