

Sixth Investor Conference

Telefónica Latinoamérica: A winning mindset

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London, October 11th 2007



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Four key 2006-2010 figures

- 1 Historical opportunity**
 - Top 7 Latin American countries
 - Growing simultaneously
 - Expected as “Investment Grade” >75% GDP
- 2 +€35-40bn**
 - Latin America telecom market growth
- 3 >60m**
 - New Telefónica Latin America accesses
- 4 ~€22-25bn**
 - Cumulative operating cash flow*

* OpCF = OIBDA - CapEx

Our aspiration: continued delivery of profitable growth

Telefónica LatinoAmerica consolidated



1: Does not include others (wholesale, Terra)

2: OpCF = OIBDA - CapEx

Base 2006 reported numbers include eight months of Telefónica Telecom (consolidated since May 2006). In terms of guidance calculation, OIBDA excludes other exceptional revenues/expenses not foreseeable in 2007E-2010E. For comparison purposes the equivalent other exceptional revenues/expenses registered in 2006 are also deducted from reported figures. CAGR 06-10E guidance assumes constant exchange rates as of 2006 and excludes changes in consolidation, other than Telemig acquisition (50% through TEF stake in Vivo) and TVA.

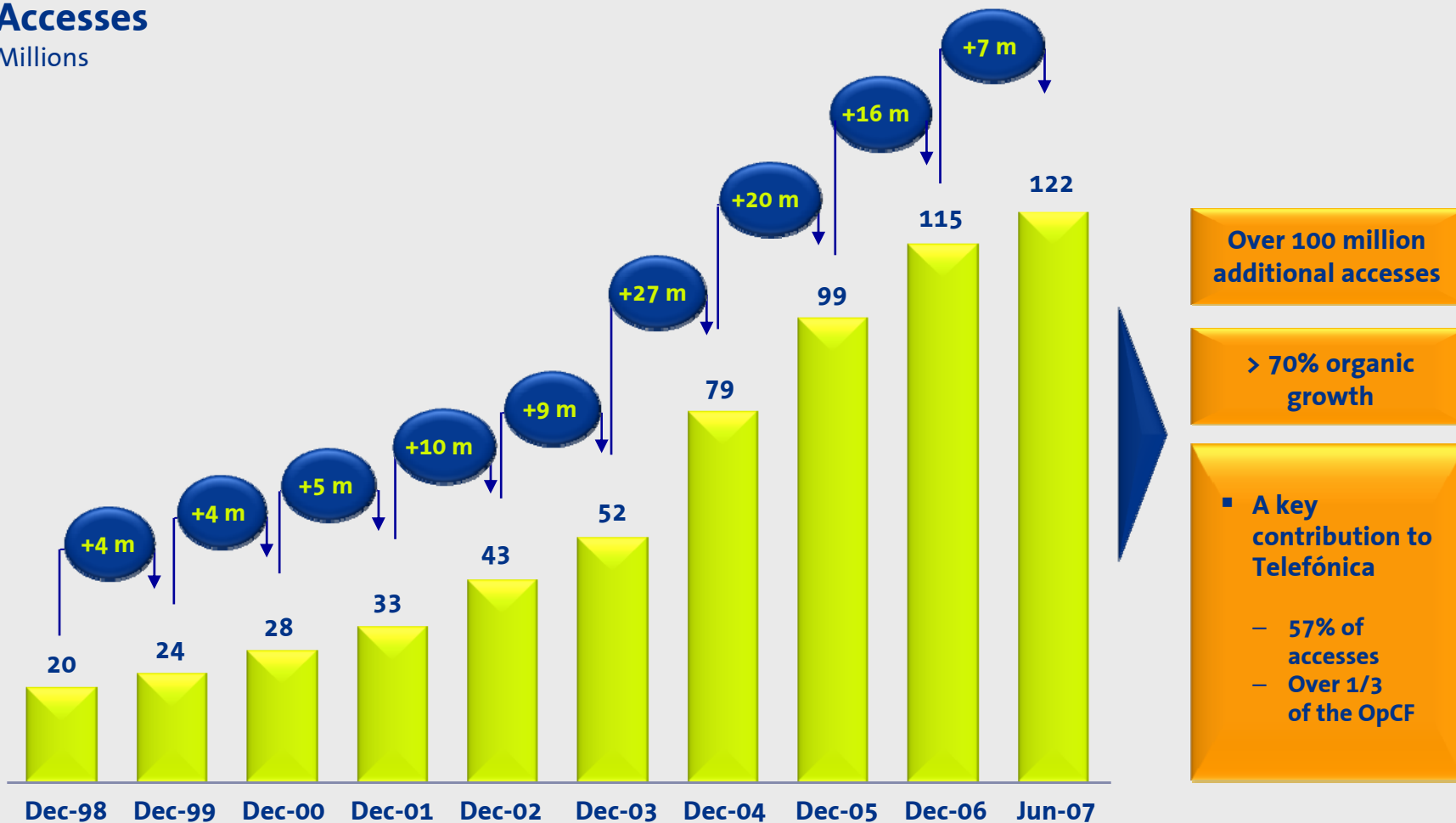
T-Latam: Growth on Growth

- 1 What we have accomplished: continuous growth and leadership**
- 2 Latin America: much more than you imagine
- 3 The new T-Latam: uniquely positioned for further growth
- 4 Walking the talk
- 5 Our commitments

1 Sustained growth since 1998

Accesses

Millions



1 Stronger operational platform

Commercial

- **Single mobile brand**
- **Integration of Fixed-Mobile** account management for Corporates
- Homogeneous **P&S development** process
- Improvement of **capillarity** and **quality** of point of sales
- Migration to GSM proceeding well

T-Latam incorporates aprox. 120,000 mobile gross adds per day in 2007

T-Latam commercial network has more than 650,000 points of sale

Network operations and IT

- Completed deployment of **GSM network**
- **DSL coverage** over 93%
- **Centralization** of fixed **network supervision**
- Homogenization of commercial and network **IT systems**
- Consolidation of **IT infrastructures** (Data-centers)

T-Latam installs aprox. 6,000 BB accesses per day in 2007

International Traffic increased: 2006 vs. 2002 X 15

1 A leader and shaper: the only integrated regional player in the region

■ Market leader*
■ 2nd player*



■ Only telco with truly **integrated and regional management**



■ Strongest **brands** in the region



■ **New Organization** by customer segment / country

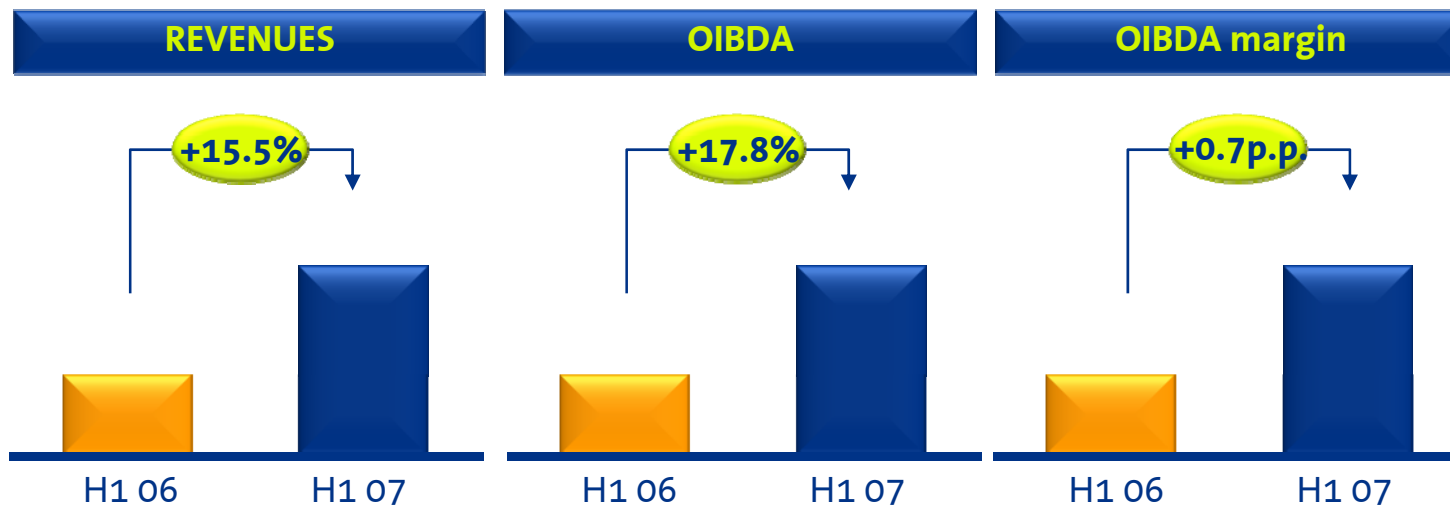


■ Being part of a **global telecom leader**

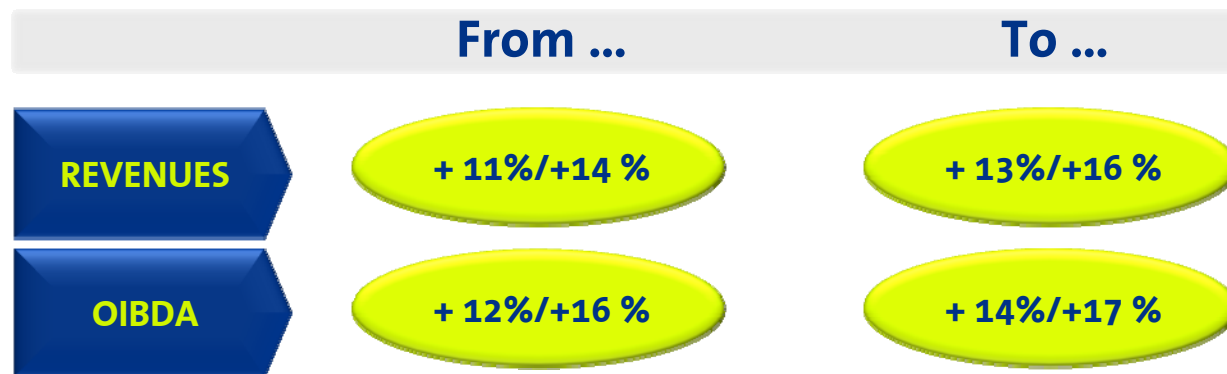
* share of revenues

1 The benefits of our model are already visible

STRONG RESULTS



2007 GUIDANCE UPGRADE



Base 2006 reported figures include eight months of Telefónica Telecom (consolidated since May 2006). 2007E guidance assumes constant exchange rates as of 2006. All figures exclude changes in consolidation. In terms of guidance calculation, OIBDA excludes other exceptional revenues/expenses not foreseeable in 2007E. Personnel Restructuring and Real Estate Programs are included as operating revenues/expenses. For comparison the equivalent other exceptional revenues/expenses registered in 2006 are also deducted from reported figures.

