

# Quarterly Results

## January – September 2006



November 14<sup>th</sup>, 2006

# Disclaimer



Quarterly Results  
January – Sep. 2006

This document contains statements that constitute forward looking statements in its general meaning and within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this document and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activity and situation relating to the Company. The forward-looking statements in this document can be identified, in some instances, by the use of words such as "expects", "anticipates", "intends", "believes", and similar language or the negative thereof or by forward-looking nature of discussions of strategy, plans or intentions.

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



# 9M06 results show we are keeping our distinctive growth profile in the sector...

€ in Millions  
(% change y-o-y)

	Jan-Sep 2006	Jan-Sep 2005	% Change 9M06/9M05	% Change 9M06/9M05 ex-forex <sup>1</sup>	% Change 9M06/9M05 Organic <sup>2</sup>
<b>Revenues</b>	38,704.4	27,054.1	<b>+43.1%</b>	<b>+39.9%</b>	<b>+7.5%</b>
<b>Operating Income before D&amp;A (OIBDA)</b>	14,653.9	10,782.4	<b>+35.9%</b>	<b>+32.6%</b>	<b>+7.6%</b>
<b>Operating Income (OI)</b>	7,444.6	5,980.1	<b>+24.5%</b>	<b>+21.9%</b>	<b>+6.2%</b>
<b>Net Income</b>	5,185.7	3,253.3	<b>+59.4%</b>		
<b>OpCF (OIBDA-CapEx)</b>	9,587.3	7,614.6	<b>+25.9%</b>	<b>+22.4%</b>	<b>+8.4%</b>

Note: TPI has been discontinued in 2006 and 2005 following Telefónica's acceptance of Yell's offer in July 4th

(1) Assuming constant exchange rates as of 9M05

(2) Assuming constant exchange rates as of 9M05. Incorporating Telefónica O2 Czech Republic and O2 from January and February 1<sup>st</sup> 2005, respectively, and excluding Colombia Telecom (consolidated since May 2006) and Iberbanda (consolidated since July 2006)

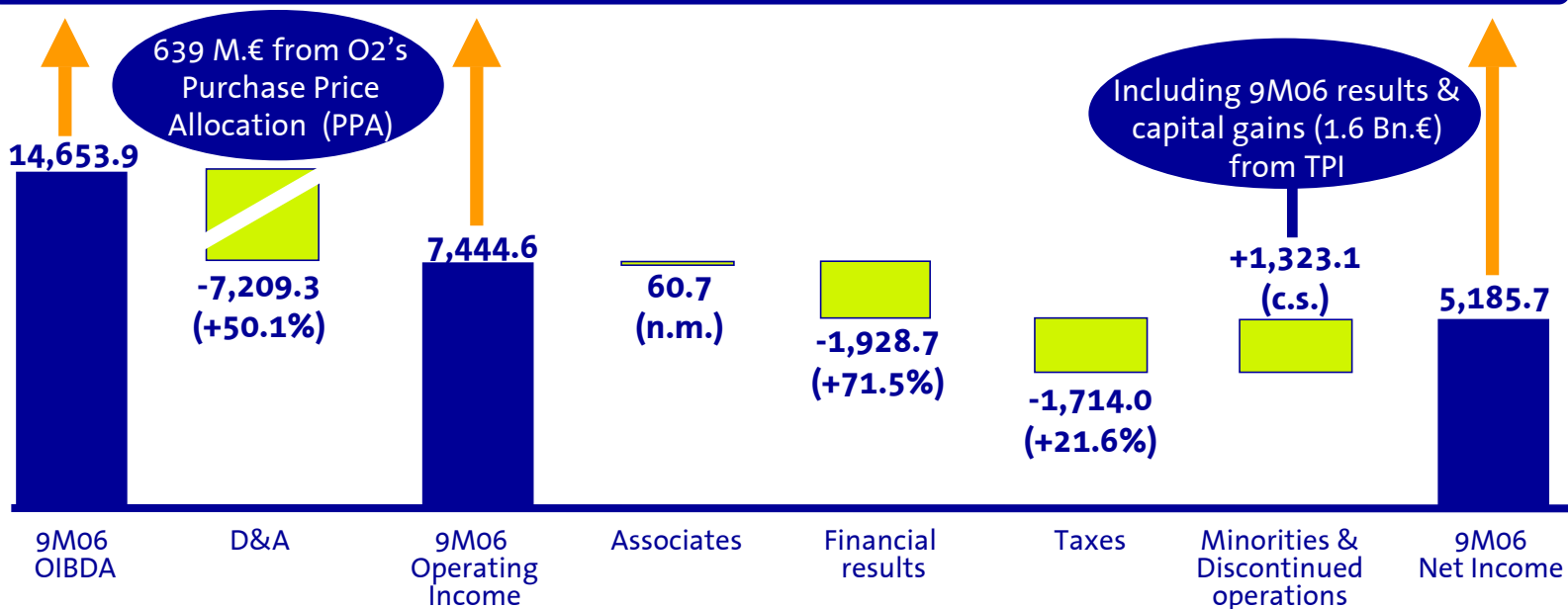


# ...from top to bottom...

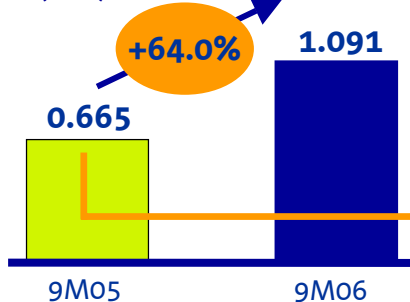
€ in Millions  
(% change y-o-y)

**+35.9%**                      **+24.5%**                      **+59.4%**

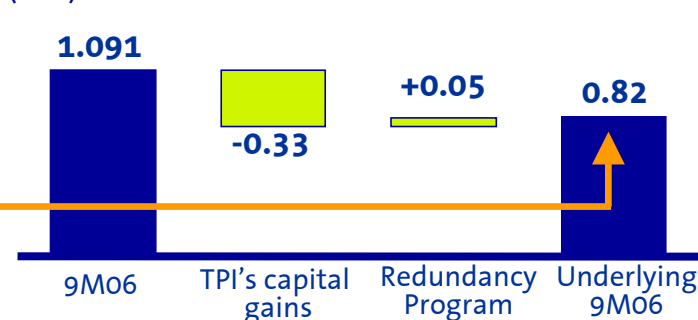
Quarterly Results  
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## EPS growth (in €)



## Underlying EPS (in €)



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Note: TPI has been discontinued in 2006 and 2005 following Telefónica's acceptance of Yell's offer in July 4th

# ...benefiting from the value of being diversified

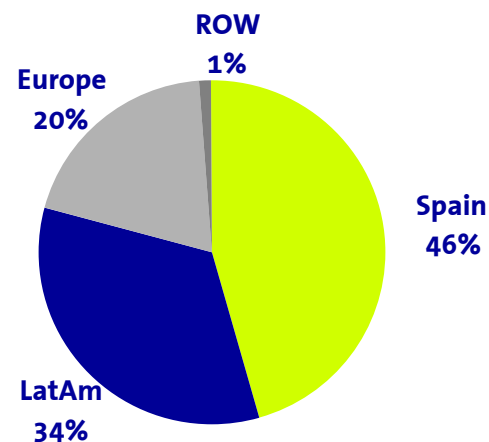
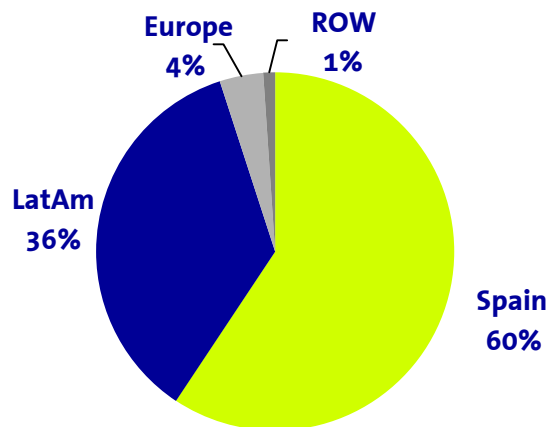
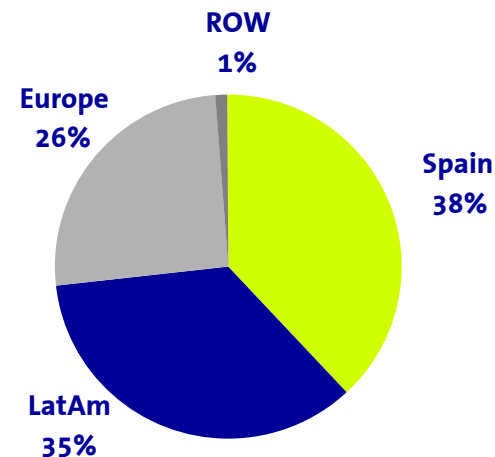
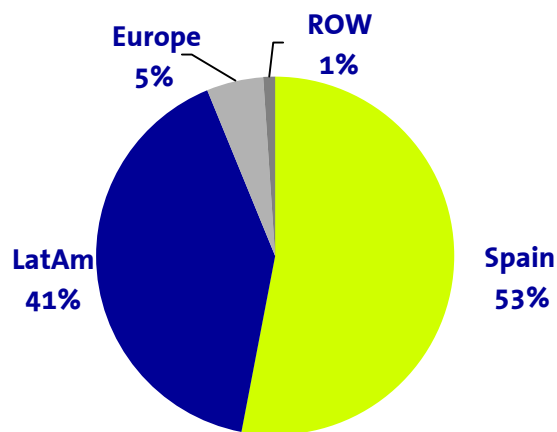


