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TELEFONICA S A
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This presentation may contain non-GAAP financial measures. Reconciliations of such non-GAAP measures to the closest GAAP measures are contained in Telefónica S.A.'s Annual Report on Form 20-F for the year ended December 31, 2008 and Telefónica S.A.'s interim consolidated financial information included on Form 6-K for the first quarter of 2009 filed with the SEC on June 17, 2009. TELEFONICA S.A. 3

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1 Telefónica a reference in the industry Market Cap Clients 3# Mill. USD 5# Mar. 09 Millions
As of end of may 09 1. China Mobile 201,295 China Mobile 1. 477.2 2. AT&T146,261VOD 2.307.2 3.
Telefonica 101,106 China Telecom 3. 283.6 4. Vodafone 98,355 China Unicom 4. 279.5 5.
Verizon83,115TEF 5. 261.4 8. France Telecom 63,684 DT 7. 215.2 10. Deutsche Telekom 49,939 FT 8.
183.5 Source: Bloomberg Source: Company data Fiscal Year 2008(*) Mill. USD 14,769 Net Income
3# 11,702 10,103 5,846 5,415 4,929 2,946 1,974 1. China 2. AT&T 3. TEF 4. Verizon 5. FT 7. VOD 12.
TI 20. DT Mobile Source: Bloomberg (*) Vodafone 9months, Mar.08 Dec.08 TELEFONICA S.A. 5

1 ... with global reach and multiservice operator ... Customer share #1 or #2 position in most markets
where we operate market position (Mar-09) WIRELESS X WIRELINE X 1 4 2 1 2 2 3 1 1 3 3 2 2 1 2 2 2
1 1 2 1 1 1 1 1 1 2 93% of revenues generated in markets where we hold #1 or #2 position Note: Most
relevant minority financial stakes are China Netcom (5%), Portugal Telecom (10%) and Telecom Italia
(10%) TELEFONICA S.A. 6

1 ... characterized by a strategically diversified asset portfolio, execution skills and integrated management model Telefónica is a ... 23bn OIBDA 58bn Revenue 15bn OpCF company... (39,6% margin) ... with more than 250m clients across the Globe ... Telefónica Group Accesses Millions Europe: 261.4 198.2 Y-o-y growth 46.7m 42.4 +11.9% +15.4% Spain: 12.8 2.3 -2.4% Latam: 47.2m +17.5% +24.8% 159m Total Mobile BB fixed Pay TV Fixed ...benefiting from the value of being diversified Q1 09 Revenue Q1 09 OIBDA Others & eliminations T. Europe 1% T. España T. Europe T. España 24% 16% 36% 45% 39% 39% T. Latam T. Latam TELEFONICA S.A. 7

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GROUP FINANCIALS 2 Solid Q1 09 Group performance leveraging diversified portfolio ... in millions
Jan-Mar Change Change organic⁽¹⁾ 2009 Q1 09/Q1 08 Q1 09/Q1 08 Revenues 13,703 -1.4% +2.8%
Operating Income before D&A 5,354 -0.4% +2.5% (OIBDA) OIBDA Margin 39.1% +0.4 p.p. -0.1 p.p.
Operating Income 3,190 +2.9% +3.9% (OI) 84% of OpCF Net income 1,690+9.8% stemming from
Investment OpCF (OIBDA-CapEx)4,154+2.4% +4.5% Grade countries 9 Negative impacts in nominal
growth rates due to FX, deducting: Revenues: -4.7 p.p. OIBDA: -3.3 p.p. OI: -1.3 p.p. (1) Organic
growth: Assumes constant exchange rates and includes the consolidation of Telemig in
January-March 2008 for comparison purposes because Telemig was first included in the Telefónica
Group s consolidation perimeter in April 2008 . TELEFONICA S.A. 9

2 ...outperforming our main European peer group in size and operationally Q1 2009

Business	Clients and	OIBDA margin figures # 1/2 Mkt. Cap # 1 # 1 2 # 1# 1#	in
millions	Revenues	In millions	Clients % Margin
13.703	189 33,9%	12.685 184 31,1%	1 # 1# 2 3
Cap ¹	5.354 71.610	4.942 45.105	4.300 35.370