The New T-Latam: Growth on Growth

1 What we have accomplished: continuous growth and leadership

2 **Latin America: much more than you imagine**

3 The new T-Latam: uniquely positioned for further growth

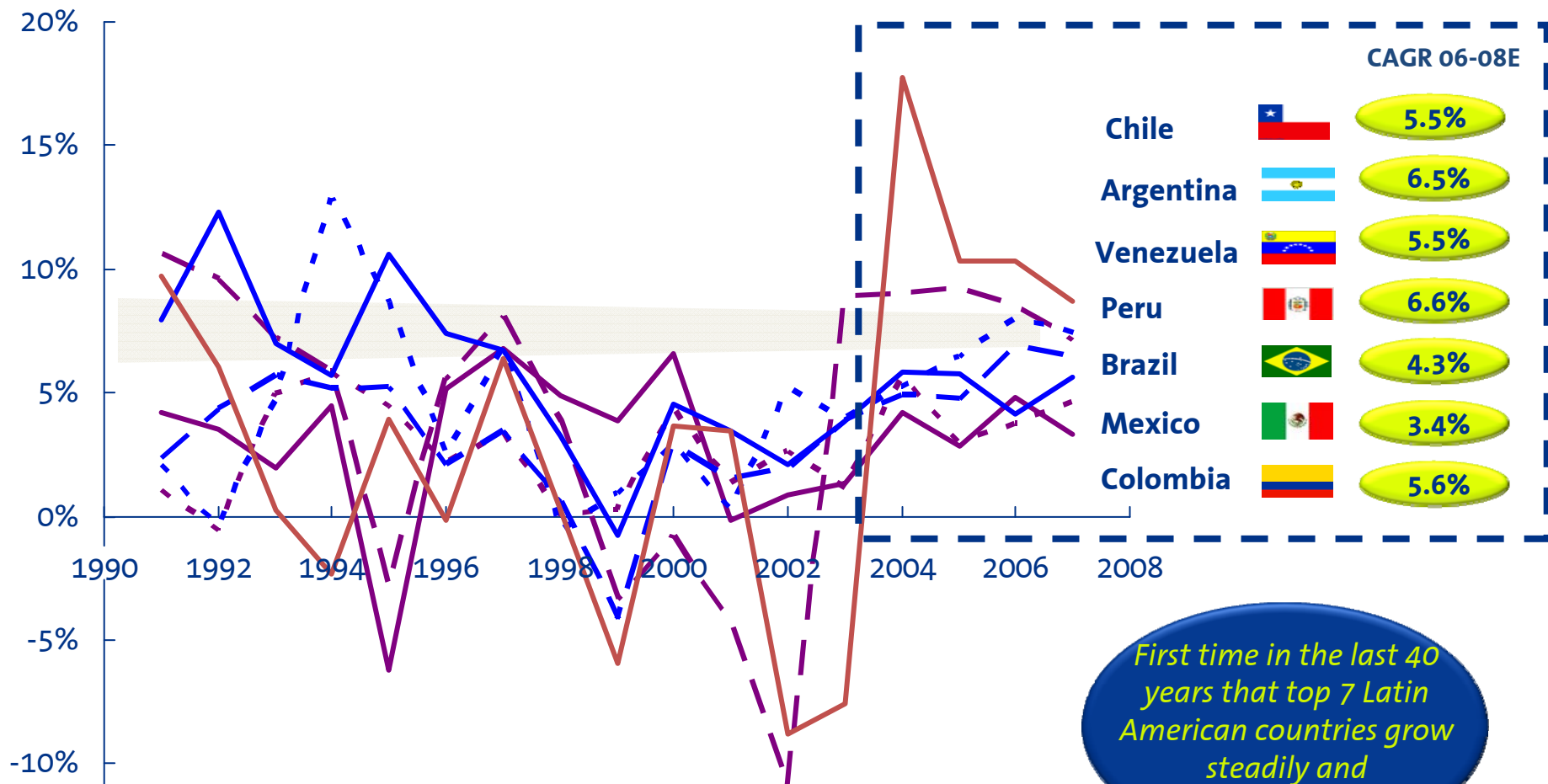
4 Walking the talk

5 Our commitments

2 Unique macroeconomic momentum

GDP Growth Rates, constant currency

1 Historical opportunity

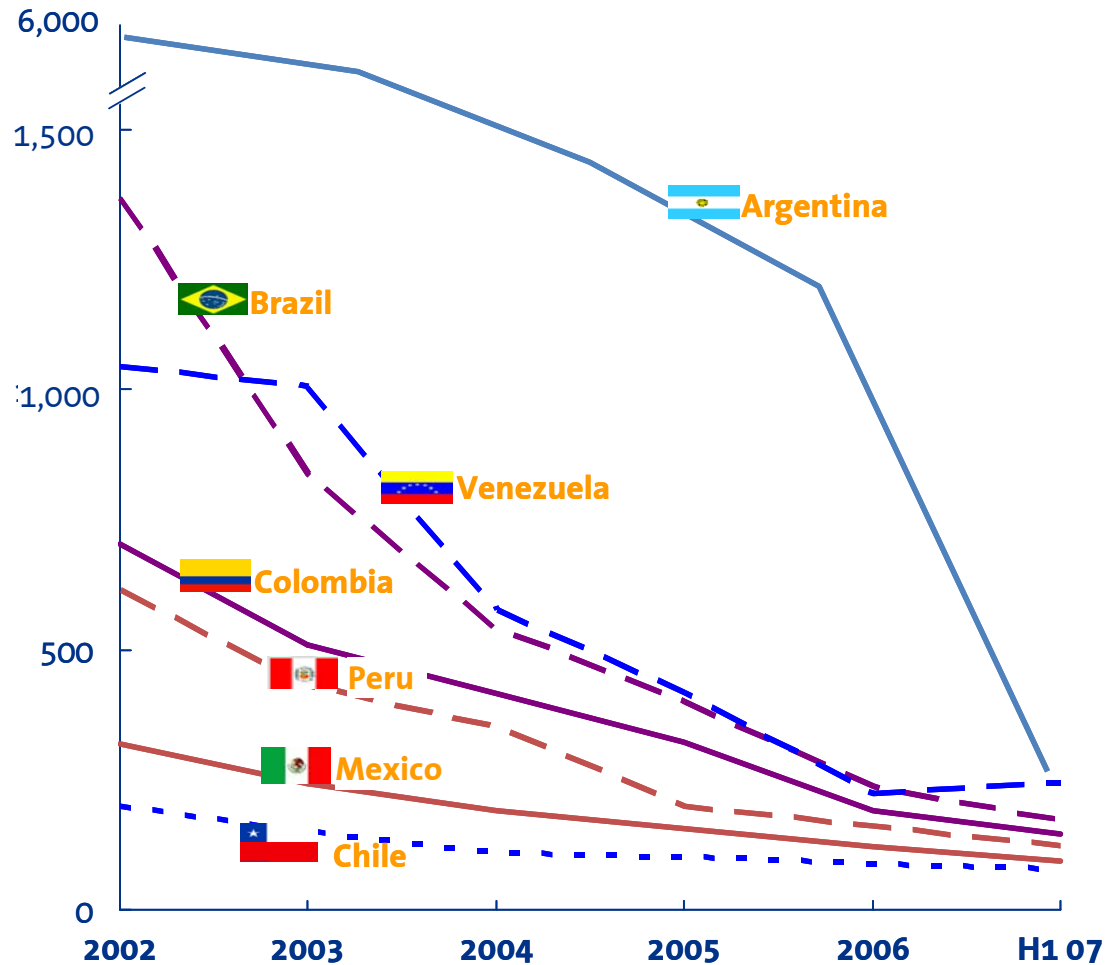


First time in the last 40 years that top 7 Latin American countries grow steadily and simultaneously

Source: World Bank World Development Indicators & Consensus Forecasts

2 Unique financial markets outlook

Country risk evolution (Emerging market bond index)