Quarterly Results  
January – Sep. 2006

Revenues  
by  
region

OIBDA  
by  
region

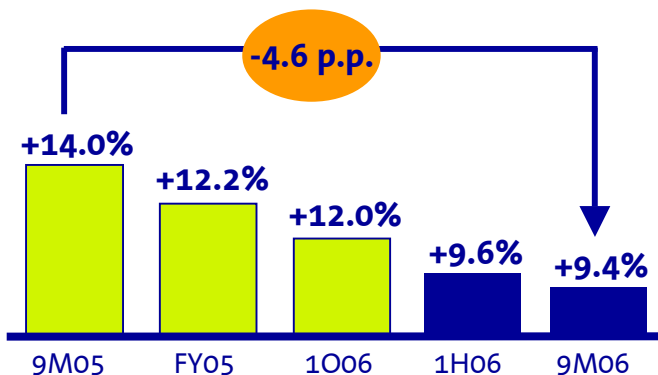
9M05 9M06



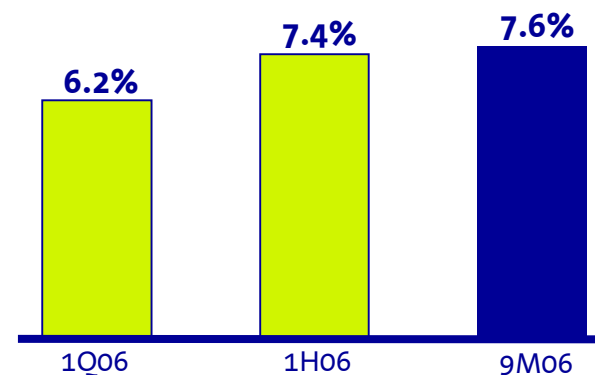


# Accelerating profitability despite active commercial activity...

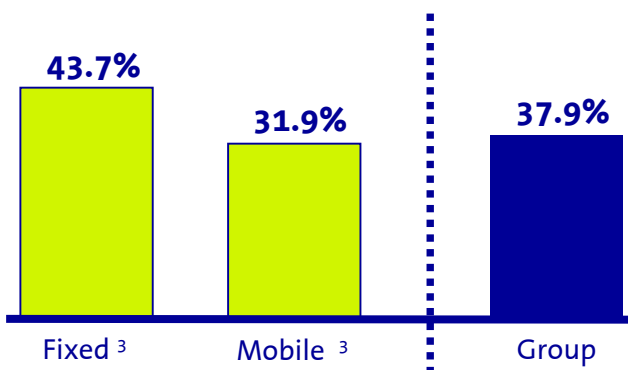
OpEx<sup>1</sup> Organic Growth



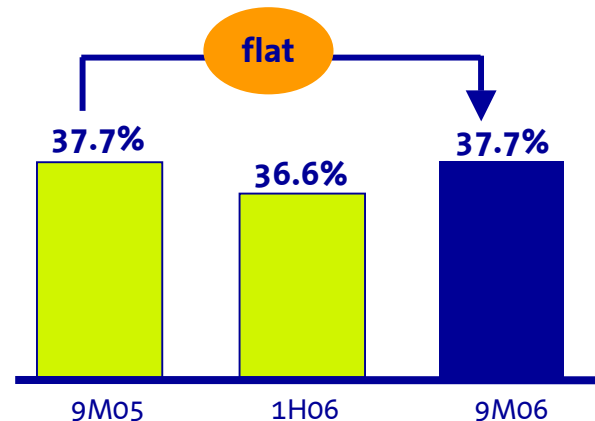
OIBDA Organic<sup>2</sup> Growth trend



9M06 OIBDA Margin



Organic<sup>2</sup> OIBDA Margin evolution



Quarterly Results  
January – Sep. 2006



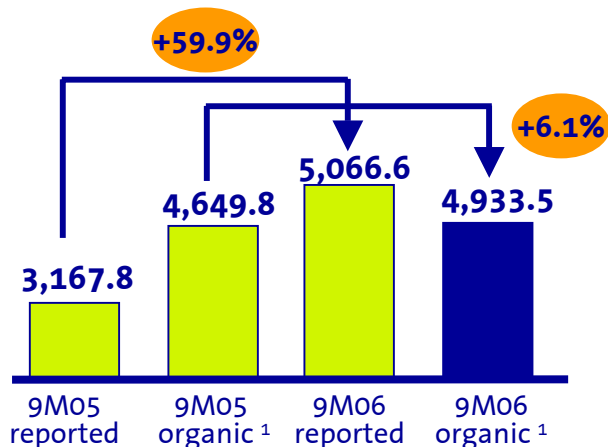
Telefónica, S.A.  
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(1) Supplies, Personnel Expenses (ex-restructuring costs), External Services, Bad Debt Expenses and Taxes  
 (2) Assuming constant exchange rates as of 9M05. Incorporating Telefónica O2 Czech Republic and O2 from January and February 1<sup>st</sup> 2005, respectively, and excluding Colombia Telecom (consolidated since May 2006) and Iberbanda (consolidated since July 2006)  
 (3) Fixed & Mobile: aggregates of TdE+T.Latam, and of TEM+O2 Group (T. O2 CR and T. Deutschland not included), respectively

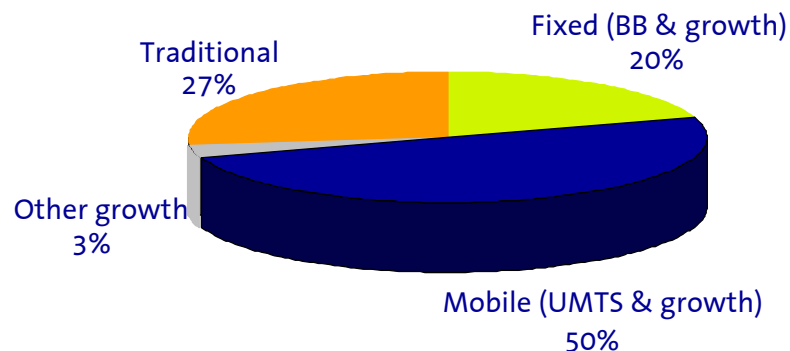
# ...driving solid cash flow across businesses



**9M06 CapEx evolution**  
(€ in Millions)

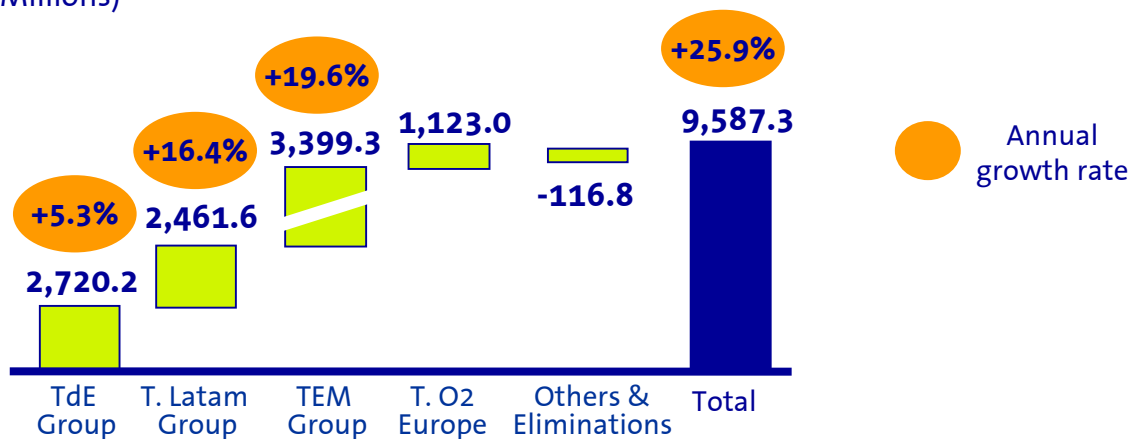


**9M06 CapEx breakdown**



>70% on growth, +10 p.p. vs 9M05

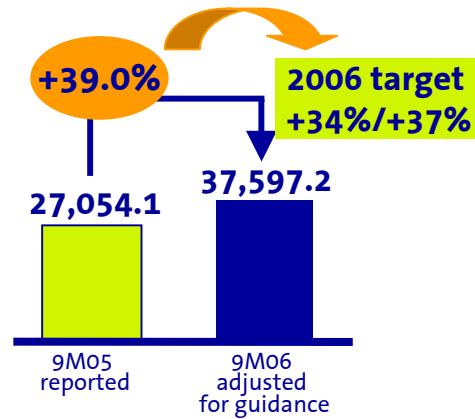
**9M06 OpCF (OIBDA-CapEx) growth**  
(€ in Millions)



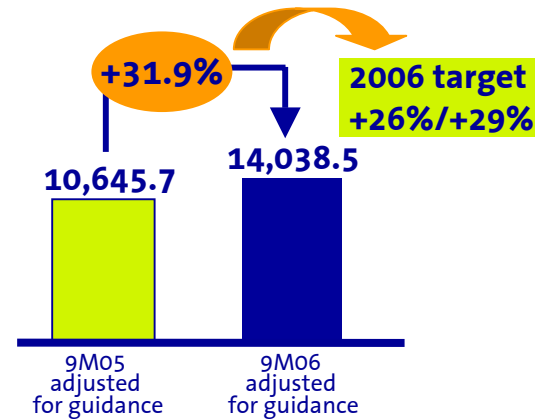


# 9M06 performance gives us comfort about our capacity to excel by year-end

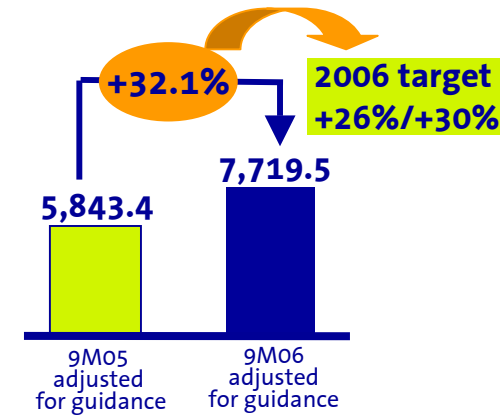
## Group Revenues (€ in Millions)



## Group OIBDA (€ in Millions)



## Group OI (€ in Millions)



**UPGRADED TO  
ABOVE +37%**

**REINFORCED TO  
HIGH END OF  
+26%/+29%**

**REITERATED AT  
+26%/+30%**

### Notes

9M06 adjusted for guidance assumes constant exchange rates as of 9M05 and excludes TPI, Colombia Telecom, & Iberbanda results. In terms of guidance calculation, Operating Income before D&A and Operating Income exclude other exceptional revenues/expenses not foreseeable in 2006. Personnel Restructuring and Real Estate Programs are included as operating revenues/expenses. For homogeneous comparison TPI is also excluded from 9M05 numbers, and the equivalent other exceptional revenues/expenses registered in 9M05 are also deducted from reported figures in terms of guidance calculation.





# Spain: a push on commercial activity across businesses to drive superior growth rates

Quarterly Results  
January – Sep. 2006

## TdE (Fixed Line)

- Strong expansion of IBB accesses, consolidating TdE's lead in the market, and further slowdown in traditional fixed line share erosion
- Revenue growth clearly ahead of peers driven by retail BB, reflecting the positive impact of 2P & 3P in ARPU
- Solid OIBDA growth, leading to upgrade guidance

## TME (Wireless)

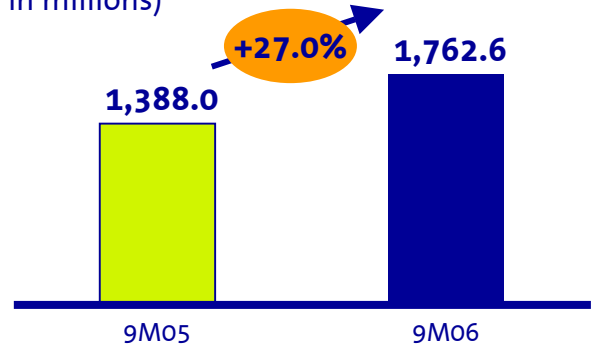
- Attractive customer growth in 3Q, driven by gross adds and churn containment
- Outgoing service revenue growth in line with customer growth, offsetting price cuts
- Top operating profitability, despite increased commercial efforts and pricing pressure



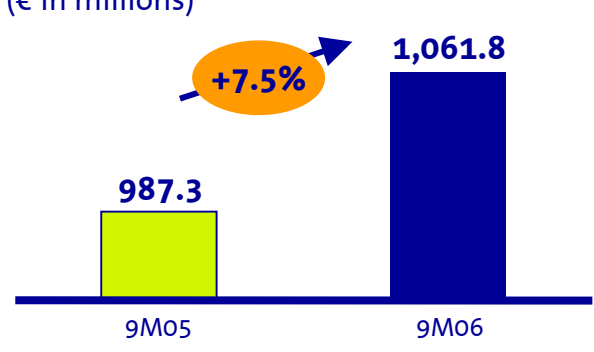
# Telefónica de España Group: business transformation for an unmatched growth profile...

Quarterly Results  
January – Sep. 2006

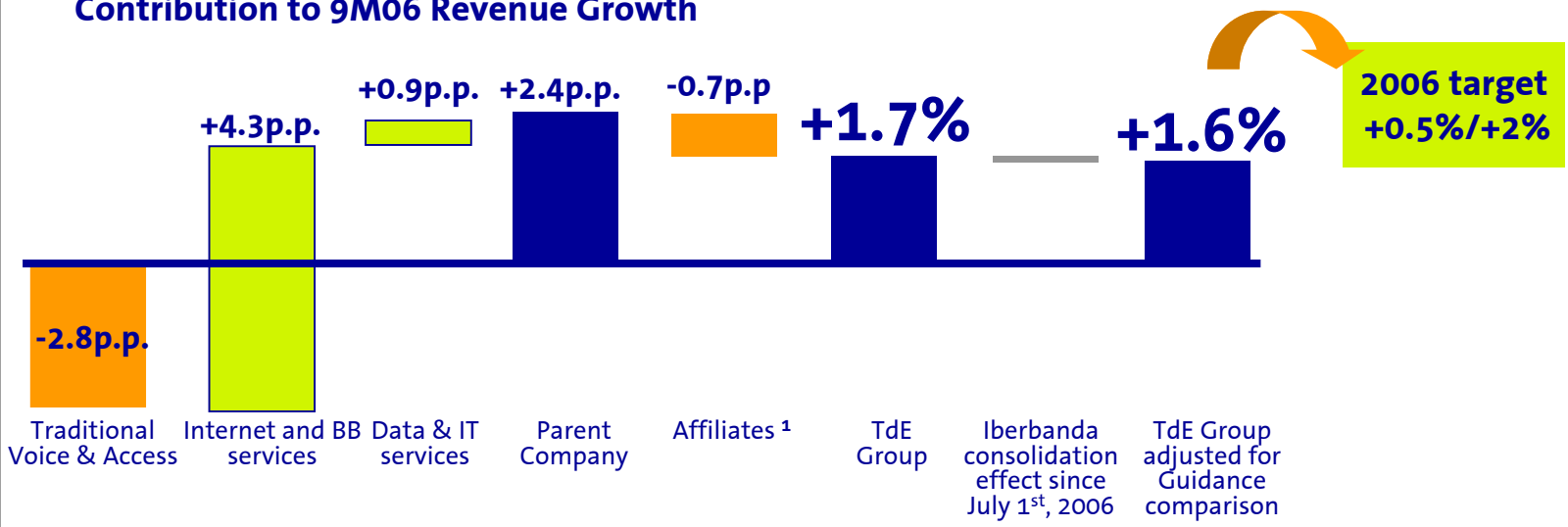
**Internet & BB revenues**  
(€ in millions)



