

TELEFONICA S A
Form 6-K
July 28, 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 February, 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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Results January-June 2011

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TELEFÓNICA H1 11 Highlights Performance consistent with FY 2011 guidance, outlook reiterated
Strong revenue growth (+6.3%) amid challenging conditions & severe regulation T. Latam ex-Mexico
revenue remains very robust (+20.9%) Fast growth in mobile data revenues (+18.5%) Retaining
benchmark profitability, limited year-on-year erosion: Sequential OIBDA margin expansion to 37.1% in
Q2 despite higher commercial activity T. España's y-o-y OIBDA performance in Q2 unchanged from Q1
45% of revenues, OIBDA & OpCF came from T. Latam, driven by Brazil DPS targets reiterated
Further progressing in cash generating initiatives, proving strong execution skills New Social Agreement
in Spain, higher than expected synergies in Brazil, Partnership Program Telefónica, S.A All figures refer
to H1 11 and y-o-y changes in reported terms. 2 Investor Relations

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Key financials Jan-Jun Change Organic in millions 2011 y-o-y change Broad diversification (H1 11)
Revenues 30,886 +6.3% +0.9% Revenues OIBDA OpCF ex-spectrum OIBDA 11,304 +3.7% -2.2% 46%
(+5 p.p. y-o-y) T. Latam 46% (+5 p.p. y-o-y) 45% (+5 p.p. y-o-y) OIBDA Margin 36.6% -0.9 p.p. -1.1
p.p. Operating Income 6,348 -1.7% -3.0% (OI) 28% (-4 p.p. y-o-y) T. España 35% (-6 p.p. y-o-y) Net
income 3,162 -16.3% 38% (-6 p.p. y-o-y) OpCF 7,466 -1.3% -5.7% 25% (-1 p.p. y-o-y) (OIBDA-CapEx)
T. Europe 19% (flat y-o-y) 18% (+1 p.p. y-o-y) Growth in nominal rates is impacted mainly by the full
consolidation of Vivo from Q4 10 Solid performance leveraging diversification Telefónica, S.A Organic
growth: assumes constant average exchange rates as of H1 10 and excludes changes in the perimeter of
consolidation and hyperinflation accounting in Venezuela. Further details included at the end of the
document. 3 Investor Relations

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TELEFÓNICA Net income mainly affected by a non-recurrent effect Jan-Jun 2011 in millions (y-o-y change) T. España (21% of total): +6.0% T. Latam (47% of total): +25.1% driven by Vivo (100% in H1 11 + PPA: 171 m) T. Europe (31% of total): -1.4% Total PPAs: 564 m (+9.3%) 11,304 Reduction in the value of TI investment (Telco): +3.7% -505 m (-353 m net of taxes) Non-cash item 6,348 -4,956 -1.7% -534 (+11.4%) c.s. -1, 1,165 3,162 (-7.1%) -1, 1,271 -216 -16.3% (- 11.0%) (-71 H1 10) OIBDA D&A OI Associates Financial Taxes Minorities Net Income expenses H1 11 EPS reached 0.70 (0.88 ex PPAs and Telco one-off) Telefónica, S.A 4 Investor Relations

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TELEFÓNICA Building consistent value over volume commercial strategy Accesses (Jun- 11 y-o-y) 295 m 227 m 18
m 73 m 30 m +71% +13% +8% +8% +6% TOTAL Mobile FBB Mobile MBB Contract Mobile contract
base Data penetration (Jun- 11) Over total base (Jun-11) Smartphone Over total H1 net adds MBB 28%
25% 23% >100% >100% 19% 68% 13% 47% 50% 10% 40% 7% 32% 21% 4% TEF T. España T.
Europe T. Latam TEF T. España T. Europe T. Latam Telefónica, S.A MBB penetration: MBB accesses
(dongles and smartphones) with data attached rate/total mobile customer base. Smartphone penetration:
Smartphones with data attached rate/total mobile base excluding dongles and M2M. 5 Investor Relations

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TELEFÓNICA Strong mobile data momentum, fast revenue growth Mobile data revenue growth Mobile data/MSR Non-P2P SMS/Mobile data revenue Q1 11 (organic y-o-y) H1 10 H1 10 H1 11 (organic y-o-y) H1 11 H1 11 31.5% 30.6% 73% 41% 36% 66% 52% 24% 25% 42% 44% 20% 21% 35% 11.4% 11.7% 12.1% 10.0% T. España T. Europe T. Latam T. España T. Europe T. Latam T. España T. Europe T. Latam Sustained strong revenue growth across regions leveraging TEF mobile data revenue growth increased MBB penetration and tiered pricing Mobile data revenue accounts for 30% of MSR (+4 p.p. vs. H1 10) Q1 11 (organic y-o-y) H1 11 (organic y-o-y) 38.1% 36.5% Limited SMS cannibalization risk from new technologies on the back of: 18.6% 19.0% Right bundling plans (including voice, SMS and mobile data) and/or already high contribution from non-P2P SMS (i.e. Spain) 4.8% 3.8% Mobile data P2P SMS Non-P2P SMS Telefónica, S.A Aggregate figures for Group mobile service revenue, mobile data revenue, P2P SMS and non-P2P SMS data revenue. 6 Investor Relations

