

TELEFONICA S A  
Form 6-K  
April 14, 2011

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**FORM 6-K**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a-16 or 15d-16**  
**of the Securities Exchange Act of 1934**  
**For the month of April, 2011**  
**Commission File Number: 001-09531**  
**Telefónica, S.A.**  
(Translation of registrant's name into English)  
**Distrito C, Ronda de la Comunicación s/n,**  
**28050 Madrid, Spain**  
**3491-482 85 48**  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:  
Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T  
Rule 101(b)(1): Yes  No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T  
Rule 101(b)(7): Yes  No

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby  
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:  
Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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Focus on profitable leadership

Guillermo Ansaldo Chairman and Chief Executive Officer, Telefónica España

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Resilience and flexibility in a difficult environment

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Since our last Investor Day, we have faced a tough market environment

y-o-y variation

Real GDP<sup>1</sup> var. y-o-y Retail service communication market revenue variation<sup>2</sup> 0.9% Difficult macro  
-0.1% conditions -4.4% -3.7% -4.0%

FY 2008 FY 2009 FY 2010

Mobile ARPM decline accelerating

Increased competitive pressure Aggressive promotions

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cross-subsidies in fixed broadband

<sup>1</sup> Source: INE <sup>2</sup> Source: CMT and internal estimates

and

FY 2008 FY 2009 FY 20

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Our performance has been affected...

Our performance has been affected...

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... though we have been resilient in core value parameters

<sup>1</sup> Retail communication (fixed & mobile) revenue market share. Source: CMT and internal estimates

<sup>2</sup> Comparable terms include Tuenti in the period Aug/Dec-09 and exclude the following effects: USO, real estate capital gains, Medi Telecom disposal capital gain, Telyco Morocco (since Jan-10), TV Tax, revision of the estimates for the personnel commitments provided for prior periods to 2009, 2010 non-recurrent restructurings costs, bad debt recovery and sale of application rights

<sup>3</sup> Operating Cash Flow after Working Capital change: Operating collections less OpEx and CapEx payments. Adjusted for intragroup fees

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Going forward, we maintain our confidence in macro recovery  
The worst is over and the Spanish economy is expected to grow  
Reforms are firmly on track  
There are some uncertainties on the timing of the recovery

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Competitive pressure is not expected to increase much further

Competitive situation

Competitors likely to focus on service as macro improves

Revenue market share<sup>1</sup> Fixed & Mobile

Telefónica España

<sup>1</sup> Retail communication (fixed & mobile) revenue market share. Source: CMT and internal estimates

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The regulatory framework is more predictable

Strict traditional business regulation \_\_\_\_\_ Critical future issues mostly defined

ULL prices: CMT has recently raised prices to 8.32 (~+7%), below European Union average (~ 9) CMT decision represents a new regulatory path for ULL prices going forward

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New opportunities are arising in the market <sup>1</sup> Source: Internal estimates. Retail FBB: Include FO (Fiber Optic), DSL, cable modem and satellite.

<sup>2</sup> Source: Internal estimates. Includes Corporate market for desktops, hosting, security and other applications.

<sup>3</sup> Source: Internal estimates

<sup>4</sup> Source: IDC

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We are focused on profitable leadership to successfully manage this scenario  
Core principles Strategic priorities

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Our strategy Focus on profitable leadership

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We are handling our diverse customer base through a customized strategy

Service revenue split<sup>1</sup> T. España %

<sup>1</sup> Excludes fixed & mobile handset sales, subsidiaries and others <sup>2</sup> Others include USO <sup>3</sup> BB (retail and wholesale FBB connectivity, MBB, fixed and mobile devices (PCMCIAs and Dongle) and fixed data services) and Services beyond Connectivity (Content, digital services, ICT solutions and vertical units revenues)

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A smart focus on value is key to capture recovery and ensure competitiveness

A differentiated customer experience

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Customer experience remains a crucial differentiating factor

Attack root causes for dissatisfaction

(e.g. claims)

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We are adapting our product portfolio to the needs and value of each segment

Developing best practices in the corporate space...

Leading the corporate space...

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In MBB our priority is to actively develop the market in a profitable way

<sup>1</sup> Figure as of Q410 <sup>2</sup> Complementarity rate defined as the share of Mobile Connectivity users that have an additional Fixed Broadband connection <sup>3</sup> Substitution defined as current customers moving from FBB to MBB over total new MBB

<sup>4</sup> MBB accesses with data attached rate/Total mobile customer base

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Services beyond Connectivity will continue to be developed enriching our portfolio

Pay TV evolution: · OTT model<sup>1</sup> (Video Club Movistar) >90% coverage over FBB lines · Improved quality and content

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Our smart focus on value will enhance and diversify our revenue profile

Revenue mix evolution T. España %

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There is further room to improve our efficiency and continue delivering a benchmark OIBDA margin  
Benefit from our commercial focus on value (vs. volume) and manage direct costs ...  
Gradually balancing SAC to SRC, acquisition vs. retention

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Additional measures to gain more flexibility and compensate for potential recovery delays  
Current initiatives ...

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We will optimize the use of capital by adjusting our asset base...

Ongoing processes...

· Sale of IT applications · Real estate

... and other programs

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... and follow a smart investment policy to capture growth

Premium speed and quality

We will remain flexible and adapt to market conditions



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Closing remarks

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Focus on profitable leadership will balance short term results and long term sustainability and growth

Core principles

<sup>1</sup> Retail communication (fixed & mobile) revenue market share. Source: CMT and internal estimates

<sup>2</sup> Revenue increase from FY 2010-2013E. Includes Services beyond Connectivity and MBB revenues

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Telefónica, S.A.**

Date: April 14<sup>th</sup>, 2011

By: /s/ Ramiro Sánchez de Lerín García-Ovies

Name: Ramiro Sánchez de Lerín  
García-Ovies

Title: General Secretary and Secretary to  
the Board of Directors