**Data & IT revenues**  
(€ in millions)



**Contribution to 9M06 Revenue Growth**

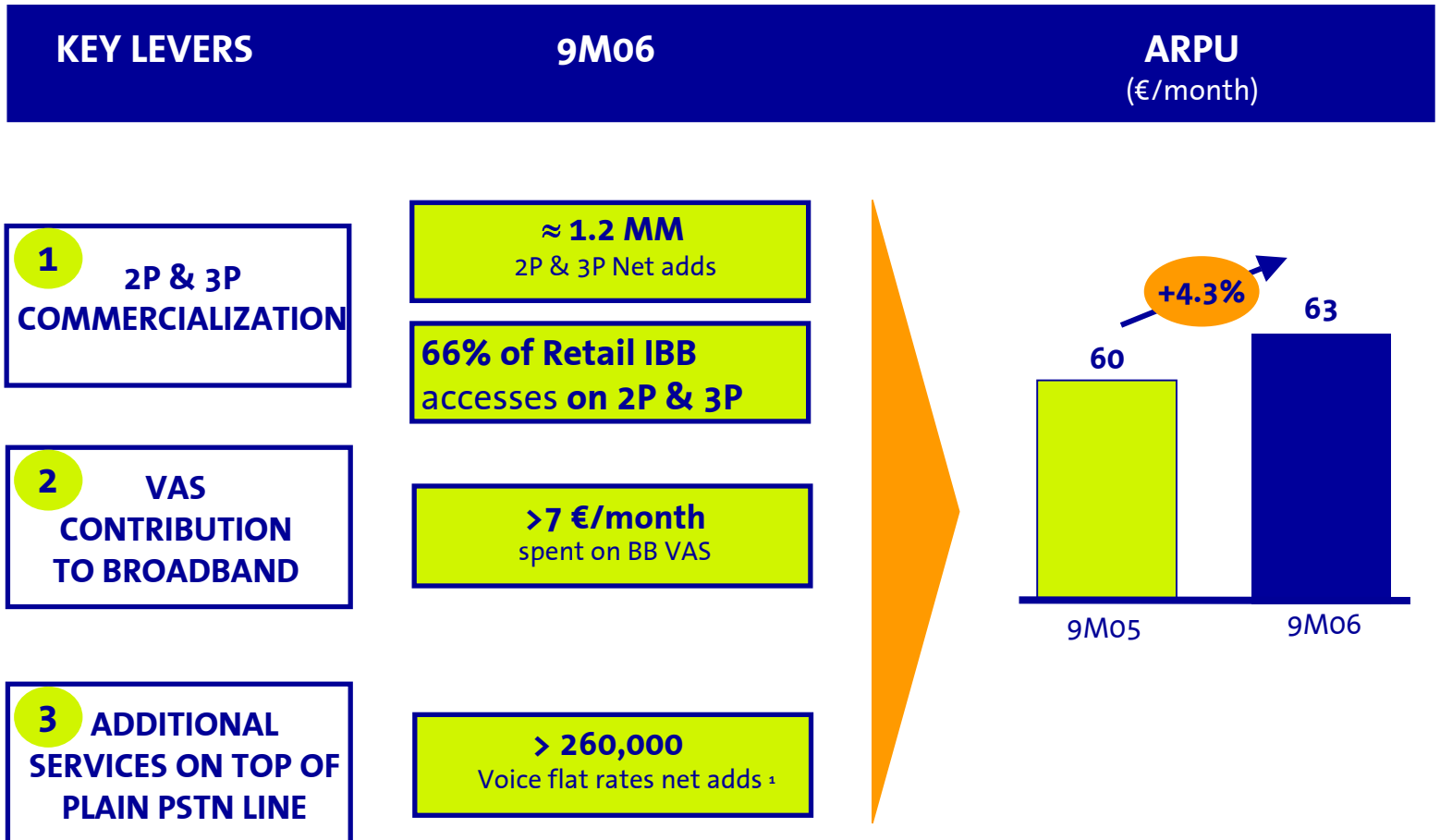


(1) Telyco, TTP, T. Cable, Iberbanda



# ...actively moving our client base up the value chain

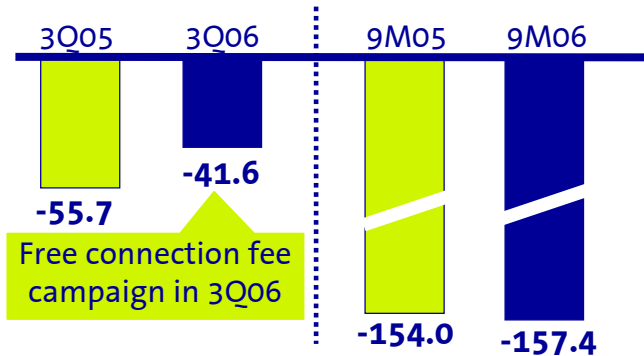
Quarterly Results  
January – Sep. 2006



# Pressures on the fixed market are being managed...

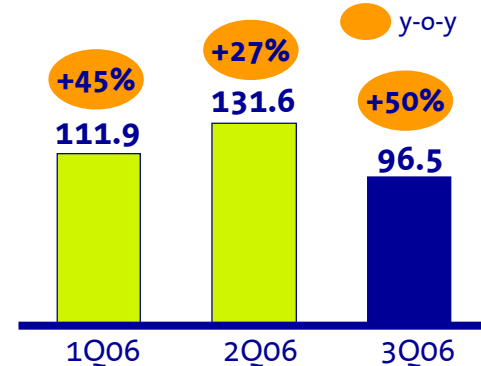


## TdE Fixed Lines trend (net adds, in thousands)



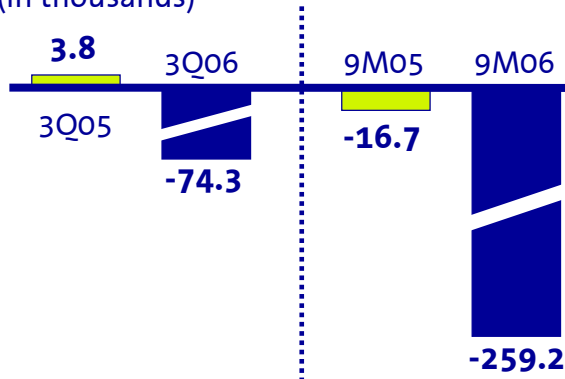
Fixed line market accelerates growth to 1.8% by Sept-2006 (1.5% by June-2006)

## ULL lines (net adds, in thousands)



>60% of 9M06 ULL net adds from wholesale ADSL migration

## Pre-selected Lines Net Adds (in thousands)



## Estimated Traffic (Million minutes)

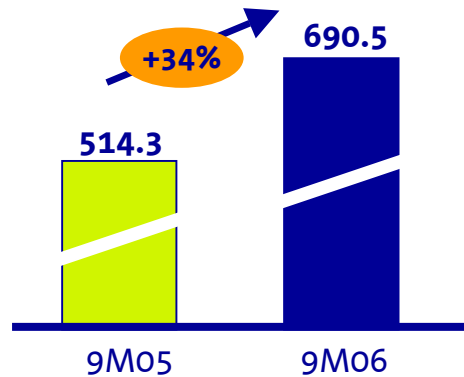
	9M06	9M05	% Change 9M06/9M05
OUTGOING	40,610	44,656	-9.1%
<b>Voice<sup>1</sup></b>	<b>32,170</b>	<b>32,666</b>	<b>-1.5%</b>
National	24,483	24,839	-1.4%
International	1,543	1,479	+4.3%
F2M	4,091	4,300	-4.9%
IN <sup>2</sup> & Others	2,054	2,049	+0.2%
Internet	8,440	11,990	-29.6%
INCOMING	32,757	38,078	-14.0%
<b>TOTAL</b>	<b>73,368</b>	<b>82,733</b>	<b>-11.3%</b>

# ...and are fully offset by our lead in broadband



## TdE Retail Internet BB Accesses

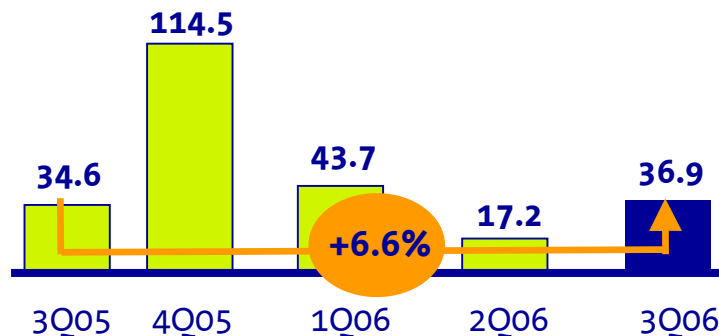
(net adds, in thousands)



- Spanish BB market: >6 MM Internet BB accesses, with 3Q06 net adds increasing 9% vs. 3Q05
- TdE's retail BB market share remains at 55% level

## TdE Pay TV Subscribers

(net adds, in thousands)

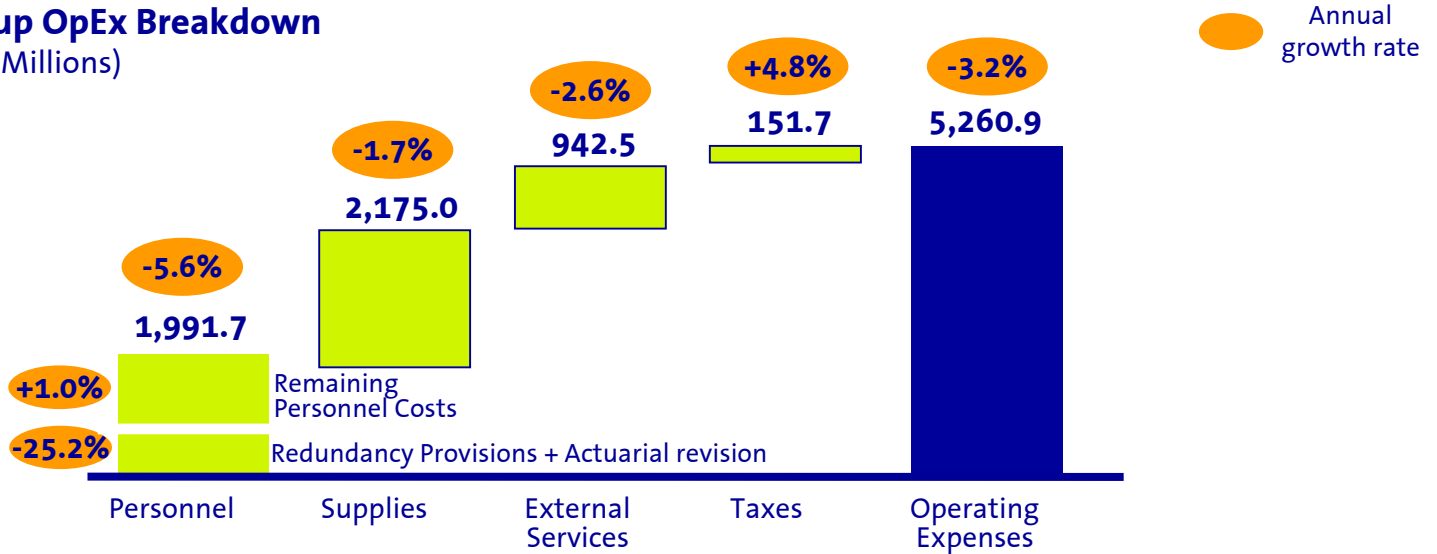


- +9% annual growth of Spanish Pay TV market in 3Q06 (+5% in 3Q05)
- >35% share of net adds in 3Q06
- >8% market share