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TELEFÓNICA Increasingly capturing growth opportunities Contribution to H1 11 revenue growth
Contribution to H1 11 organic revenue growth +2.1 % ex MTRs +7.5 p.p. +0.2 p.p. +6.3% T. Latam
+0.9% +0.3 p.p. +2.4 p.p. T. España T. Europe T. España T. Europe +0.6 p.p. T. Latam Others & TEF
Others hers & TEF -2.0 p.p. Eliminations Eliminations +0.1 p.p. -1.9 p.p. T. Latam boosts Telefónica
growth Solid BB & Services Beyond Connectivity revenue (+20% y-o-y) reach 26% of total sales in H1
11, offsetting lower access & voice revenue Telefónica, S.A 7 Investor Relations

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TELEFÓNICA Healthy profitability sustained OIBDA margin OpEx growth (y-o-y organic) Q1 11 H1
11 36.6% 3.7% -1.3 p.p. 36.1% 36.0% 35.6% 2.7% 2.4% Reported Organic FY 10 Q1 11 H1 11
Sequential OIBDA margin improvement despite increased commercial activity Limited y-o-y margin
erosion in H1 (1 p.p.) both in reported & organic terms Commercial investments in high value customers
& MBB offset by strong cost efficiencies: Higher commercial costs (+2.9% organic y-o-y) & IT /
Network costs (+6.5% organic y-o-y), linked to revenue growth Interconnection costs down 2.3% due to
MTRs cuts Further benefits from integrated management, scale and scope (230 m in H1 OIBDA from
global projects) Telefónica, S.A 8 Investor Relations

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TELEFÓNICA On track to meet full year outlook 2011 Guidance H1 11 9 Revenues Up to 2% 0.9% 9
OIBDA Margin Upper 30s 36.0% Limited erosion y-o-y (-1.1 p.p) 9 CapEx ~ 9,000 m 3,298 m Solid
growth in Latin America despite MTR cuts in Mexico, fully capturing integration synergies in Brazil H2
11E No further deterioration in OIBDA y-o-y change leveraging sale of non core assets in Spain, as
announced in April (I. Conference: 600 m cash-proceeds in FY 11-13E) Steady performance at T.
Europe Telefónica, S.A Figures according to guidance criteria. 9 Investor Relations

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T. ESPAÑA T. España: Contained OIBDA decline in a challenging environment Revenue OIBDA Revenue impacted by volatile consumer trends amid weak confidence in a very Revenue competitive market & OIBDA Focus on value over volume led to (y-o-y change) lower gross additions but better churn ^{-5.6%} -6.6% Contained sequential OIBDA y-o-y Q1 11 Q2 11 -10.6% -10.7% erosion 2,546 m 2,489 m Flexibility to further reduce costs: -3.0 p.p. +0.8 p.p. 2.2% y-o-y drop in Q2 (-0.7% in Q1) -2.2% OpEx y-o-y Labour costs rise driven by 2010 CPI Commercial costs biased towards Q2 10 Personnel Q2 11 retention & MBB Non-labour costs expenses +1.3 p.p. Sequential improvement in margin, 44.0% 45.3% limiting y-o-y erosion: OIBDA margin 44.7% in H1 11 (-2.3 p.p. y-o-y) -2.4 p.p. -2.1 p.p. CapEx (+8.7% y-o-y) focused on Total BB y-o-y y-o-y to deliver top quality service Q1 11 Q2 11 Telefónica, S.A 10 Investor Relations

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T. ESPAÑA Sustained solid momentum in mobile data MSR (y-o-y change) Q1 11 Q2 11 26.1%
Decrease in voice revenues driven by 21.4% lower outgoing ARPU and MTRs cuts Ramp-up in data
revenue growth led by +12.7% +10.0% higher MBB adoption: MBB penetration up 7 p.p. y-o-y to 23%
-7.6% Strong H1 non-P2P SMS accounting for -8.1%^{12.2%} -13.2% 73% of data sales Data revenues
already 24% of MSR MSR Voice Data Non-P2P SMS Mobile ARPU +10.7% +7.6% Voice ARPU
erosion impacted by usage +0.7% optimisation, strong price competition and Data ARPU MTR declines
Outgoing voice ARPM decline eased Total ARPU -8.3% (-6.8% y-o-y in Q2 vs. -7.6% in Q1) -9.1%
-9.4% Voice ARPU -10.7% Solid Data ARPU growth, ramping-up -13.5% -14.5% sequentially Q4 10
Q1 11 Q2 11 Telefónica, S.A 11 Investor Relations