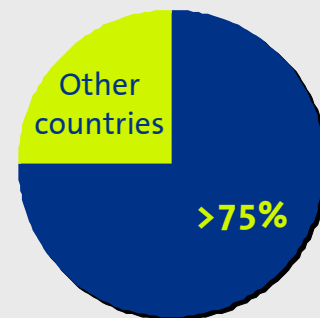


Source: JP Morgan, the Economist Intelligence Unit

1

Historical opportunity

Latin America GDP
100% = €3,200 bn

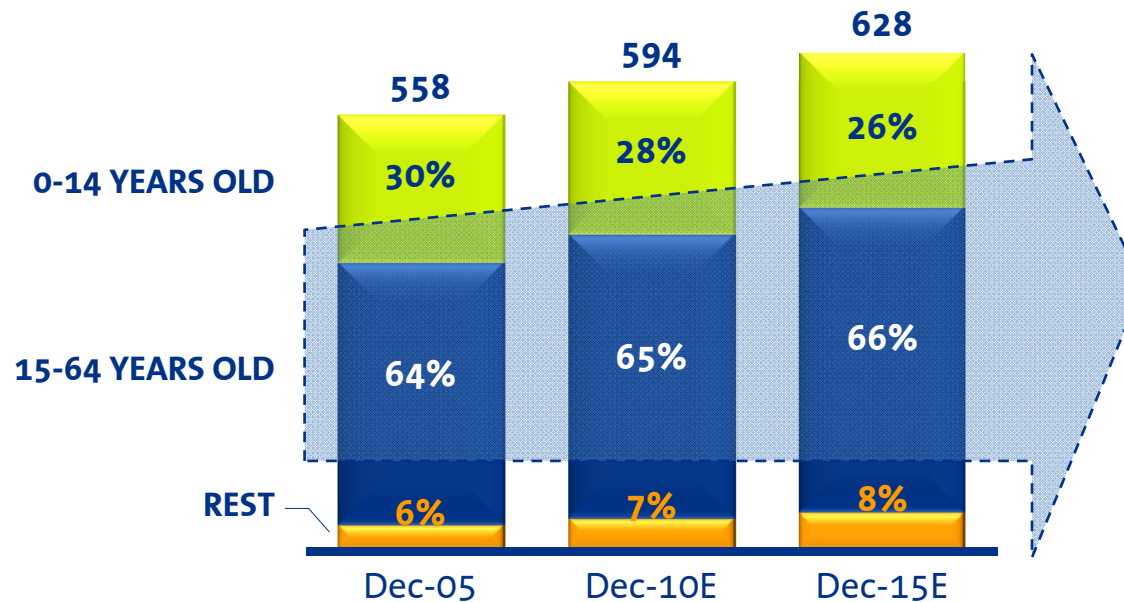


Expected investment grade countries in 2010E

2 Additionally, the telecom sector will benefit from improving demographics ...

POPULATION GROWTH AND DEMOGRAPHICS

Million



- A growing potential telecom users base in the next 10 years
 - Additional **58 million workers**
 - Additional **74 million** people living in **urban areas**

Urban/rural mix (percentage)

77%

79%

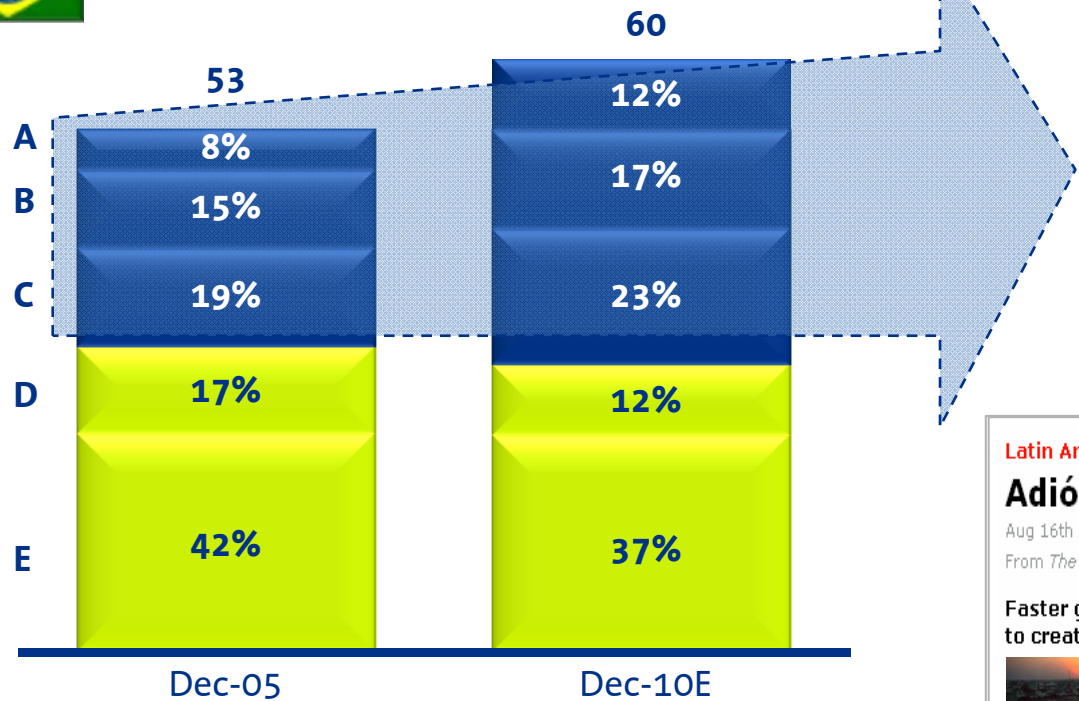
81%

Source: United Nations World population prospects – Latin America and the Caribbean

2 ... and from better socioeconomic indicators

DISTRIBUTION OF BRAZILIAN HOUSEHOLDS BY SOCIOECONOMIC CLASS

Households in millions




TOTAL LATIN AMERICA

- Higher purchasing power due to growth of middle classes in Latin America
 - 15 million additional middle class households during 2006-2010E
 - ABC households will surpass DE households by 2010E

Latin America's middle class

Adiós to poverty, hola to consumption

Aug 16th 2007 | SÃO BERNARDO DO CAMPO
From *The Economist* print edition

Faster growth, low inflation, expanding credit and liberal trade are helping to create a new middle class









Source: Banco de Santander; Report: "A emergência da classe média no Brasil"; The Economist

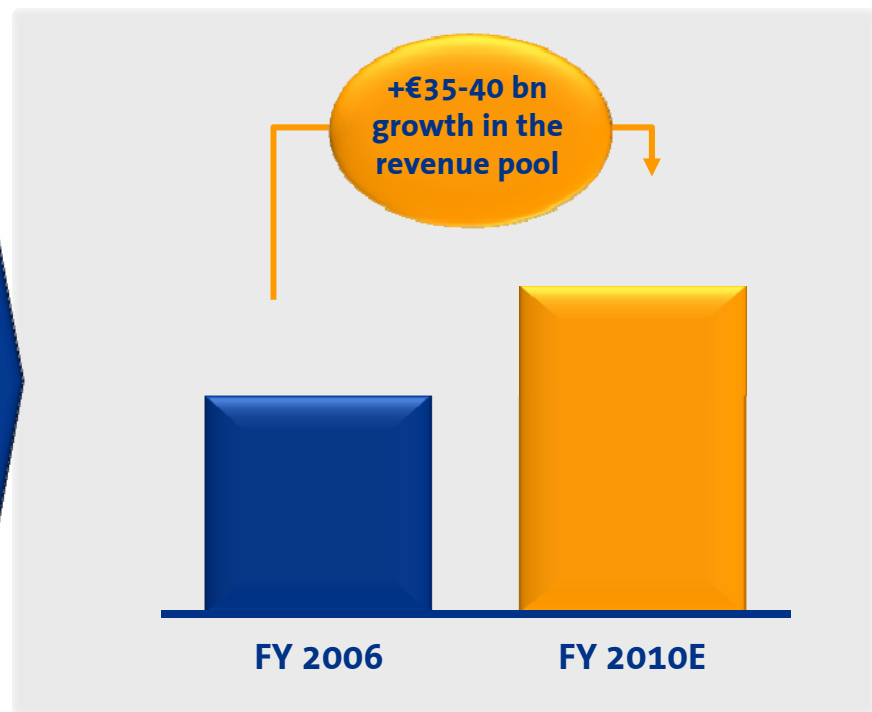
2 As a result, Latin America will turn into the fastest growing telecom region in the world

2 +€35-40 bn

TELECOM MARKET GROWTH EXPECTATIONS
CAGR 06-10E

	Latin America	7.8 %
	Emerging Asia *	7.1%
	Central & Eastern Europe	6.9%
	Africa and Middle East	5.8%
	US & Canada	1.2%

LATIN AMERICA TELECOM MARKET
€ in billion



Source: IDC

* Excluding Japan, Korea, Hong Kong, Singapore and Taiwan

Source: Telefónica

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3 Clear action plan for the upcoming 4 years

Capture **growth**



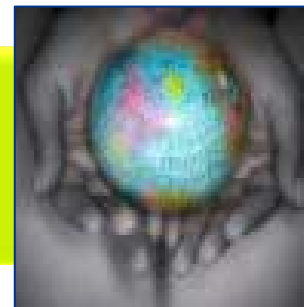
- Strong mobile growth
- Capture BB and bundling opportunities to reinforce access base
- Segmented approach

Leverage **integrated delivery** and **regional scale**



- Network evolution through a segmented investment approach
- Regionalization of Technology, Operations and Systems

Ensure business **sustainability**



- Customer satisfaction increase
- Partnership with Latin America
- Talent management

3 Mobile: over 50 million additional Telefónica mobile customers



Mobile penetration	Dec-06	Dec-10E	Population 2010E ²
Brazil	55%	~80%	~198 m
Mexico	53%	~80%	~113 m
Argentina	78%	~97%	~41 m
Chile	82%	~97%	~17 m
Peru	32%	~71%	~29 m
Colombia	67%	~91%	~44 m
Venezuela	69%	~90%	~29 m
Total Latam	56%	~83%	~519 m

Latin American Expected evolution similar as other countries in the last 4 years (from 2002 to 2006)³

	From	To
Chile	41%	78%
Argentina	18%	78%
Hungary	49%	92%
Czech Republic	43%	106%
France	65%	82%