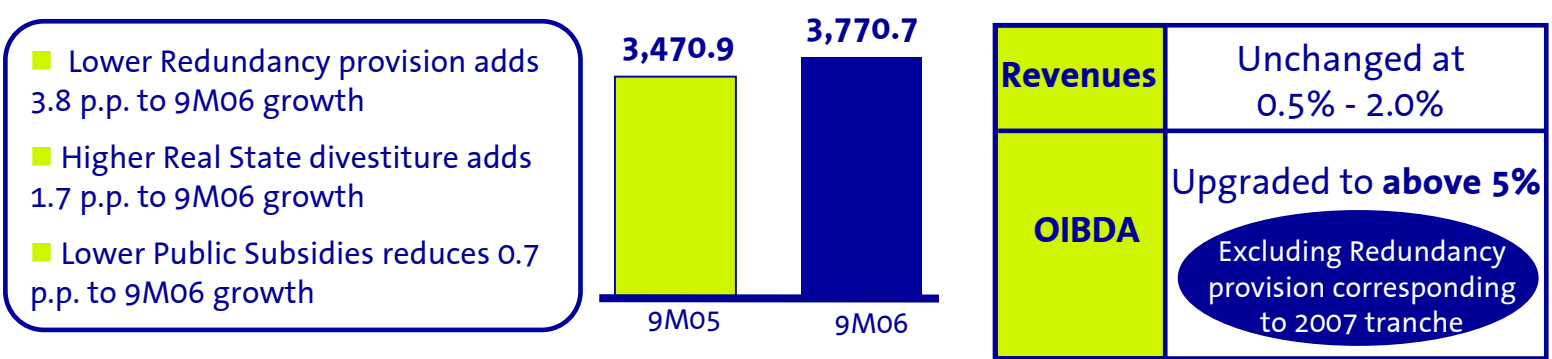


# Successfully containing costs despite growth

## Group OpEx Breakdown (€ in Millions)



## Group Adjusted OIBDA<sup>1</sup> for guidance calculation (€ in Millions)



Quarterly Results  
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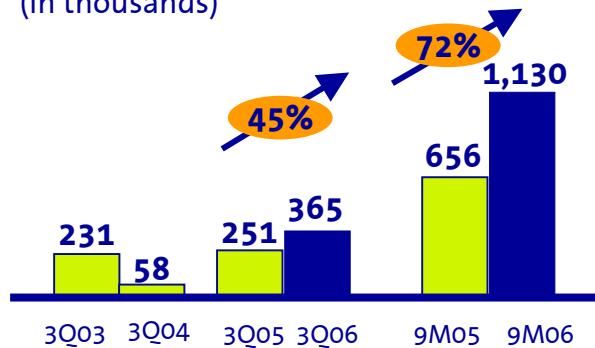
(1) Exclude other exceptional revenues/expenses not foreseeable in 2006. Personnel Restructuring and Real Estate Programs are included as operating revenues/expenses

# TME: strong commercial activity & churn containment



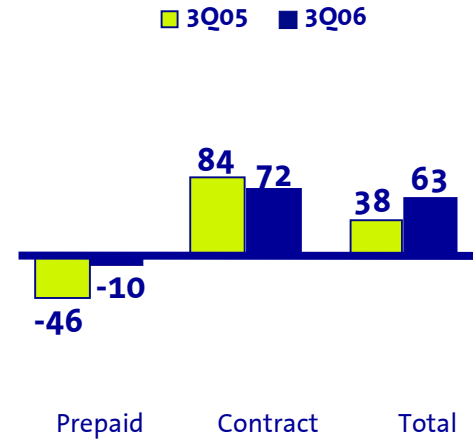
Quarterly Results  
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**Net adds**  
(in thousands)

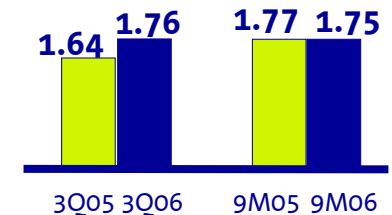


- Strong gross adds: +20% vs. 3Q05
- Best quarterly net adds since 2002

**Number Portability**  
(in thousands)

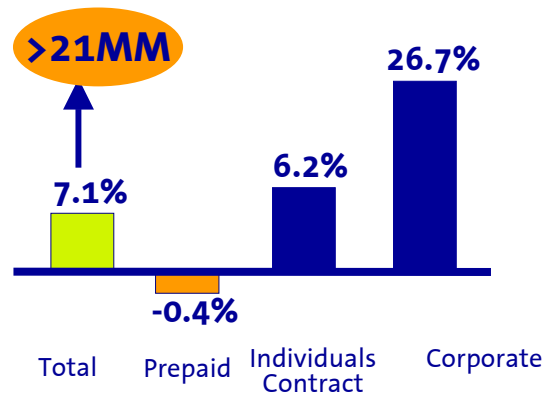


**Churn**  
(%)



- Best in class contract churn vs. peers: <1% in 3Q06

**Customer growth y-o-y**



- 55.8% contract weight over total customer base (52.5% in 3Q05)



# Healthy revenue stream boosted by superior customer revenue growth

	3Q06/3Q05	9M06/9M05	
<b>Revenues</b>	+5.1%	+3.7%	2006 target 3%-6%
<b>Handset Revenues</b>	+13.1%	-2.4%	
<b>Service Revenues</b>	+4.2%	+4.6%	
<b>Service Revenue Drivers</b>			
Customer revenues	+6.8%	+7.1%	Customer base growth: +7.1%
Interconnection revenues	-2.3%	-2.8%	
Roaming-in revenues	-8.9%	-7.4%	

- Strong handset sales in 3Q06 vs. 3Q05 due to higher gross adds
- Incoming revenues affected by interconnection rate cuts
- Roaming-in impacted from Orange, partially offset by higher roaming revenues from O2, leveraging joint initiatives as My Europe

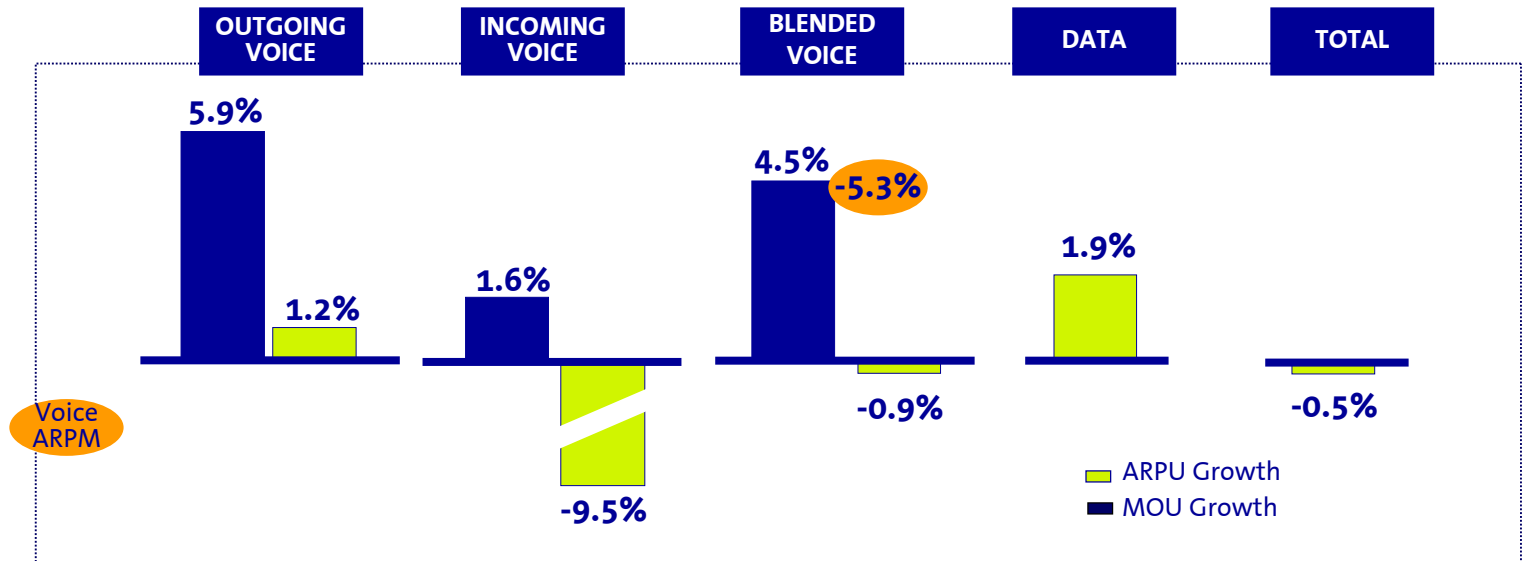




# Strong voice usage & positive performance of outgoing voice & data ARPU...

9M06

y-o-y growth rates



## Data revenues split

	9M05	9M06
P2P Communications	64%	59%
P2P SMS	62%	57%
Content	30%	32%
Connectivity	5%	9%

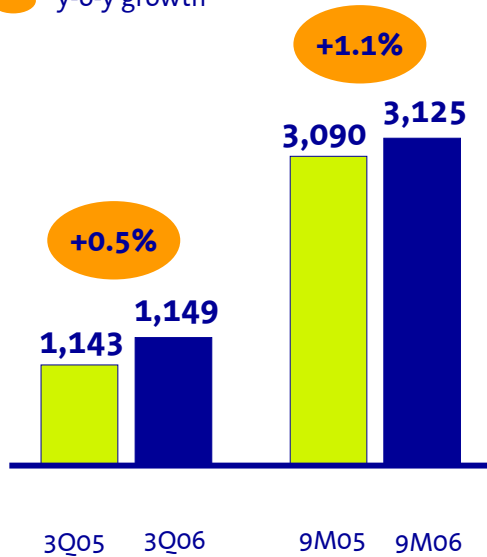
- 23% increase in non P2P SMS revenue vs. 9M05
- >785,000 3G customers (>145,000 PC Cards)
- 76 MM Mbytes in 9M06: 3.7x vs. 9M05



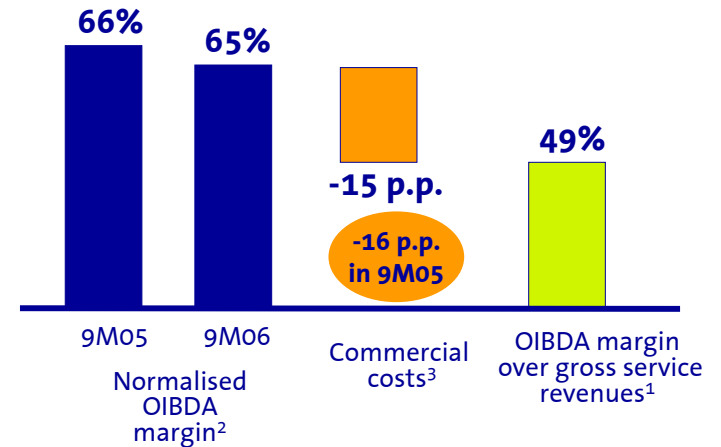
# ...lead to strong profitability in spite of a higher commercial activity

**OIBDA**  
(€ in millions)

● y-o-y growth



**OIBDA margin**



- 45.5% 9M06 reported OIBDA margin (-1.2 p.p. vs. 9M05)
- Increased “customer management” expenses from higher contract customer base, increased network costs & commercial activity (call-centers...)