Source: Companies 2009 Q1 Results (Press Release)
 Growth figures Q1 2009 vs. Q1 2008 1. As of May 29th closing TELEFONICA S.A. 10

2 T.España: Successfully managing OpEx and CapEx to improve OpCF WIRELINE WIRELESS
 Revenues & 0.3% Q1 09 Q1 09 Q1 09 9Focus on OpCF across OpCF Q1 09 -0.1% businesses without
 (comparable ⁽¹⁾ -3.0% jeopardizing revenue share y-o-y change) -7.3% leadership Service
 Revenues OpCF OpCF Revenues 9 Limiting top line pressure with 47.9% 47.4% efficiency
 gains and CapEx 43.4% 44.6% OIBDA and discipline -0.4p.p. OIBDA margin Q1 09 Q1 09
 +1.2p.p. Sustaining solid margins: flat in (comparable ⁽¹⁾ Q1 08 Q1 09 Q1 08 Q1 09 wireline, while
 expanding in -3.8% y-o-y change) wireless -6.9% OIBDA OIBDA / Revenues OIBDA OIBDA /
 Revenues CapEx adapted to current trading environment T.ESPAÑA -2.1p.p. CapEx and 9.0% T.
 España OpCF: 2,068m; 6.9% CapEx over Q1 09 +0.2%⁽²⁾ y-o-y revenues; Q1 08 Q1 09
 (comparable⁽¹⁾) -28.0% CapEx CapEx / Revenues (1) Excludes impact on revenues (Wireline:
 75.3 m) and OIBDA (Wireline: 45.6 m; Wireless: -23.9 m) of Universal Service Obligation 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). TELEFONICA S.A. 11

2 T.Latam: sustained strong results combining growth & enhanced efficiency +8.7% 3.8 p.p 0.1 p.p Revenue 9Healthy customer growth across growth +4.8% 0.8 p.p 1.8 p.p businesses: total accesses up 12.6%⁽⁴⁾ y-(Q1 09 y-o-y 2.2 p.p o-y driven by mobile (+15.8%⁽⁴⁾) and BB change) (+18.6%) terms Organic ⁽¹⁾ Arg. Brazil PeruVen. Others⁽²⁾ 9Strong y-o-y organic revenue growth +13.9% 6.8 p.p 0.5 p.p driven by robust mobile and Internet & OIBDA +10.9% TV revenue growth growth 1.2 p.p 9OIBDA margin expansion supported by 2.4 p.p (Q1 09 y-o-y 3.0 p.p mobile business leveraging scale change) economies and lower commercial terms Organi⁽¹⁾ Arg. Mex. Peru Ven. Others⁽³⁾ activity 9Significant OIBDA margin expansion +1.7p.p. 1,606 across every mobile operation: +5.6 OIBDA & 38.5% OpCF p.p. in Argentina, +9.8 p.p. in Mexico, +0.3p.p. CapEx over (OIBDA- +14.3% +8.3 p.p. in Peru 8.8% Revenues CapEx; in millions) (Q1 09) 9Solid OpCF despite strong investments TotalTotal Q1 09 in growth platforms Organic y-o-y growth ⁽¹⁾ OIBDA / Revenues CapEx / Revenues Organic y-o-y growth ⁽¹⁾ (1) Organic growth: Assumes constant exchange rates and includes the consolidation of Telemig in January-March 2008 for comparison purposes because Telemig was first included in the Telefónica Group s consolidation perimeter in April 2008 . (2) Includes Central America, Colombia, México, Ecuador, Chile, Uruguay and Others. (3) Includes Brazil, Central America, Colombia, Ecuador, Chile, Uruguay and Others. (4) Includes Telemig from April 2008. TELEFONICA S.A. 12

2 T. Europe: Delivering on cash flow generation through a more rebalanced portfolio while maintaining momentum 9 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 Revenues & OIBDA insight: flat rates, SIM-only, Mobile BB and retention activity: (Q1 09 vs. Q1 08) Exceptional performance in mobile contract: 82% of new total accesses added in Q1 09. REVENUES OIBDA +7.0% Solid mobile BB adoption, leading to a +28.5% y-o-y growth in non P2P-SMS data revenue ⁽¹⁾ . +4.0% Continued optimizing behaviour of customers using bundles, less prepay and roaming activity. 9Ongoing efficiency programmes and improved -3.2% customer retention to deliver strong OpCF -6.6% OIBDA margin up 0.9 p.p. year-on year to reported 27.2%. term^{constant} terms Constant currency currency More streamlined commercial approach, mainly through direct channels. Improved profitability of fixed BB on increased scale. Keeping flexibility on CapEx commitments.