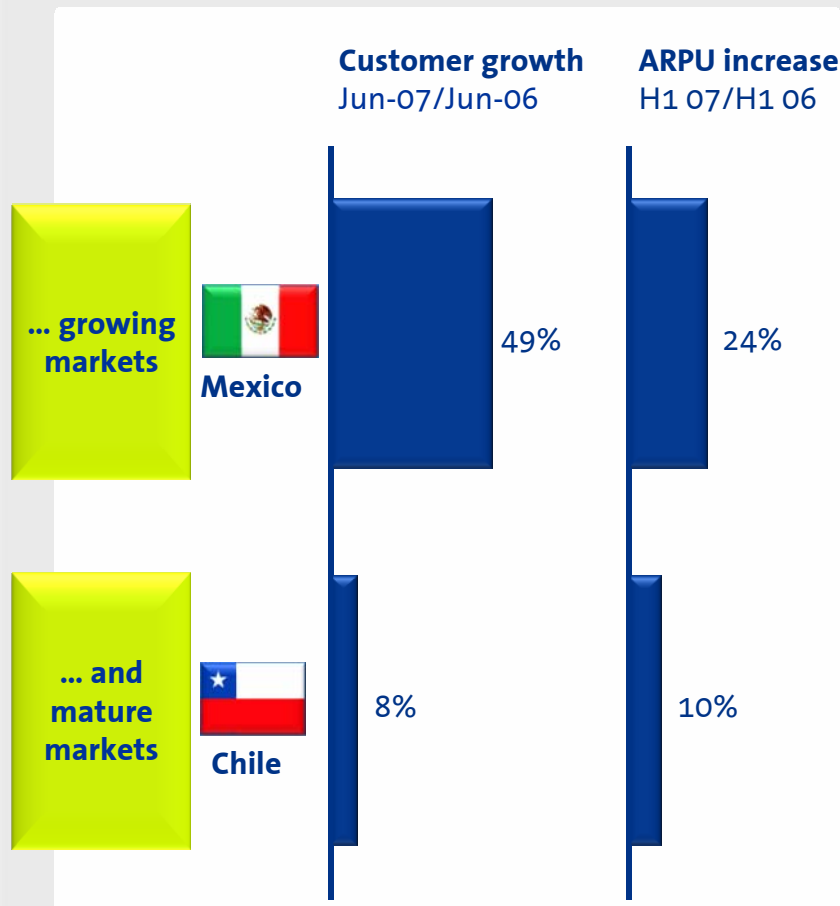
Source;
 1 Telefonica estimates
 2 United Nations World population prospects – Latin America and the Caribbean
 3 Euromonitor and Global Insight

* Including Telemig acquisition

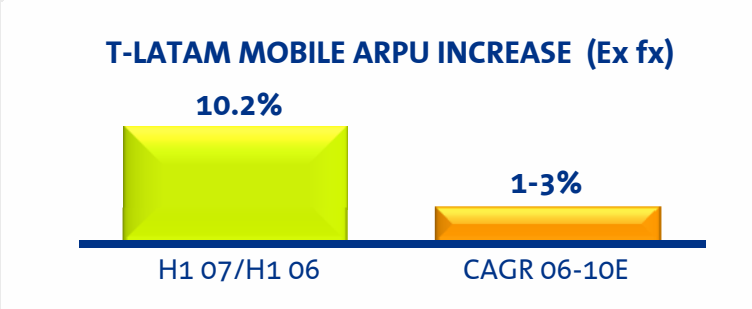
3 Mobile: drive ARPU based on stimulation of consumption



We are successfully stimulating ARPU, both in ...



* Source: Pyramid, June 2007



Already a growth path ...

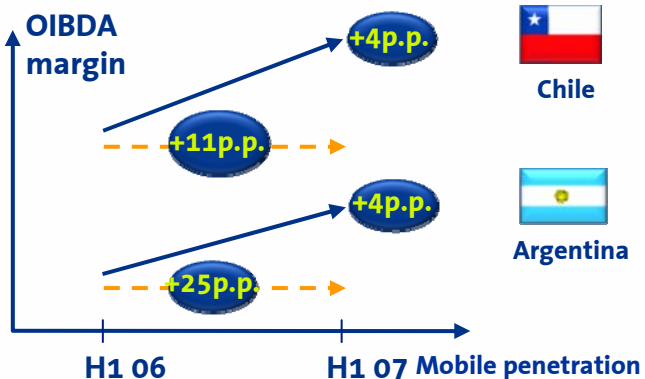
... with room for further improvement

<p>Price elasticity approach</p>	<p>MoU increased 18% in T-Latam last year</p>	<p>Latam MoU is 74% of Western European's MoU *</p>
<p>Stimulating data services</p>	<p>Data ARPU increased 22% in T-Latam last year</p>	<p>Western European's Data ARPU is 4 times Latam's Data ARPU *</p>
<p>Prepaid contract migration & segmented offer</p>	<p>82% prepaid mobile accesses in T-Latam</p>	<p>Western Europe's postpaid mobile accesses are almost 45% *</p>

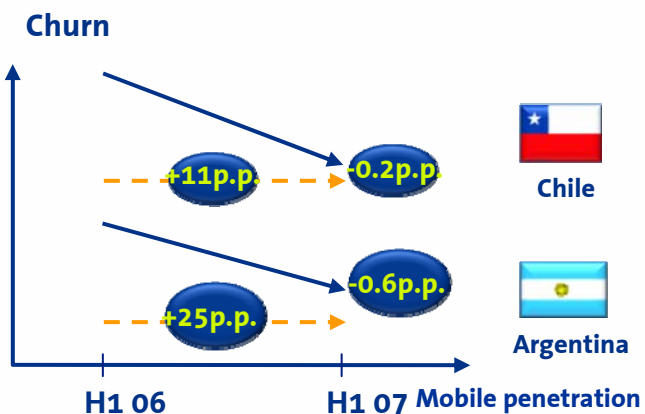
3 Mobile: growing, maintaining commercial expenditure and leveraging higher scale



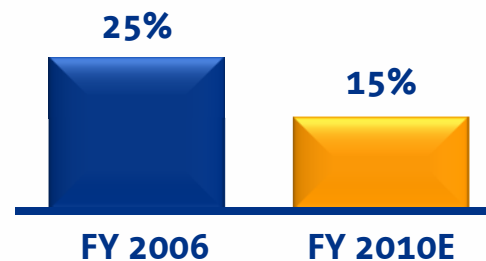
Margin improvement



Churn reduction



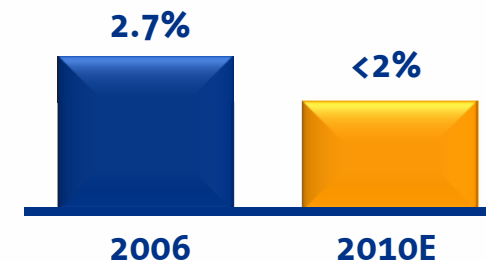
Total Commercial cost over revenues *



Already captured synergies in Q1 07 in marketing and sponsorships

Higher bargaining power in handsets purchasing

Churn



Loyalty programs

* Mobile commercial costs (SAC + SRC + Loyalty programs + advertising + logistics + call center + commercial network) over mobile service revenues

3 Fixed: over 4 million additional Telefónica BB clients



Growth

BB Penetration ¹	Dec-06	Dec-10E	Households 2010E ²
Brazil (SP)	15%	~27%	~15 m
Argentina	15%	~37%	~11 m
Chile	23%	~38%	~5 m
Peru	7%	~13%	~7 m
Colombia	6%	~17%	~12 m
Total	10%	~23%	~140 m

Latin American Expected evolution similar as other countries in the last 4 years (from 2002 to 2006) ³

	From	To
Chile	5%	23%
Argentina	1%	15%
Mexico	5%	20%
Poland	1%	20%
Czech Republic	1%	34%



Source;

1 Telefonica estimates

2 United Nations World population prospects – Latin America and the Caribbean

3 Euromonitor and Global Insight

3 Fixed residential: accelerating the transformation of the fixed business based on a segmented value proposition



3 Fixed residential: broad adoption of bundled offers

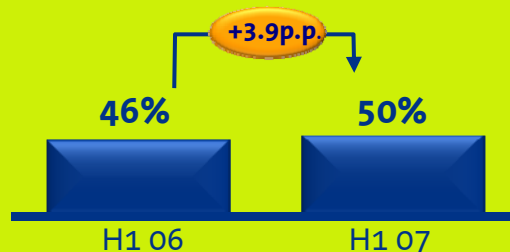


Growth

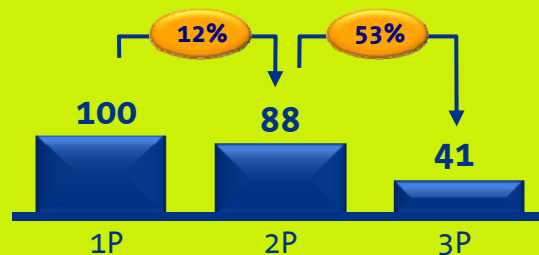
Bundle strategy is delivering strong results

Chile example: impact of bundled offers

Broadband market share



Churn reduction Index 100



Objectives going forward

- 85-90% will have bundled services in 2010
 - 40-45% of 2010 customers will have “dúos” or “tríos”
 - More than 2.0 million additional TV customers
 - Fixed access lines erosion will be contained
-
- Terra will continue to grow at above 6%* (capture 25% of on-line ad share)
 - 33 million unique visitors per month
 - Terra TV
 - Communities

terra



* constant exchange rates as of 2006

3 Fixed SMEs: broadband and workstations bundles



Growth

Integrated Solutions for SME's

Voice, DSL and
Data Access



PC

LAN

Other services
(e.g. payments)