<sup>1</sup> Excluding impact of loyalty points

<sup>2</sup> OIBDA margin excluding commercial costs/service revenue ex-loyalty points

<sup>3</sup> Total commercial cost including advertising



# Europe: successful management of mobile growth opportunities and rapid turn-around of fixed

Quarterly Results  
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## European Mobile

- Strong momentum maintained in the UK, led by customer and ARPU growth
- Above average service revenue growth in Germany, continued subscriber and revenue market share gains despite lower commercial activity
- First tangible benefits from O2-TEF collaboration for clients - My Europe & DSL launch in Germany

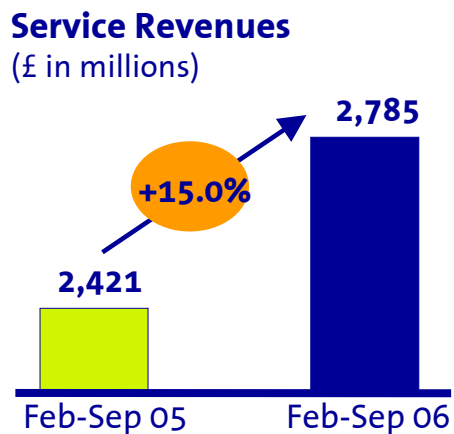
## TO2 Czech Republic

- Solid financial performance, with both positive revenues and OIBDA growth rates, and a noticeable improvement in margins
- Healthy top-line growth for DSL and mobile, led by an active commercial activity biased towards broadband & VAS
- Integration, convergence and business re-positioning remain on track, driving revenue & cost synergies that support a quick turn-around



# O2 UK: a very solid top-line growth across the year, sustained by client and ARPU expansion

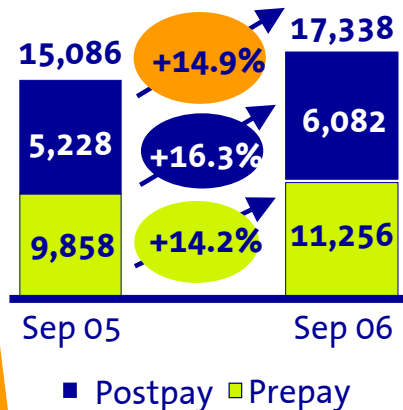
Quarterly Results  
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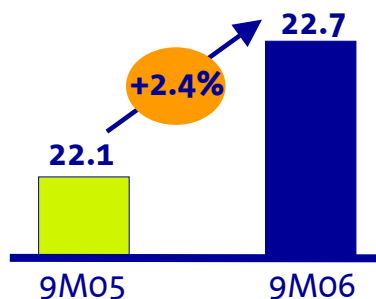
**Stable  
blended SAC**

**Feb-Sep OIBDA margin at  
27.6%**

## Evolution of client base (in thousands)



## Average Revenue per User (Quarterly monthly average, in £)



- 524,000 net new clients added in 3Q06, +11.3% y-o-y
- +15% annual growth in total gross additions in 3Q06
- 12 months rolling churn stable at 28%, 5 p.p. below last year

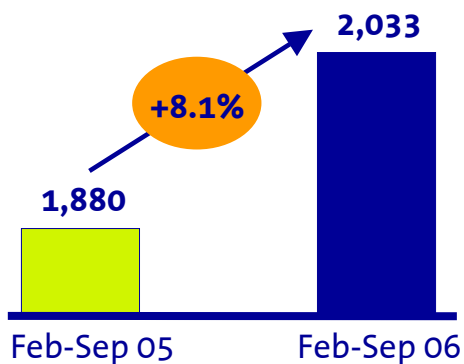
- Better client mix, with postpay reaching 35% of total base
- +10.8% in MOU<sup>1</sup> in 3Q06 to 175 minutes per month
- +13.0% increase in data ARPU<sup>1</sup> in 3Q06

# O2 Germany: trading well at the operating level amid competitive pressures



Quarterly Results  
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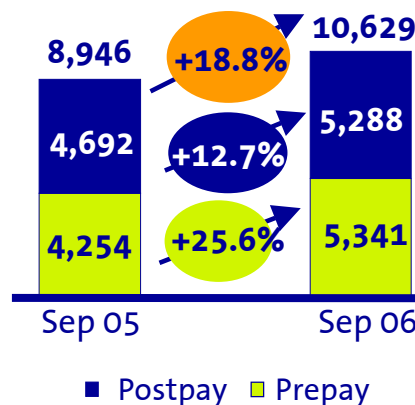
Service Revenues  
(€ in Millions)



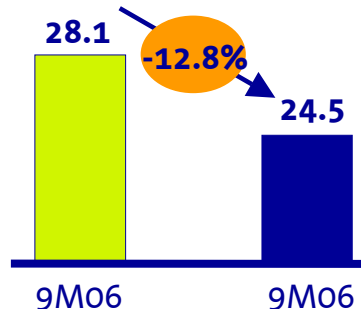
Blended SAC  
reduced

Feb-Sep OIBDA margin at  
24.2%

Evolution of client base  
(in thousands)



Average revenue per User  
(Quarterly monthly average, in €)



- 294,000 net new customers added in 3Q<sub>06</sub>
- 67% of 3Q<sub>06</sub> net adds were on prepay
- 51% of new contracts in 3Q<sub>06</sub> signed to Genion
- Broadly stable blended rolling churn
- +5% in MOU<sup>1</sup> to 124 minutes per month (+13.6% on contract)
- Changing mix, with postpay falling to just below 50% of base (-2.7 p.p. annually)
- Pricing pressure led by termination rate cut and competition

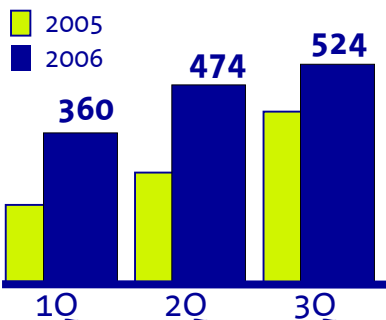


# Our commercial strategy in the UK and Germany leads us to rebalance original targets for 2006

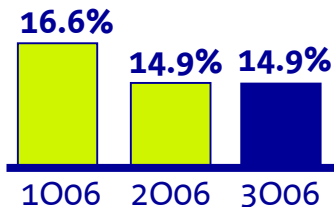
Quarterly Results  
January – Sep. 2006

## O2 UK

Trend in net adds  
(in thousands)



Revenue growth  
in 2006



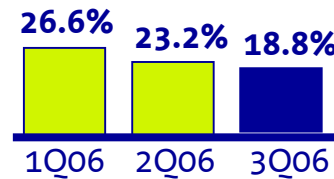
- Customer growth (acquisition and retention)
- ARPU up q-o-q led by higher MOU and data

### Guidance update

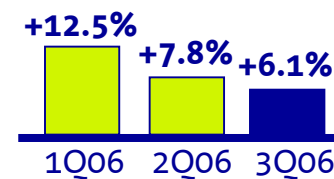
	FROM	TO
<b>Service Revenue Growth</b>	8%/11%	14%/15%
<b>OIBDA Margin</b>	Stable	Around -1.0 p.p.

## O2 GERMANY

Client growth  
(y-o-y)



Revenue growth  
in 2006



- Growing proportion of prepay in base
- ARPU pressured by mix, competition & TRC

### Guidance update

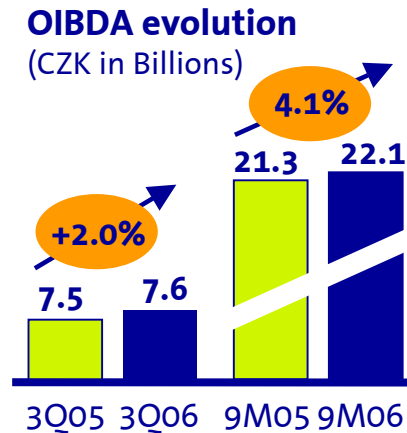
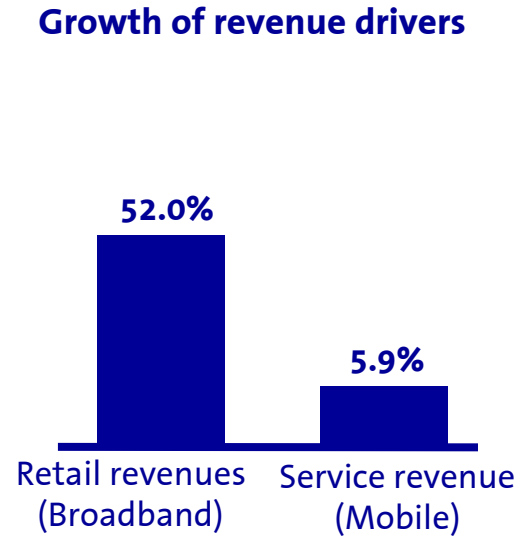
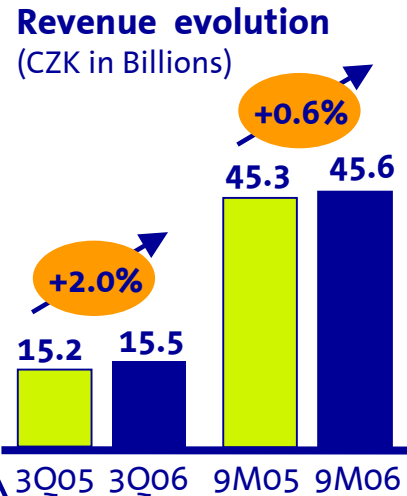
	FROM	TO
<b>Service Revenue Growth</b>	Low double digit	High single digit
<b>OIBDA Margin</b>	Stable	Stable



# T.O2 Czech Republic: a visible turn-around since take-over

Quarterly Results  
January – Sep. 2006

- 1 Integration**  
*On track & neutral to OIBDA 2006*
- 2 Product re-positioning**  
  - New pricing
  - O2 brand effective September 2006
- 3 Convergence**  
*First products out, including IPTV*



**GUIDANCE UPGRADE**

Revenues	Unchanged at “flat”
OIBDA	“flat” to “around +2%”

9M06 margin at 48.9% (+1.7 p.p. y-o-y)



# Latam: growing high value businesses amid strong competition, with a focus on profitability

Quarterly Results  
January – Sep. 2006

## T.Latam (Fixed Line)

- Drive on broadband across all countries, gradually positioning 2P & 3P products in the region
- Top-line growth for all operators, led by broadband & the active management of traditional services
- Solid profitability, improving quarter on quarter, through a tighter focus on regional & local management

## T.Latam (Mobile)

- Sound growth in service revenues, totally in-line with a subscriber's expansion fostered by strong commercial activity
- Promising OIBDA performance, with margins accelerating
- Very strong cash generation, doubling annually, led by positive OpCF in all countries but Mexico & Colombia

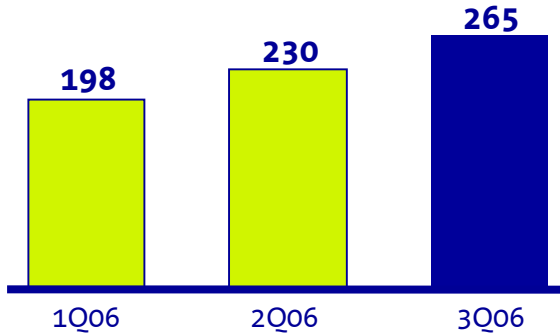




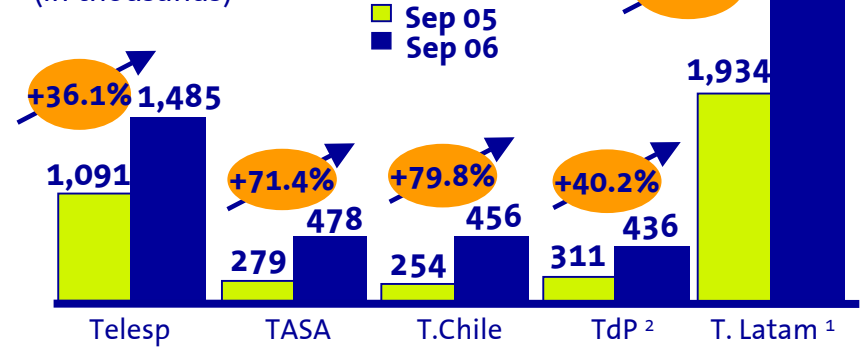
# T.Latinoamérica: BB connectivity & VAS to drive top-line growth...