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3 Leverage below 2x,... Net Financial Debt/OIBDA⁽¹⁾ in billions 2.7 -15% -16% 2.3 1.9 1.9 Dec. 06 Dec.
07 Dec. 08 Mar 09 Net Financial Debt /OIBDA Net Financial Debt /OIBDA, within leverage target range
Outlook upgrade to positive by Moody's (Baa1/positive) in Q1 09, following rating upgrades in Q4 08 by
the other rating agencies (Fitch and Standard&Poors, A-/stable, JCR A/stable). Leverage ratio continues
below 2x (Net Financial Debt/OIBDA⁽¹⁾). We have further reduce our net financial debt since
March 2009 . (1) Calculated based on Q1 09 OIBDA figure annualized excluding results on the sale of
fixed assets Source: Company data TELEFONICA S.A. 15

3 compatible with robust shareholders return, ... Growing path in DPS 1.15 1.0 (in euros) Current DY⁽⁴⁾:
DIVIDENDS 0.75 7.6% 2007¹ 2008² 2009³ + SHARE Tactical Share Buybacks BUYBACKS
150 million shares bought in 2008 & Q1 09 Earning per Share Free Cash Flow (in)per Share (in)
+12.9% +56.9% 0.37 0.28 0.33 0.18 Q1 08 Q1 09 Q1 08 Q1 09 (1) Paid in H2 07 (0.35) and 0.4 paid in
H1 08.

(2) Fiscal year 2008, paid in H2 08 (0.5) and paid in H1 09 (0.5). (3) BoD approved the proposal to
increase the dividend corresponding to the 2009 fiscal year. It is the Company 's intention to maintain its
current practice to pay its dividend in two annual installments. (4) Based on Telefónica stock price as of
May 29th 2009. TELEFONICA S.A. 16

3 ... and M&A M&A to foster growth 9Brazil Interested in acquiring remaining 50% of VIVO 9China
Interested in reaching up to 10% of China Unicom 9Germany looking at Hansenet TELEFONICA S.A.
17

3 Debt profile smoothed with previous transactions Mar-09 Net Financial Debt Maturity in billions in
billions 9.1 Mar-09 7.8 6.1 5.8 >50% long-term 2010 2011 2008 Unused Free Cash credit Flow lines
Mar09 Almost 8bn refinancing YTD09 (50-50 bond-loans) reducing by almost 40% maturities in
2009-2011. Average debt life above 6 years, longer than the time expected to be needed for full
repayment TELEFONICA S.A. 18

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3 4 Proposed issue 9 Issuer: Telefónica Emisiones, S.A.U. 9 Guarantor: Telefónica, S.A. 9 Rating: A- sta
(S&P s and Fitch) Baa1 pos (Moody s) 9 Issue price: Par 9 Security type: Senior Unsecured Notes 9 Form
of issuance: US Shelf Program, expected NYSE listed
9 Tranches: Long 5y Fixed (2015) & 10y (2019) TELEFONICA S.A. 20

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5 Conclusions 9 Combining business growth and efficiency Close to 3% revenue and OIBDA organic growth⁽¹⁾ in Q1 2009 Leveraging our scale and diversification Largest European telco by market cap 9 Robust financial position coupled with strong cash flow generation Net financial debt below 2 times OIBDA. Balanced policy, with significant shareholder remuneration and room for M&A. Year to date, we have issued close to 4bn the in capital markets. 9 Prudent approach to Credit Markets as regular issuer

(1) Organic growth: Assumes constant exchange rates and includes the consolidation of Telemig in January-March 2008 for comparison purposes because Telemig was first included in the Telefónica Group s consolidation perimeter in April 2008 . TELEFONICA S.A. 22