Maintenance



- Full service integration: fixed, mobile, broadband, PC
- Complete set of traffic bundles (F, M, LD, FM..)
- Equipment plus maintenance
- Regional replication of successful products: Speedy Duo, Speedy business portfolio
- New business opportunities:
 - 'Puesto Trabajo Informatico' (workstation)
 - 'Kit Automación Comercial'
 - Traditional and advanced voice bundling

More than
1 million
additional SMEs
in the region*

>300,000
workstation
accesses¹

>70% SMEs BB
market share¹

76% of T-Latam's
revenues from
new business
opportunities¹

* Source: Pyramid
¹ 2010E

3 Fixed Corporates: a winning global offer with integrated solutions



Examples

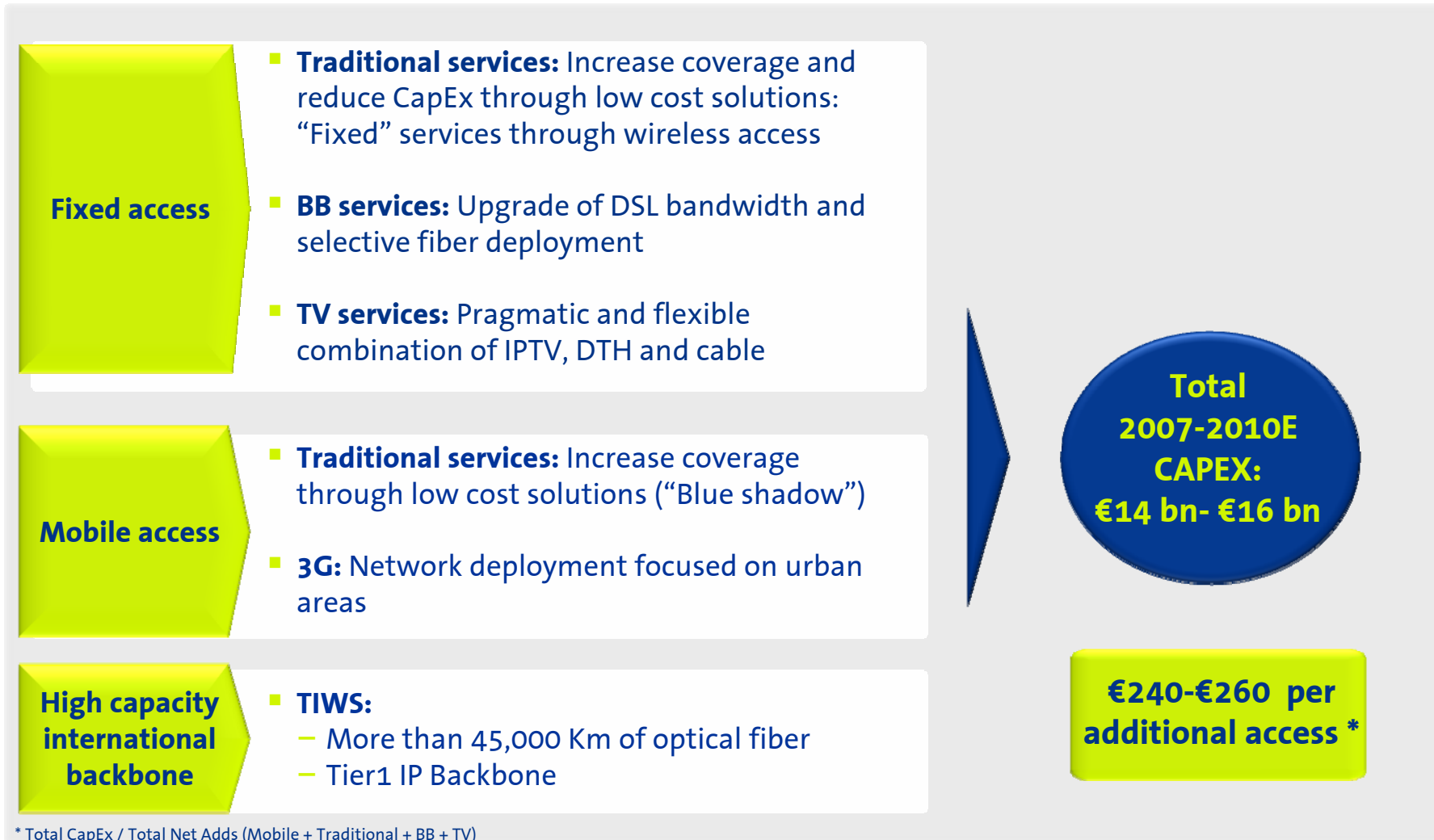
INTEGRATED AND REGIONALLY REPLICATED SOLUTIONS		Data T-Latam Revenues CAGR 06-10E +7% *
COMPLETE OFFER OF COMMUNICATION AND ITC SERVICES		IT T-Latam Revenues CAGR 06-10E +23% *
GLOBAL PRESENCE		Leveraging TIWS capabilities and assets
SPECIALIZED PROFESSIONAL TEAM	<ul style="list-style-type: none"> ■ Global account manager, design engineers, service managers ■ Regional P&S portfolio ■ International/regional network, centrally managed 	

* constant exchange rates as of 2006

3 Segmented network transformation will support growth



Scale



3 Leveraging integrated delivery and regional scale



Scale



- Single fixed network operating regional center in Sao Paulo
- Single commercial system (ATIS)
- Completed GSM network deployment
- 20% reduction in data centers costs
- Regional competence centers for new P&S
- Homogeneous P&S development process (e.g. launching TV offer in Chile, Colombia, Brazil in less than 6 months)

- Incorporate mobile networks into regional center
- Integration of fixed and mobile networks
- Reduce the number of data centers (from 44 to 2/3)
- Single provisioning and dispatching system
- Single pre-paid platform



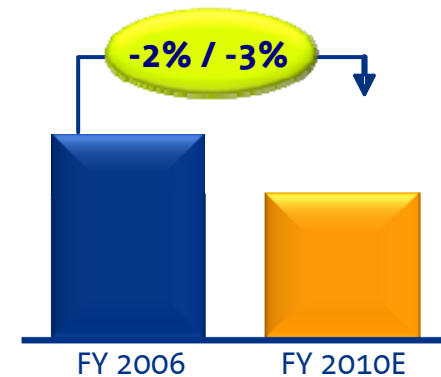
Over €420 million of OpCF synergies in H1 07

- Captured synergies in:**
- Sales channels integration
 - Branding and commercial campaigns regionalization
 - Shared service platforms
 - Regional Handsets and SIMs purchases