Quarterly Results  
January – Sep. 2006

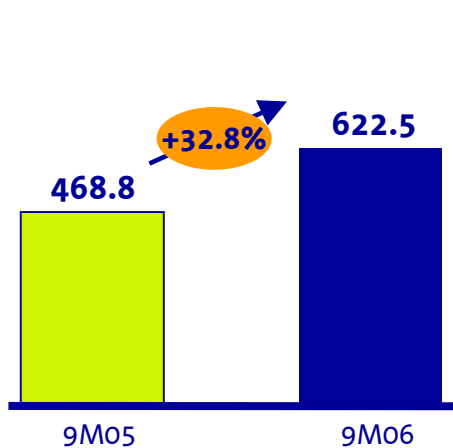
**Retail Internet BB Net Adds <sup>1</sup>**  
(in thousands)



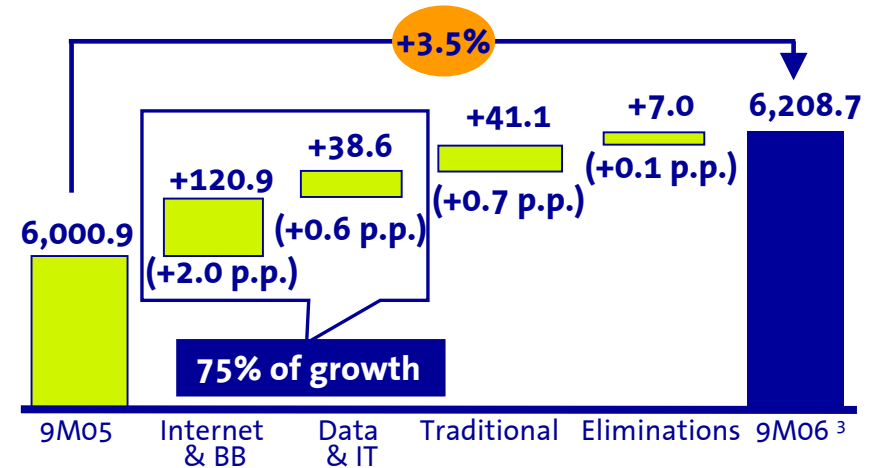
**Retail Internet BB Connections**  
(in thousands)



**Broadband revenue growth**  
(local currency, in millions)



**Breakdown of consolidated revenue growth**  
(constant currency <sup>3</sup>, in millions)



Telefónica, S.A.  
Investor Relations

(1) Excluding Terra Latam and Colombia Telecom

(2) Including cable modem

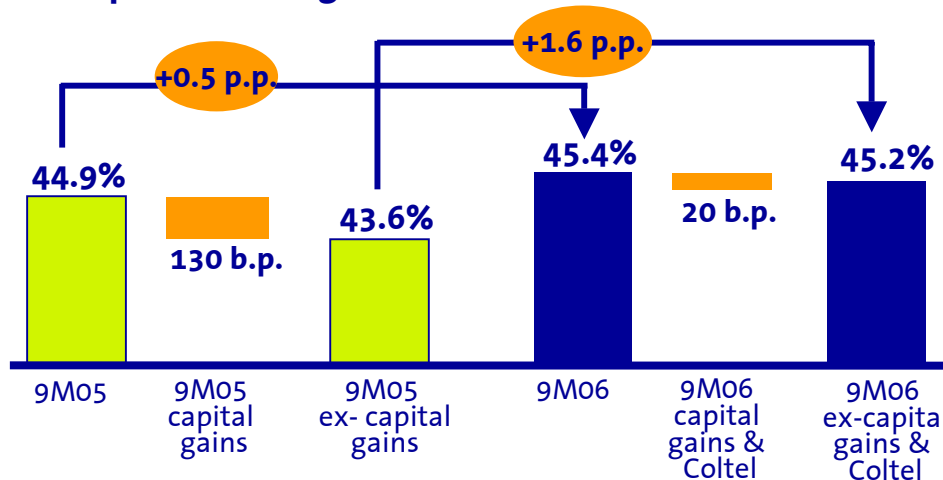
(3) Assuming constant exchange rates as of 9M05. Excluding changes in consolidation, namely Coltel.



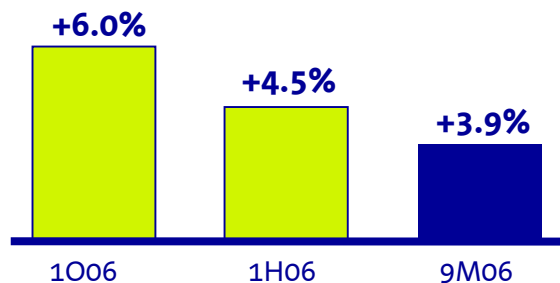
# ...while keeping a focus on efficiency through local and regional management

Quarterly Results  
January – Sep. 2006

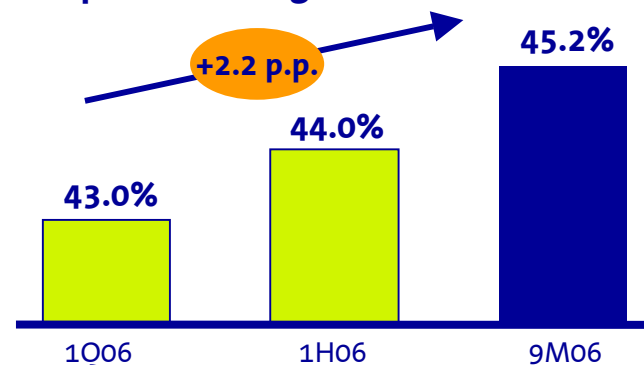
Group OIBDA margin



Operating expenses growth <sup>1</sup>  
(Local currency)



Group OIBDA margin <sup>2</sup> trend

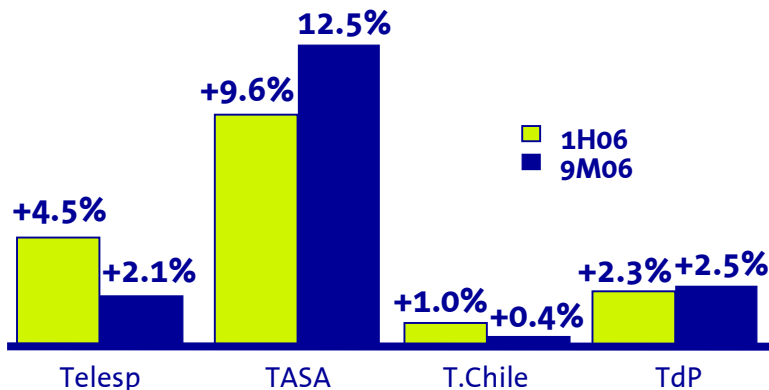


Note. OIBDA margin is calculated before management fees  
(1) Personnel (ex-restructuring costs), External Services, Supplies, Bad debt expenses and Other operating expenses  
(2) Excluding capital gains and Coltel

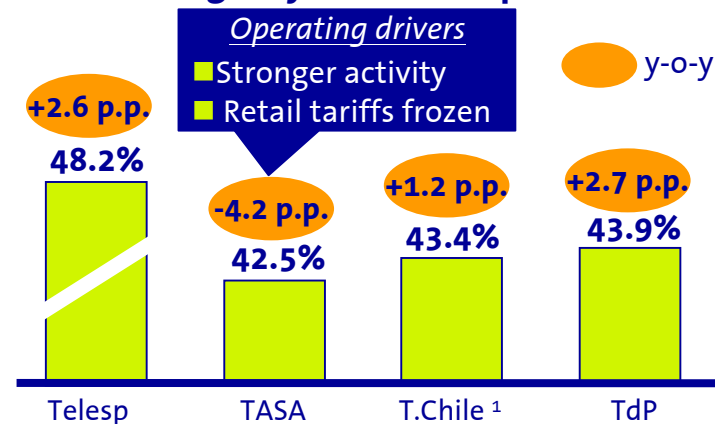


# Local operators are balancing growth and profitability

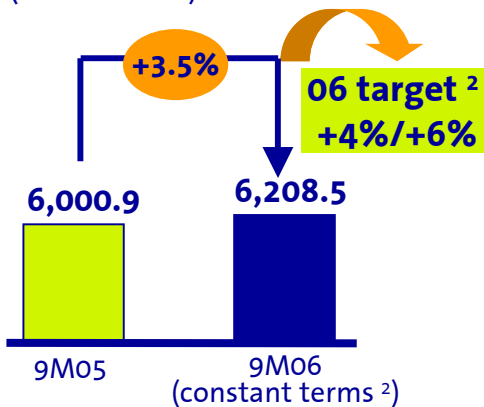
Revenue by fixed-line operator



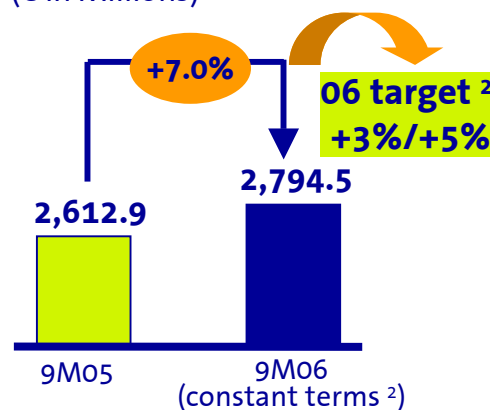
OIBDA margin by fixed-line operator



9M06 revenues vs target (€ in Millions)



9M06 Adjusted OIBDA vs target (€ in Millions)



## GUIDANCE UPDATE

Revenues	FROM +4%/+6% TO “around low end” <sup>3</sup>
OIBDA	High end of +3%/+5%

Operators revenues include data & IT in 2005/2006. T. Latam includes Terra Latam since Jan. 05

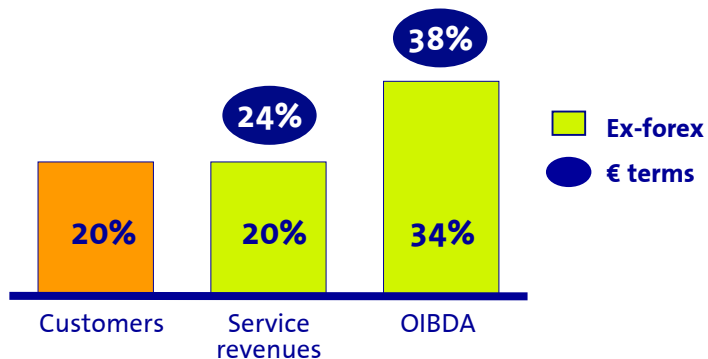
(1) Excluding personnel restructuring charges; (2) Assuming constant forex as of 9M05 (as of 2005 for year-end target). Excluding changes in consolidation (Coltel); (3) Including accounting changes not factored-in in guidance, adding 0.7p.p. to sales growth: intl<sup>a</sup> accounting rates are included as expenses since 1/1/06 (previously netted from revenues) in Brazil, Argentina & Perú. Commissions from public telephony are included as expenses since 1/1/06 (previously netted from revenues) in Brazil.



# T. Móviles Latam: strong service revenue growth & enhanced profitability boost cash flow generation

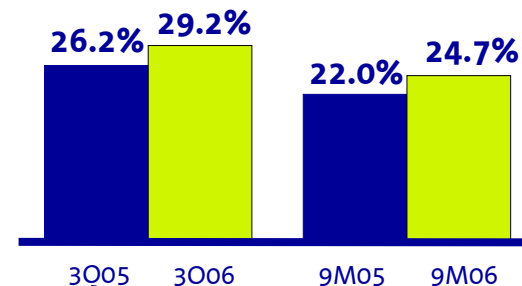
Quarterly Results  
January – Sep. 2006

9M06/9M05 growth rates



■ **Outgoing revenues:** +29.2% (+32.7% in €)

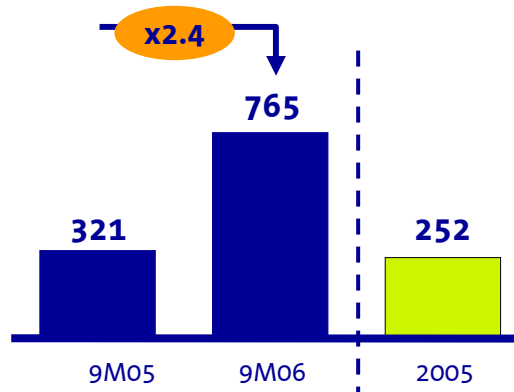
OIBDA margin



■ **Commercial activity:** +39% 3Q06/3Q05



OpCF  
(€ in millions)



■ **Positive OpCF in every single country except Mexico & Colombia**



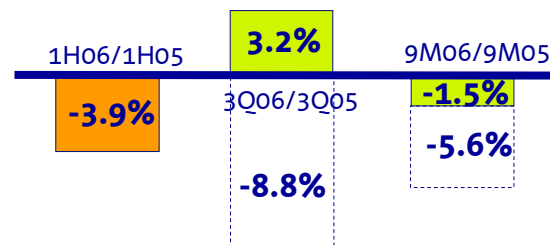
# Brazil: ongoing initiatives are showing first results & setting the basis to enhance competitive position

IDENTIFIED PROBLEMS	ACTIONS TAKEN IN 3Q06	RESULTS ALREADY ACHIEVED
---------------------	-----------------------	--------------------------

