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# Outperforming growth with higher efficiency will lead us to a superior cash flow generation

### **Outperforming** revenue growth

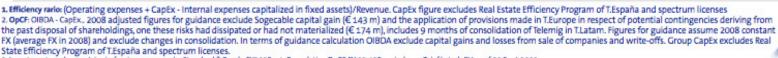
- Non-replicable Latam growing portfolio
- Market share gains in T.Europe
- Ready to capture cyclical recovery in Spain

# **Best-in-class** efficiency

- Execution skills & proven track record
- Scale benefits
- 71.5% efficiency ratio¹ by 2012E

### **Superior CF** generation

- >€ 64 bn OpCF<sup>2</sup> cumulative FY 2009-2012E
- 85% OpCF<sup>2,3</sup> from investment grade countries







## Telefónica: A profitable, stable and lower risk invesment case

>€ 40 bn cumulative FCF¹ FY2009 - 2012E Shareholder oriented mindset



Strong capital discipline

Unbeaten & visible returns

- •€ 1.40<sup>2</sup> DPS in FY 2010E
- •€ 1.75<sup>2,3</sup> DPS minimum target for FY 2012E
- Financial flexibility

Sector outperformance in the past 5 years: X44



<sup>1.</sup>FCF available to remunerate Telefónica's shareholders, to protect solvency levels (financial debt and commitments), and to accommodate strategic flexibility. Figures assuming 2008 constant exchange rates (average exchange rates in 2008) and excluding changes in consolidation

<sup>2.</sup> It is Company's intention to maintain its current practice so that dividends will be payable in two tranches

<sup>3.</sup> Targeted under current guidance hypothesis

<sup>4.</sup> Telefónica share price vs DJ Telco performance from 30/09/04 to 30/09/09

# Telefonica