**CAGR 06-10E
Non Commercial OpEx /Accesses evolution***

• Non Commercial OpEx: Technology + Operations + Systems

Accesses: Traditional + Broadband + TV + Mobile



3 Beyond performance: building a healthy company

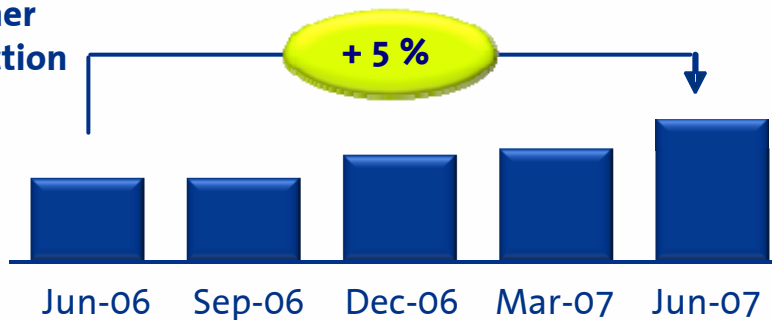


Sustainability

COMMITTED
TO OUR
CLIENTS



Customer
satisfaction
Index



BEST PLACE
TO WORK IN THE LATIN
AMERICAN
TELECOM INDUSTRY

DEVELOPING
OUR TALENT



- 33% of T-Latam top executives have international working experience

Employees satisfaction index

Index change 2007E vs 2006



BEST PLACE
TO WORK IN THE LATIN
AMERICAN
TELECOM INDUSTRY

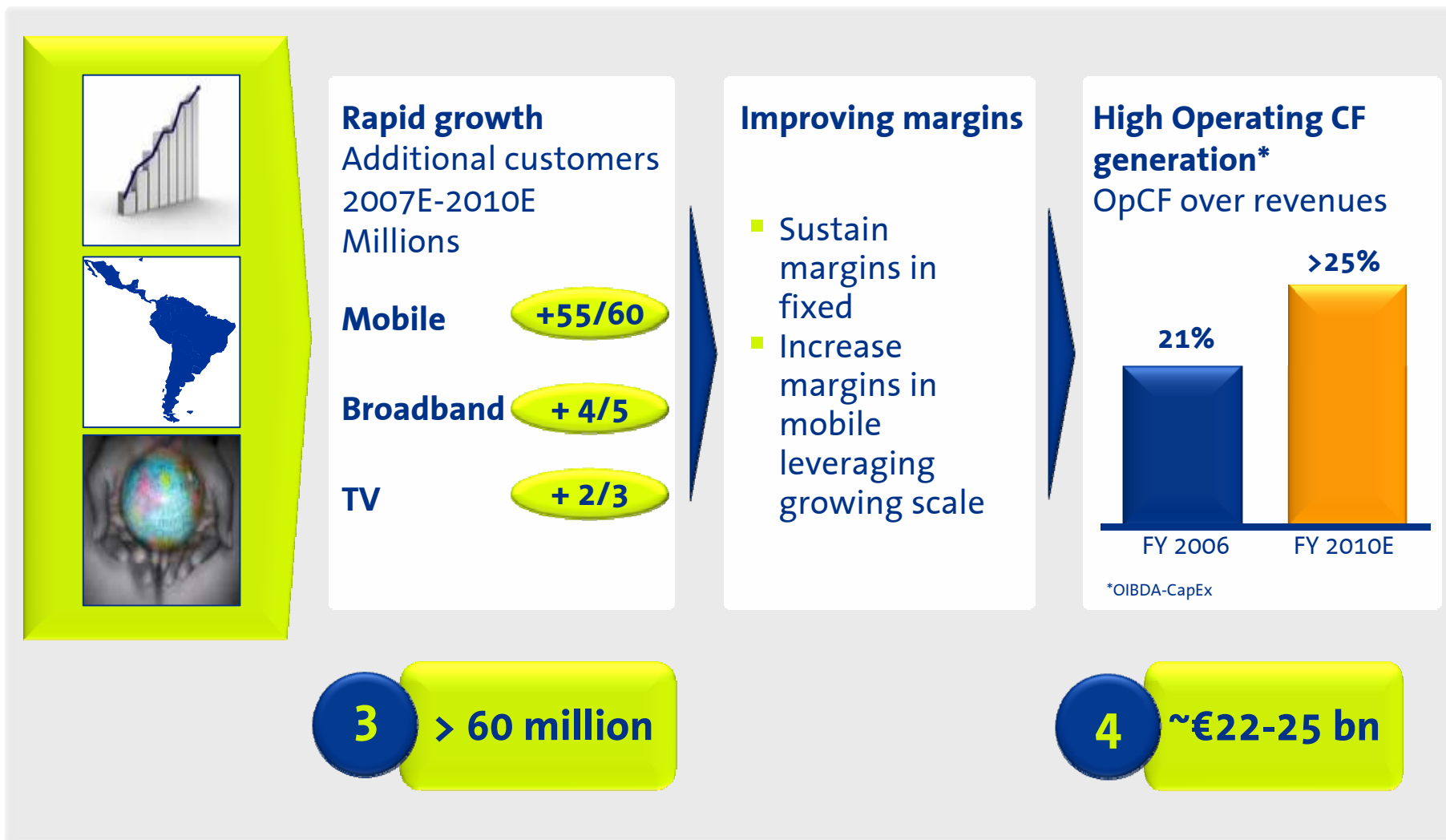
COMMITTED
TO OUR
SOCIETY



- More than **80%** of our **suppliers are local**
- The social initiatives in the region have contributed to the inclusion of Telefonica in the **Dow Jones Sustainability Index**
- Our social program is increasingly relevant (e.g. **Proniño** will count with **50,000 children** at the end of 2007E)

STRATEGICALLY

3 As a result, sound growth and cash generation platform



T-Latam: Growth on Growth

- 1 What we have accomplished: continuous growth and leadership
- 2 Latin America: much more than you imagine
- 3 The new T-Latam: uniquely positioned for further growth
- 4 **Walking the talk**
- 5 Our commitments

4 Brazil - Mobile: reinforcing leadership (1/2)



Current situation

Current situation: Mobile

- Revenues 2006: €2.0 bn
- OIBDA 2006: €0.4 bn
- OIBDA Margin 2006: 21.9%
- Customer base 2006 and market share:
 - Mobile: 29.1 million (29%)

Future opportunities

- GDP growth CAGR 06-10E: 4.2%

- Mobile penetration

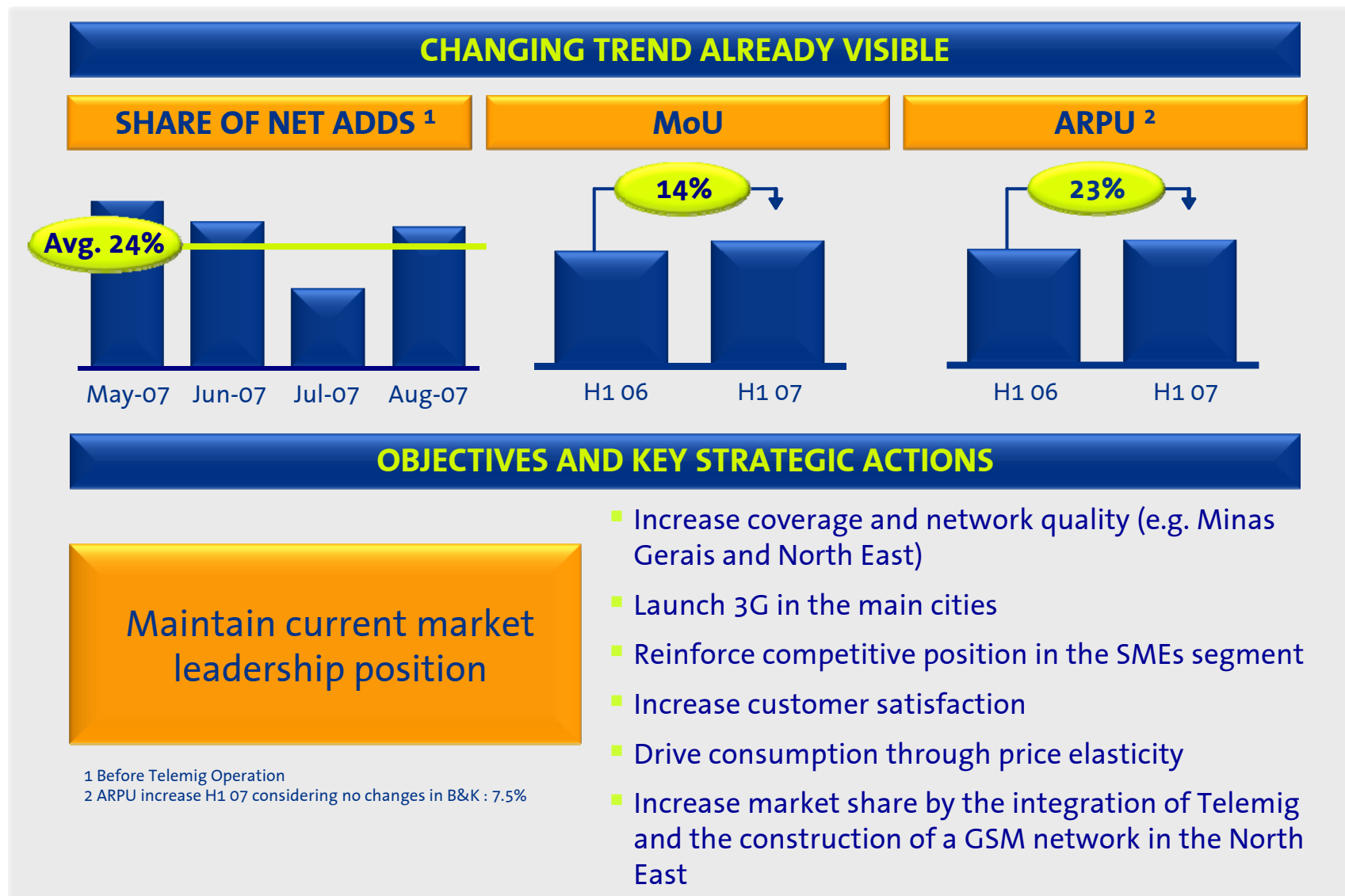
	2006	→	2010E
	55%		~80%

• Source: Anatel, July 2007
GDP: Consensus Forecast

Strong fundamentals

- Best brand perception
- #1 in network quality in Sao Paulo *
- Largest commercial network
- GSM migration proceeding very well (>20% accesses already migrated)
- Improved competitive position after acquisition of Telemig and 6 GSM licenses in the Northeast of Brazil (roaming, coverage)

4 Brazil - Mobile: reinforcing leadership (2/2)



4 Brazil - Fixed: develop a bundling strategy (1/2)



Current situation

Current situation: Fixed

- Revenues 2006: €5.6bn
- OIBDA 2006: €2.6bn
- OIBDA Margin 2006: 47.3 %
- Customer base 2006 and market share:
 - Fixed: 12.1 million (95.3%)
 - BB: 1.6 million (70%*)