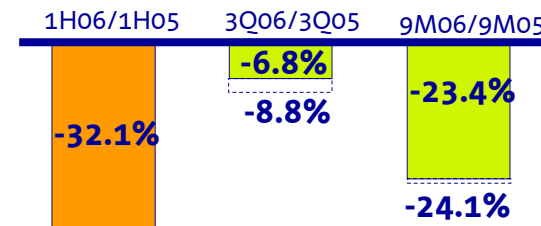
<ul style="list-style-type: none"> <li>Loss of value customers</li> </ul>	<ul style="list-style-type: none"> <li>Focus on segment &amp; region to retain premium customers</li> <li>Optimize commercial costs</li> </ul>	<ul style="list-style-type: none"> <li>Churn reduction in the premium postpaid segment (-0.1 p.p.) vs. jun-06</li> <li>+40 p.p. increase in direct contacts with customers to retain</li> </ul>
<ul style="list-style-type: none"> <li>Fraud</li> </ul>	<ul style="list-style-type: none"> <li>Measures to control cloning &amp; reduce fraud</li> </ul>	<ul style="list-style-type: none"> <li>Cloning cases reduced 84% vs. same period last year</li> </ul>
<ul style="list-style-type: none"> <li>Pricing</li> </ul>	<ul style="list-style-type: none"> <li>New prepaid plans launched</li> </ul>	<ul style="list-style-type: none"> <li>Prepaid MOU increase: +6.6% vs. 3T05 &amp; change in ARPU trend</li> </ul>
<ul style="list-style-type: none"> <li>Call Center</li> </ul>	<ul style="list-style-type: none"> <li>Improve call center service</li> </ul>	<ul style="list-style-type: none"> <li>+40 p.p. in call center service</li> </ul>



## Service revenue growth (local currency)



## OIBDA growth (local currency)

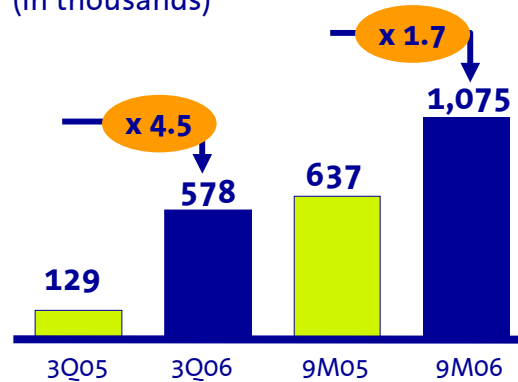




# Mexico: sound revenue growth allows quarterly OIBDA breakeven

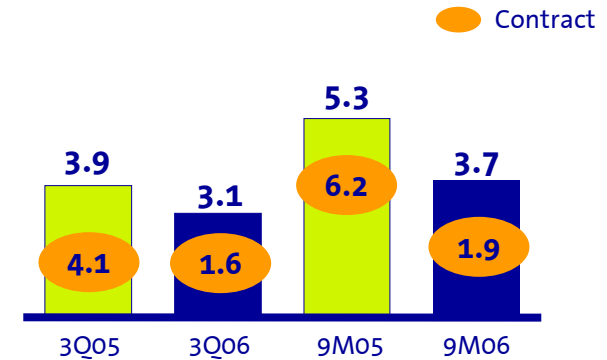
Quarterly Results  
January – Sep. 2006

**Net adds**  
(in thousands)

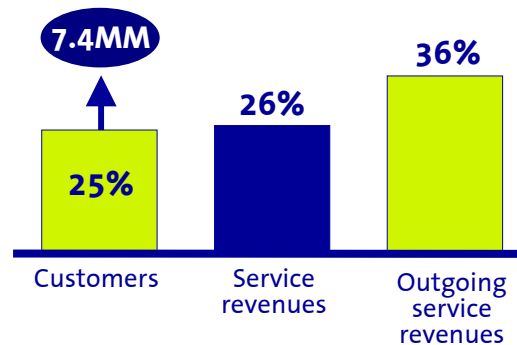


■ Commercial activity: +9.4% y-o-y vs. 9M05

**Churn**  
(%)



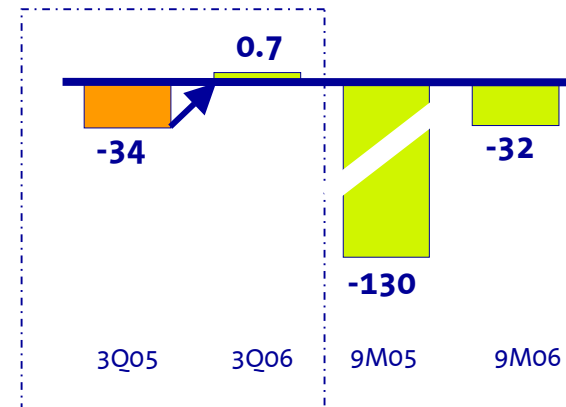
**9M06/9M05 growth**



■ ARPU: +8.0% y-o-y vs. 9M05

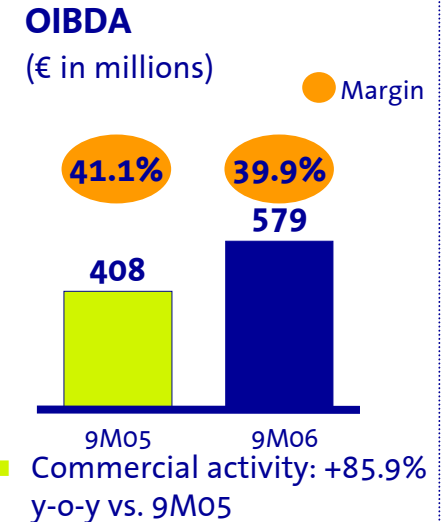
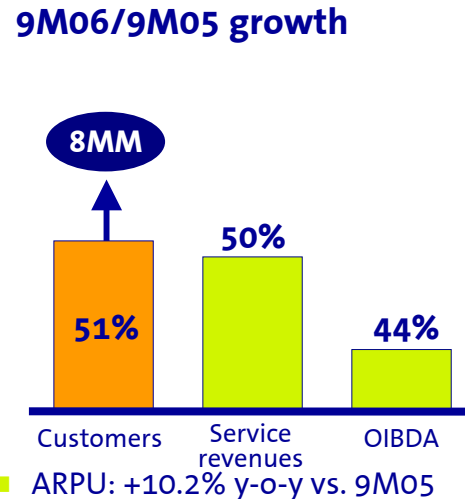
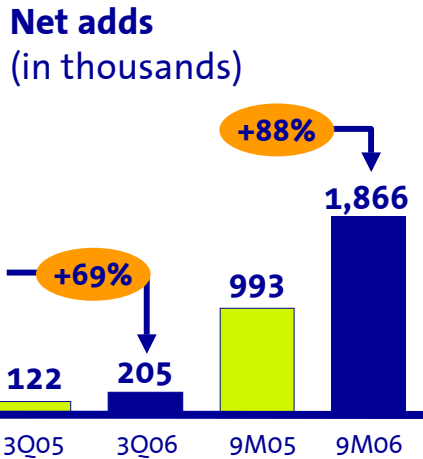
■ MOU: +36.0% y-o-y vs. 9M05

**OIBDA**  
(€ in millions)

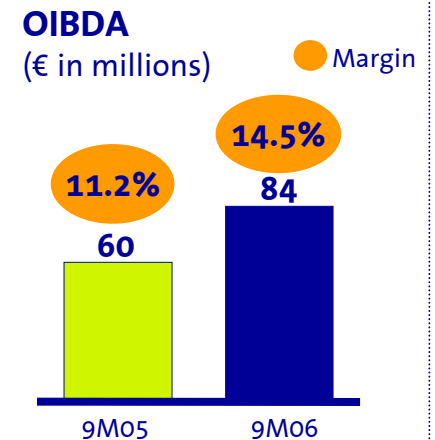
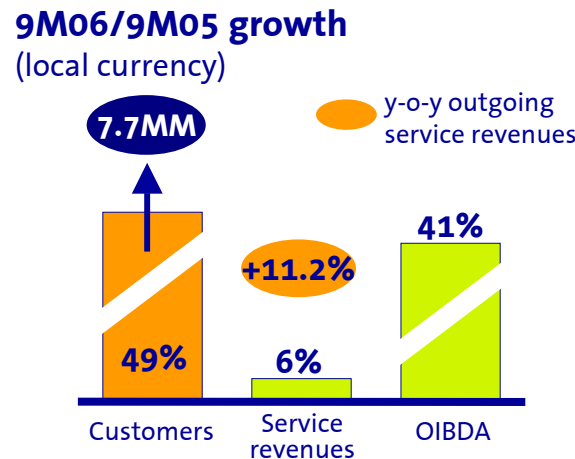
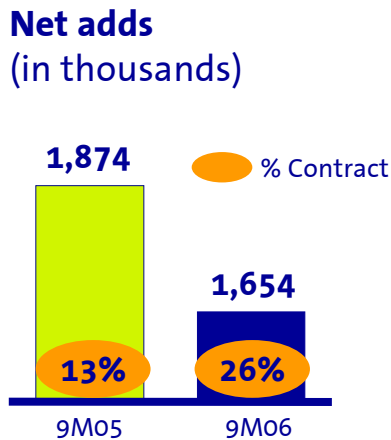


# Other major operations (I)

## VENEZUELA: Very strong customer growth, fully flowing to revenue performance



## COLOMBIA: Rationalizing commercial activity to foster quality growth



■ GSM customers: 55% of total

■ Service revenues impacted by interconnection rate cuts

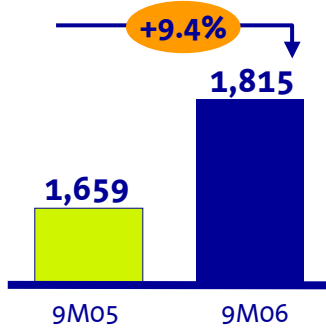


Quarterly Results  
January – Sep. 2006

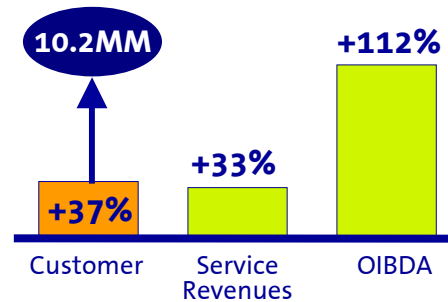
# Other major operations (II)

## ARGENTINA: Solid customer expansion with strong service revenue growth

**Net adds**  
(in thousands)

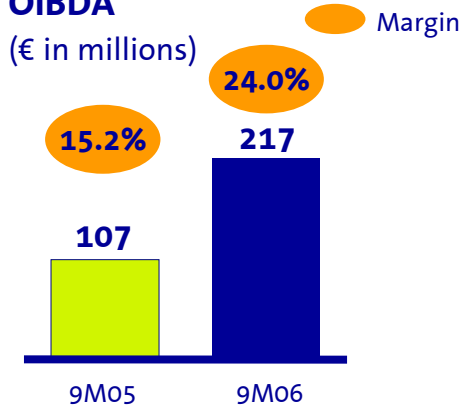


**9M06 y-o-y growth**  
(local currency)



■ GSM customers: 70% of total

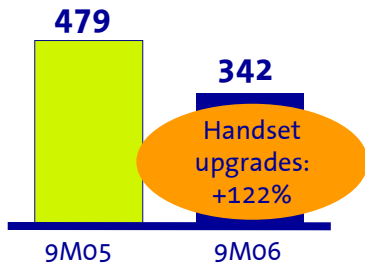
**OIBDA**  
(€ in millions)



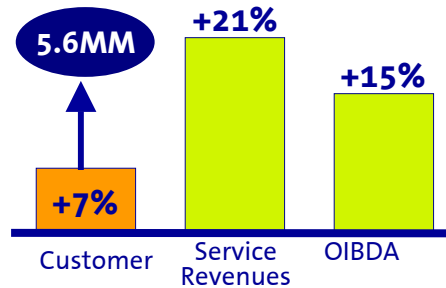
■ Strong commercial activity: +29% 9M06 vs. 9M05