Future opportunities

- GDP growth CAGR 06-10E: 4.2%

- BB penetration

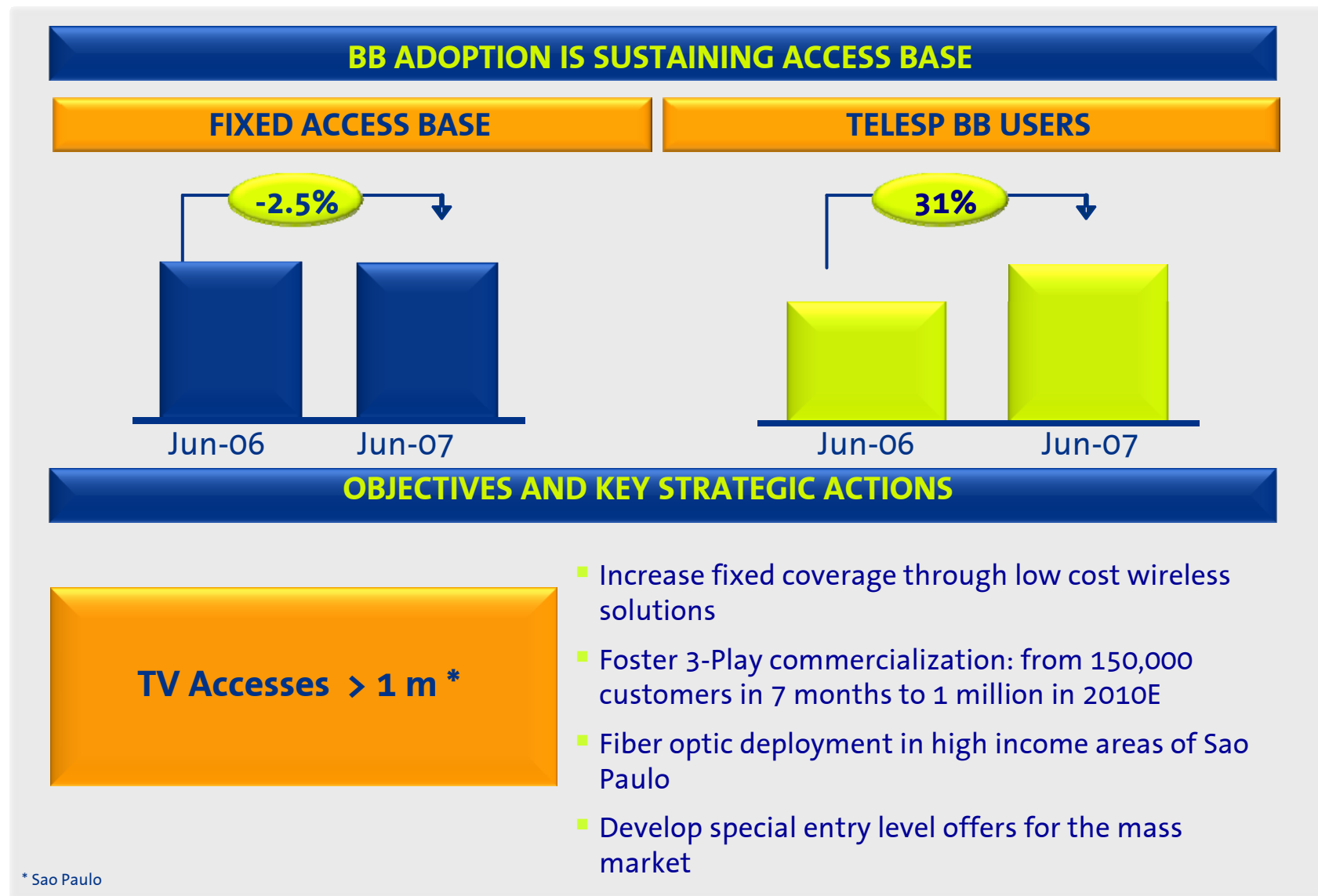
2006	→	2010E
15%		~27%

• Sao Paulo
• GDP: Consensus Forecast

Strong fundamentals

- **Broadband market leadership: Market share ~70% ***
- **Compelling 2P/3P offer**
 - Content agreement with GLOBO and TVA
 - Selective deployment of Fiber Optic to serve premium customers

4 Brazil - Fixed: develop a bundling strategy (2/2)



4 Mexico: gaining share in a high growth market (1/2)



Current situation

Current situation

- Revenues 2006: €1.0bn
- OIBDA 2006: €-0.0bn
- OIBDA Margin 2006: -1.1%
- Customer base and market share 2006:
 - Mobile: 8.6 million (15%)

Future opportunities

- GDP growth CAGR 06-10E: 3.7%

- Mobile penetration

	2006	→	2010E
	53%		~80%

GDP: Consensus Forecast

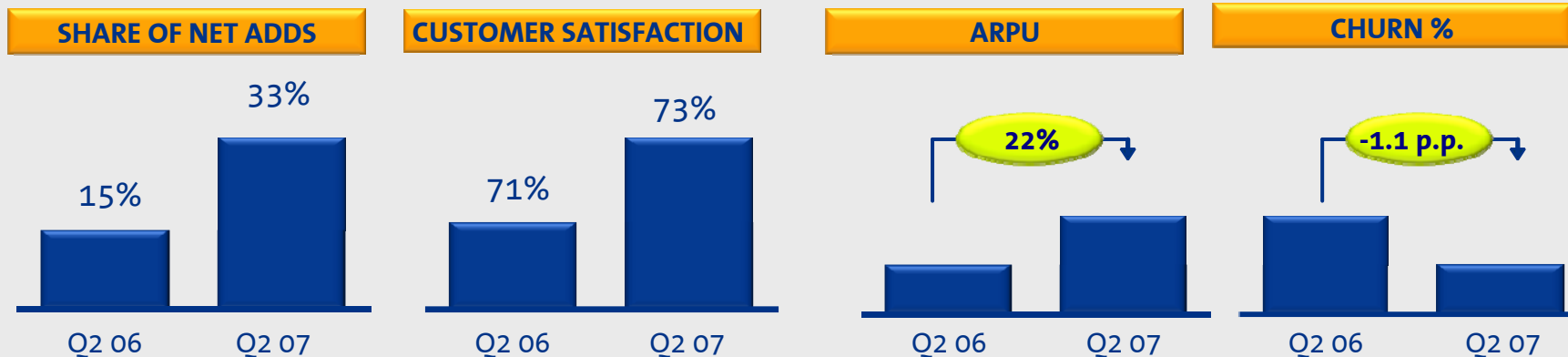
Strong fundamentals

- **GSM network quality improvement**
- **Shared technological infrastructures with Central America**
- **Increased quality of dealers and number of POS**
- **Successful stimulation of price elasticity**
- **Improved customer satisfaction (“Alfombra Roja” campaign)**

4 Mexico: A strong momentum (2/2)

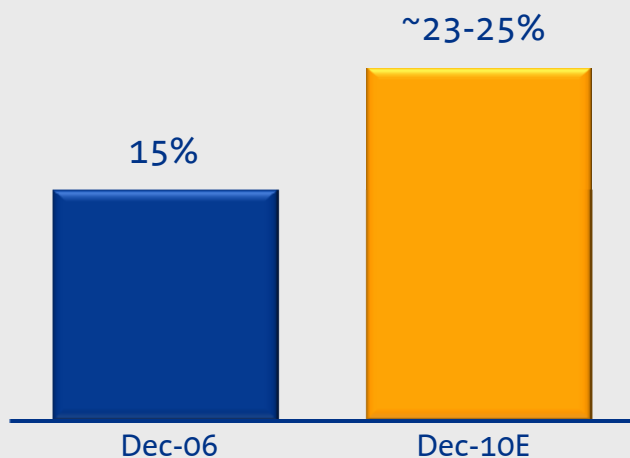


CHANGING TREND ALREADY VISIBLE



OBJECTIVES AND KEY STRATEGIC ACTIONS

Market share %



- Continue with price elasticity approach
- Target aggressively post-paid segment
- Develop mobile applications for SME's (e.g. email, connectivity)
- Integrated solutions (fixed, mobile, IT) for Corporate segment
- Deployment of 3G network
- Enhance coverage of GSM network
- Continue improving operating margins and retaining high value clients

4 Central America



Current situation

Current situation

- Revenues 2006: €0.6bn
- OIBDA 2006: €0.2bn
- OIBDA Margin 2006: 36.8%
- Customer base 2006 and market share:
 - Mobile: 3.8 million (30.0%)

Future opportunities

- | | 2006 | → | 2010E |
|--------------------------------|------|---|-------|
| ▪ Mobile penetration | 44% | | ~75% |
| ▪ GDP growth CAGR 06-10E: 5.1% | | | |

GDP: Consensus Forecast

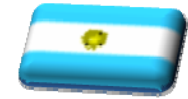
Key strategic actions

- Create a distinctive and segmented offer through exclusive handsets and new VAS
- Drive data service use (eg. SMS, mobile email)
- Develop a convergent offer on a mobile infrastructure (Home-zone, office-zone)
- Be the leading provider of integrated telecommunication services for SME's and Large Corporates

Mexico & Central America 2010E

Accesses: ~ 30 m

4 Argentina: maximize mobile growth and strengthen BB leadership



Current situation	Key strategic actions												
<p>Current situation</p> <ul style="list-style-type: none"> Revenues 2006: €2.2bn OIBDA 2006: €0.8bn OIBDA Margin 2006: 35.1% Customer base and market share : <ul style="list-style-type: none"> Fixed: 4.6 million (49%) BB: 0.5 million (33%) Mobile: 11.2 million (36%) 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="background-color: #90EE90; padding: 10px; margin-bottom: 10px;">Mobile</div> <div style="background-color: #90EE90; padding: 10px; margin-bottom: 10px;">Fixed</div> </div> <ul style="list-style-type: none"> Maintain market leadership Reinforce position in the north Migration to post paid Launch loyalty programs Foster adoption of attractive on-net tariffs Drive data service usage (e.g. SMS, mobile email) Launch of 3G in main cities Improve margins Achieve F-M synergies Increase ADSL coverage Voice up selling (flat tariffs) Launch 2P offers to increase customer loyalty 												
<p>Future opportunities</p> <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: center;">2006</th> <th style="text-align: center;">→</th> <th style="text-align: center;">2010E</th> </tr> </thead> <tbody> <tr> <td>Mobile penetration</td> <td style="text-align: center;">78 %</td> <td></td> <td style="text-align: center;">~97 %</td> </tr> <tr> <td>BB penetration</td> <td style="text-align: center;">15 %</td> <td></td> <td style="text-align: center;">~37 %</td> </tr> </tbody> </table> <ul style="list-style-type: none"> GDP growth CAGR 06-10E: 5.4% <p><small>GDP: Consensus Forecast</small></p>		2006	→	2010E	Mobile penetration	78 %		~97 %	BB penetration	15 %		~37 %	<div style="border: 2px solid blue; border-radius: 50%; padding: 10px; background-color: #003366; color: yellow; text-align: center; width: fit-content; margin-left: auto;"> <p>500,000 customers joined the flat fee voice offer this year</p> </div>
	2006	→	2010E										
Mobile penetration	78 %		~97 %										
BB penetration	15 %		~37 %										

4 Chile: winning offer with our bundled strategy



Current situation	Key strategic actions												
<p>Current situation</p> <ul style="list-style-type: none"> Revenues 2006: €1.7bn OIBDA 2006: €0.7bn OIBDA Margin 2006: 41.7% Customer base 2006 and market share: <ul style="list-style-type: none"> Fixed: 2.2 million (66%) BB: 0.5 million (49%) Mobile: 5.7 million (44%) 	<p>Mobile</p> <ul style="list-style-type: none"> Improve margins Continue with post-paid migrations Drive data service usage (e.g. SMS) Launch of 3G with focus on premium clients Ensure leadership 												
<p>Future opportunities</p> <table border="1"> <thead> <tr> <th></th> <th>2006</th> <th>→</th> <th>2010E</th> </tr> </thead> <tbody> <tr> <td>Mobile penetration</td> <td>82 %</td> <td></td> <td>~97 %</td> </tr> <tr> <td>BB penetration</td> <td>23 %</td> <td></td> <td>~38 %</td> </tr> </tbody> </table> <ul style="list-style-type: none"> GDP growth CAGR 06-10E: 5.1% 		2006	→	2010E	Mobile penetration	82 %		~97 %	BB penetration	23 %		~38 %	<p>Fixed</p> <ul style="list-style-type: none"> Target medium ADSL market with plug&play and entry-level bandwidth solutions Foster adoption of bundled offers
	2006	→	2010E										
Mobile penetration	82 %		~97 %										
BB penetration	23 %		~38 %										

More than 600,000 customers with 2P/3P

More than 200,000 PayTV customers in 8 months (15% market share)

GDP: Consensus Forecast

4 Colombia: Regain mobile market share and accelerate broadband



Current situation

Current situation

- Revenues 2006: €1.2bn
- OIBDA 2006: €0.3bn
- OIBDA Margin 2006: 27.7%
- Customer base 2006 and market share:
 - Fixed: 2.4 million (30%)
 - BB: 0.07 million (0%)
 - Mobile: 7.8 million (28%)

Future opportunities

	2006	→	2010E
Mobile penetration	67%		~91%
BB penetration	6%		~17%
GDP growth CAGR 06-10E:	5.0%		

GDP: Consensus Forecast

Key strategic actions

Mobile

- Foster adoption of attractive on-net tariffs
- Drive data service use (eg. SMS, mobile email)
- Drive migration to GSM
- Focus in high value clients
- Enhance commercial network
- Improve customer retention
- Achieve synergies with Telecom (commercial network, corporates)

Fixed

- Foster corporate market
- Reach over 90% BB coverage in Bogota
- Market leader in net adds for Colombia broadband

US\$100 m lingering in the pipeline for Corporates

More than 40,000 Pay TV customers in 4 months

4 Peru: consolidation of leadership



Current situation	Key strategic actions												
<p>Current situation</p> <ul style="list-style-type: none"> Revenues 2006: €1.4bn OIBDA 2006: €0.6bn OIBDA Margin 2006: 40.6% Customer base 2006 and market share: <ul style="list-style-type: none"> Fixed: 2.5 million (96%) BB: 0.5 million (96%) Mobile: 5.1 million (58%) 	<p>Mobile</p> <ul style="list-style-type: none"> Foster adoption of attractive price elasticity approach Drive data service usage (eg. SMS, mobile email) Launch loyalty program Capture market growth and maintain revenues market share Increase network capacity Improve customer retention 												
<p>Future opportunities</p> <table border="1"> <thead> <tr> <th></th> <th>2006</th> <th>→</th> <th>2010E</th> </tr> </thead> <tbody> <tr> <td>Mobile penetration</td> <td>32%</td> <td></td> <td>~71%</td> </tr> <tr> <td>BB penetration</td> <td>7%</td> <td></td> <td>~13%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> GDP growth CAGR 06-10E: 5.9% 		2006	→	2010E	Mobile penetration	32%		~71%	BB penetration	7%		~13%	<p>Fixed</p> <ul style="list-style-type: none"> Launch of low entry level BB offers (eg: prepaid) Increase market penetration in TV focusing in middle/low segments with a DTH-based offer New low cost voice services based on wireless solutions
	2006	→	2010E										
Mobile penetration	32%		~71%										
BB penetration	7%		~13%										

500,000 additional fixed accesses in 2010E

GDP: Consensus Forecast

4 Venezuela: Sustain cash flow generation



Current situation

Current situation

- Revenues 2006: €2.0bn
- OIBDA 2006: €0.8bn
- OIBDA Margin 2006: 39.9%
- Customer base 2006 and market share:
 - Mobile: 8.8 million (43.4%)

Future opportunities

- Mobile penetration

2006	→	2010E
69%		~90%
- GDP growth CAGR 06-10E: 3.0%

GDP: Consensus Forecast

Key strategic actions

- Focus on maintaining margins
- Improve customer retention
- UMTS/HSPA-based BB solutions
- Drive new GSM applications for SMEs
- Launch F-M solutions for SMEs and develop a commercial network focus on this segment
- Target high value and corporate clients

T-Latam: Growth on Growth

- 1 What we have accomplished: continuous growth and leadership
- 2 Latin America: much more than you imagine
- 3 The new T-Latam: uniquely positioned for further growth
- 4 Walking the talk

5 **Our commitments**

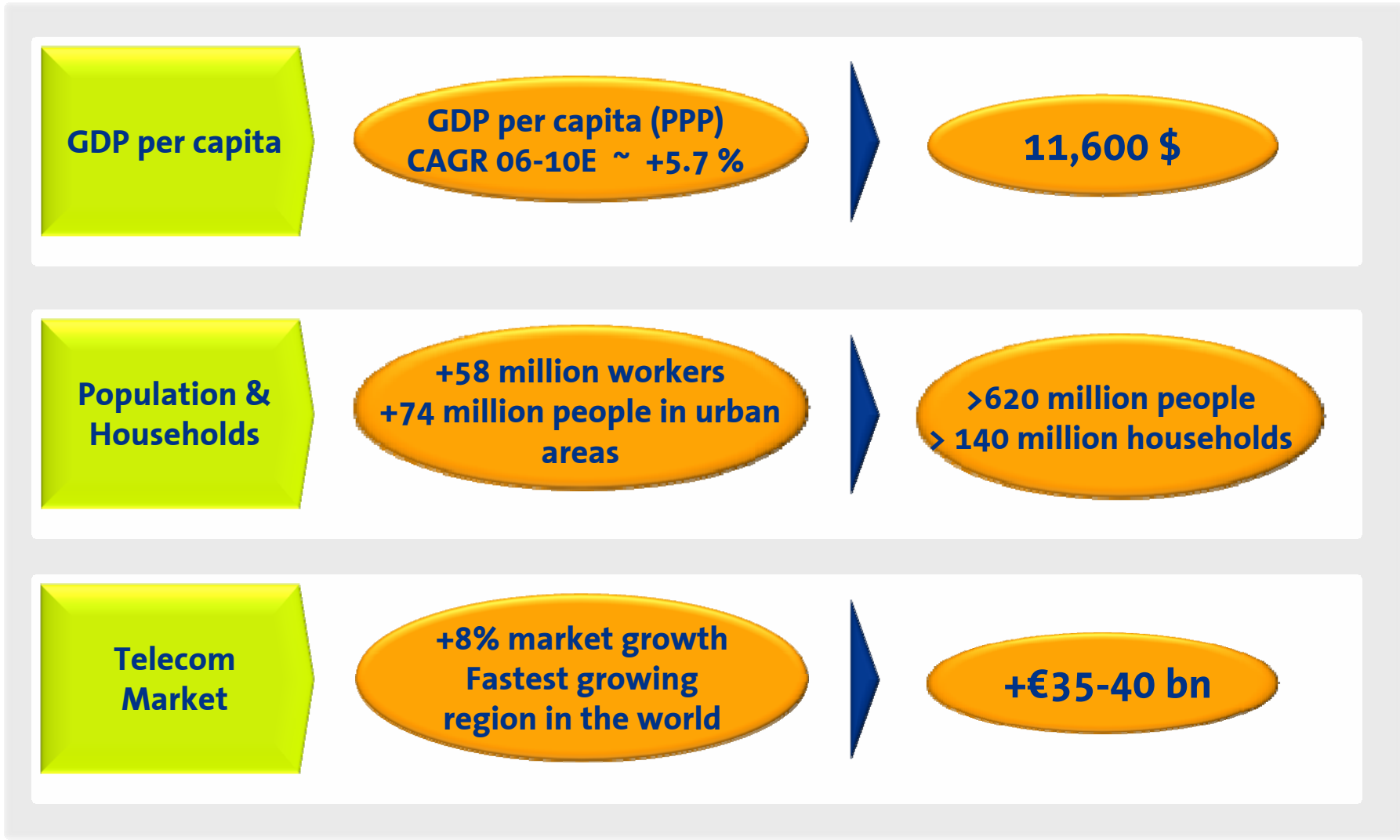
5 Guidance

(€ in millions)

	TELEFONICA LATINOAMÉRICA		
	FY2006 ⁽¹⁾	FY2006 (Adj.) ⁽²⁾	CAGR 06-10E ⁽³⁾
REVENUES	18,089	18,089	10 – 13 %
OIBDA	6,571	6,607	12 – 17 %
CAPEX	2,811	2,811	14,000 – 16,000 Cum (07E-10E)

- 1) Base 2006 reported numbers include eight months of Telefónica Telecom (consolidated since May 2006)
- 2) In terms of guidance calculation, OIBDA excludes other exceptional revenues/expenses not foreseeable in 2007E-2010E. For comparison purposes the equivalent other exceptional revenues/expenses registered in 2006 are also deducted from reported figures
- 3) CAGR 06-10E guidance assumes constant exchange rates as of 2006 and excludes changes in consolidation, other than Telemig acquisition (50% through TEF stake in Vivo) and TVA.

5 In summary, a new Latin-America by 2010 ...



5 .. and a new Telefónica Latin-America

Accesses

$\times 1.5/1.6$

> 170 million

Revenues

$\times 1.5/1.6$

€26-29bn

OIBDA

$\times 1.6/1.9$

€10-12bn

OpCF

$\times 1.8/2.2$

$> €7$ bn

Telefonica