## CHILE: Better customer mix drives sound service revenue performance

**Net adds**  
(in thousands)



**9M06 y-o-y growth**  
(local currency)

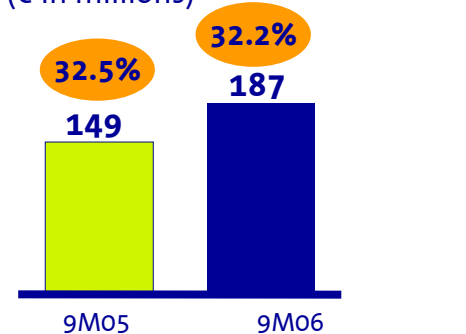


■ Strong focus in contract segment: 20% of total base

■ ARPU: +11.6% y-o-y vs. 9M05

■ GSM customers: 69% of total

**OIBDA**  
(€ in millions)



Quarterly Results  
January – Sep. 2006





# All projects to extract synergies are running at full speed, yielding the planned results

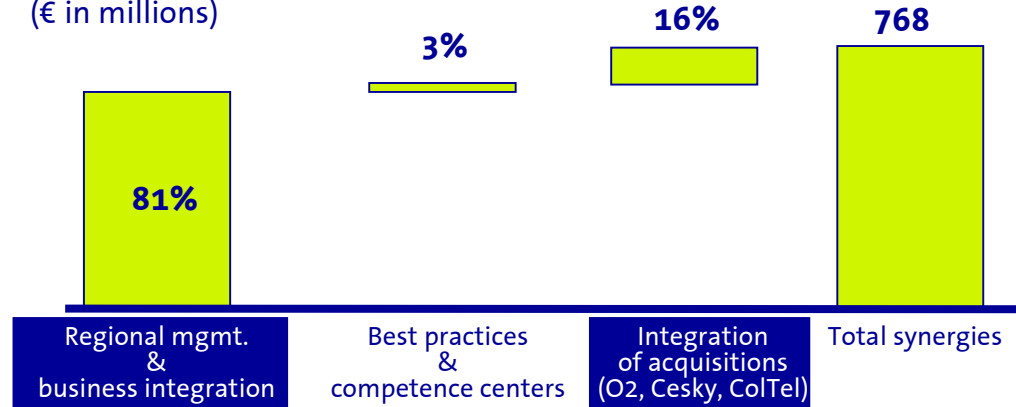
Quarterly Results  
January – Sep. 2006

## Our commitment

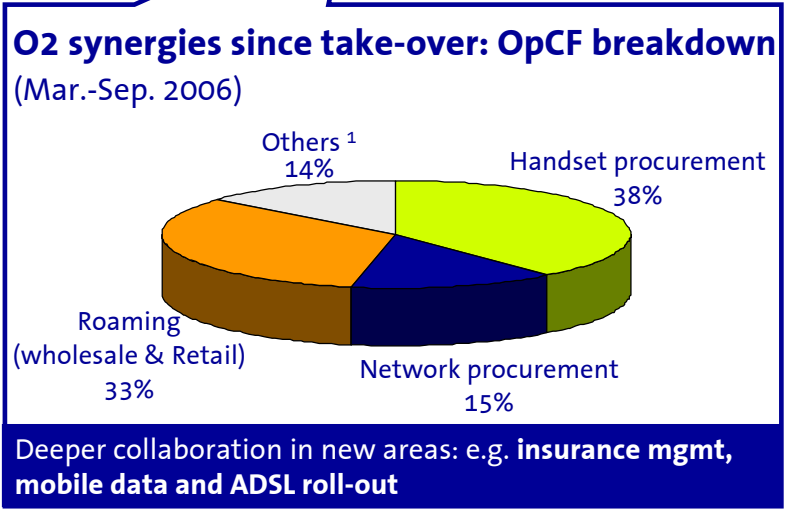
5.3bn.€ in OpCF from synergies in 2006-2009

OpCF from synergies 9M06  
(€ in millions)

100% of Sep.06 target achieved



- Mobile Latam regionalization
- Fixed Latam regionalization (Candelaria)
- Spain integration of fixed assets (TdE-TData-Terra)
- Convergence of channels, P&S, network, IT in Spain & Latam
- F-M integration in TO2 Czech Republic



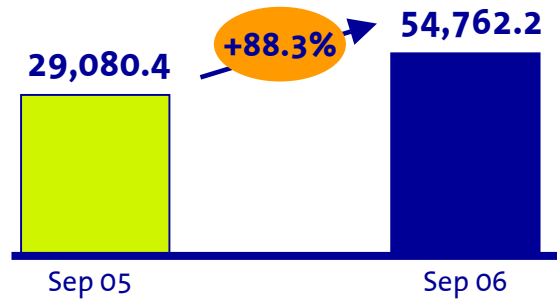


# Actively managing liabilities to limit the impact of higher gearing

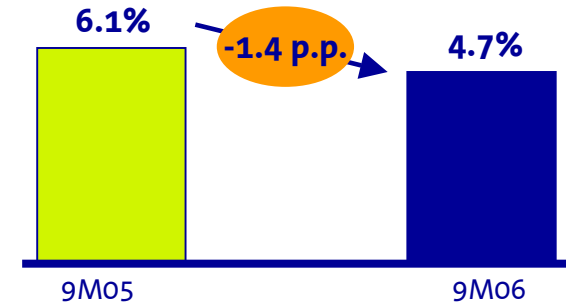
Quarterly Results  
January – Sep. 2006

	9M06	9M05	
Net Interest Expenses	(1,928.4)	(1,327.9)	+45.2%
FX Results	(0.3)	203.6	
Reported Financial Expenses	(1,928.7)	(1,124.5)	+71.5%

Average Total Net Debt  
(€ in millions)



Evolution of Average Effective Debt Service Rate <sup>1</sup>



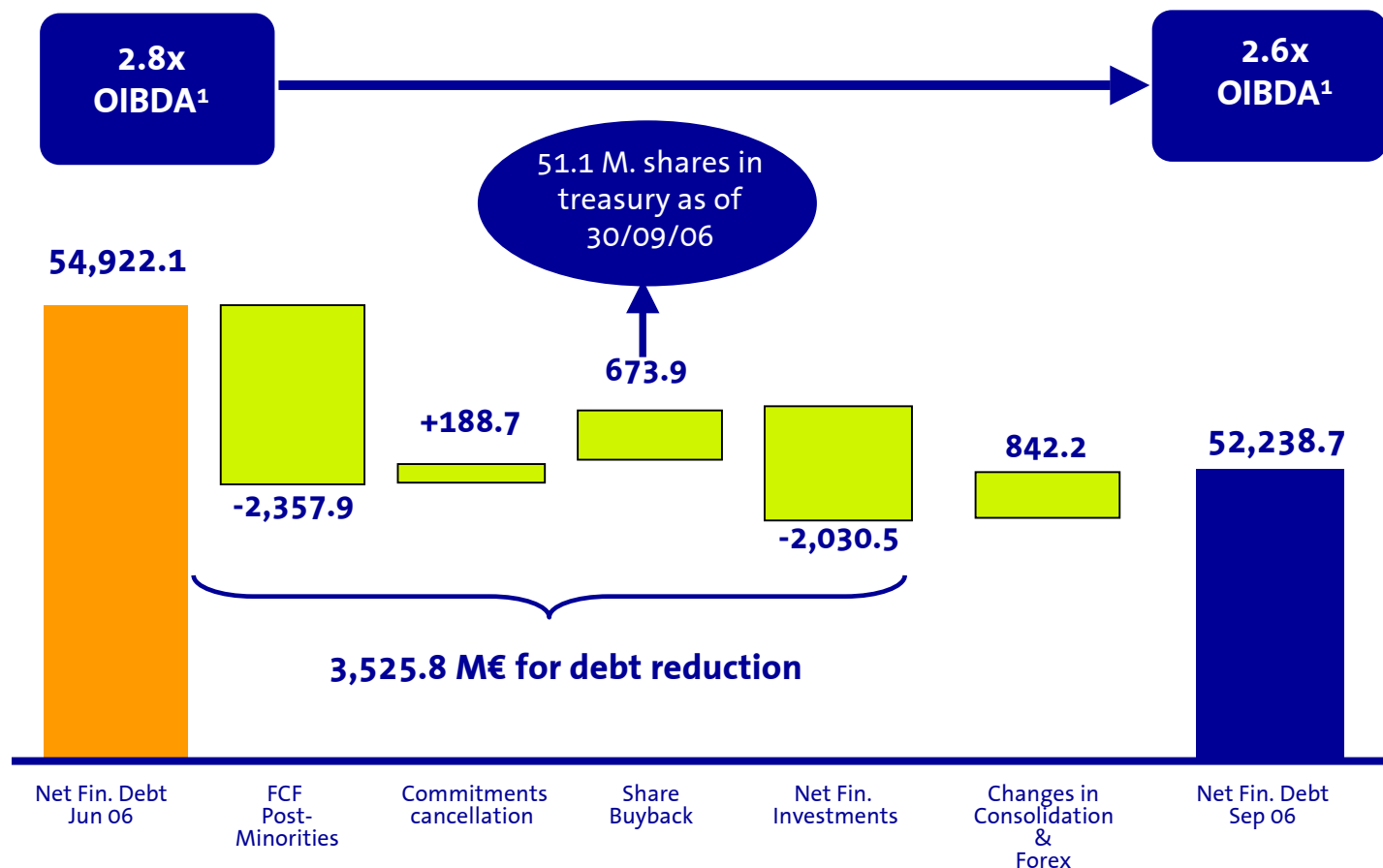
Interest expenses have increased less than average total net debt (+88.3%), as the effective cost of debt stood at 4.7%, 1.4 p.p. lower than in 9M05

# Cash Flow & Debt: starting to de-lever



**3Q06 Net Financial Debt Evolution**  
(€ in millions)

Quarterly Results  
January – Sep. 2006

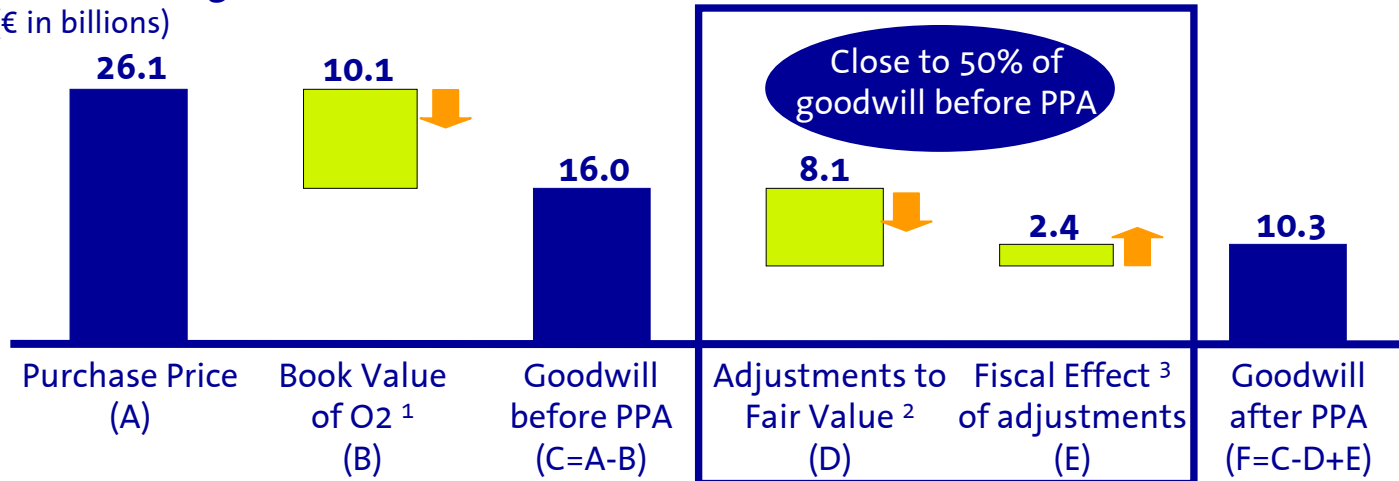




# T. O2 Europe: a guide to the estimated impacts of O2's Purchase Price Allocation on our accounts

## Allocation of goodwill (€ in billions)

PRELIMINARY &amp; UNAUDITED



## Adjustments to fair value (Asset breakdown)

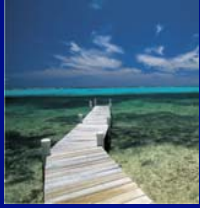
- Licenses
- Clients
- Brand
- Contracts
- Others (JVs, Software, Debt)

Average life  
~10 years

## P&L impact as of Sep 06 (8 months) (€ in millions)

	PPA
OIBDA	-
D&A	(639)
Taxes	189
<b>Net Income</b>	<b>(450)</b>

- Pending final analysis of O2's fiscal position and its impact on the balance sheet
- Annual impact on net income will be around 600 M€ for the next 5 years



## Conclusions

- Financial results stay at the top of the peer Group, with high single digit organic revenues and OIBDA growth, leveraging the value of diversification
- 9M06 performance sets the basis for reinforcing our guidance commitments for the full year
- Top-line growth is being successfully transferred down the P&L, with EPS up 64% year-on-year
- Group margins are resilient despite strong commercial activity, benefiting from both cost optimisation and tangible synergies
- In Spain, we are pushing commercial activity and developing broadband to yield a superior growth profile
- In Latin America, we are growing high value businesses amid strong competition, with a focus on profitability
- In Europe, we are successfully managing mobile growth opportunities and rapidly turning-around fixed

Quarterly Results  
January – Sep. 2006

*Telefónica*

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