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T. ESPAÑA Continued pressure in fixed line, more rational FBB market Fixed Revenue (y-o-y change)
Voice Subsidi- Solid growth in IT continues at 14.6% Q1 11 Data IT & Access Internet & BB diaries Q2 11
y-o-y in H1 11 Internet & BB revenue driven by ARPU +0.2 p.p. erosion and lower commercial activity:
+0.4 p.p. -5.3% -0.9 p.p. -0.7 p.p. -0.1 p.p. -6.4% Focus on value and fewer promotions led to lower
gross adds Improved churn on higher customer satisfaction Retail FBB ARPU (y-o-y change) Solid
leadership: 51% market share Q1 11 Q2 11 More rational market post ULL price increases More than
65% of line losses offset by -11.0% wholesale -12.7% Telefónica, S.A 12 Investor Relations

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T. ESPAÑA New Social Agreement will lead to higher flexibility and efficiency gains Conditions
Workforce Reduction Plan impacts P&L Voluntary, universal and non discriminatory One-off cost to
be recorded in H2 11: Agreed with unions & approved by labour authorities Current value of the cost of
ERE Up to 6,500 employees (27,896 headcount in June 2011) (2.7 bn before taxes) to be booked as
personnel expenses Workforce 3 years plan (2011-2013) Reduction Efficiency gains from recurrent
savings Plan Minimum age: 53 years in OpEx (Personnel + G&A) in coming years 68% of salary until
age of 61; 34% from 61 to 65 Cash-flow generation Average cost /employee (415 K), including
unemployment benefits covered by TEF Cash Flow positive since year 1: Savings in personnel
expenses + G&A expenses > payments to pre-retirees tax effect New Covering 2011-2013 Leverage
Collective Related liabilities (committed payments) Salaries linked to Company s OIBDA targets for the
first time, Agreement to gradually increase TEF leverage as rather than exclusively to CPI employees
join the program Impacts not included 1.4 bn of excess cash in guidance at end of PlahTelefónica, S.A
1. NPV. 13 Investor Relations

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T. LATAM T.Latam: Strong commercial momentum and robust profitability 8% 10% 14% -1% 21%
4.3m 3.9m 231k 237k 2.3m 2.3m 187k Net Adds 38% in Fixed 78k contract -207k -23k Strong
commercial activity in Q2 11 Q1 11 Total Mobile FBB TV(*) Solid top line growth: Q2 11 Brazilian
revenues speeding up % y-o-y accesses consistently Total Total Ex-Mexico Southern Region keeps a
solid pace Revenue Weak financials in Mexico but +6.9%+7.0% (H1 11 +5.7% +5.6% improved
commercial momentum organic New regional initiatives dragging y-o-y) y-o-y growth. Focus on
delivering results Q1 11 H1 11 Q1 11 H1 11 Q-o-q OIBDA margin expansion and Total Total
Ex-Mexico limited y-o-y erosion (-0.5 p.p. organic) despite higher commercial activity OIBDA
+6.3%+6.6% (H1 11 +4.9% +4.2% organic 37.2% y-o-y) 36.8% 36.9% 36.2% OIBDA Margin Q1 11 H1
11 Q1 11 H1 11 Telefónica, S.A Organic growth: assumes average constant exchange rates as of H1 10
and excludes changes in the consolidation perimeter and hyperinflation accounting in Venezuela in both
years. Further details included at the end of the document. 14 Investor Relations (*) Pay TV include 150
thousand accesses from TVA consolidation.

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T. LATAM T.Latam: Data revenues drive growth across businesses Revenue mix by business (H1 11)
Wireless Revenue (H1 11 y-o-y organic) y-o-y organic % Data Rev/MSR 25% Wireline 3.5 p.p. +12.3%
38% Wireless +9.5% 8.7 p.p. +5% +2.1% 62% +3% +9% +0.3% Total ARPU Wireless MobileData Mobile
Voice Outgoing MSR Outgoing ARPU Revenue mix by region (H1 11) Wireline Revenue 24% Others 1%
+16.2% +11.7% South +2.3 p.p. Region +4.9% organic y-o-y 33% Brazil +2.7% 50% North Q1 11 H1 11
Q1 11 H1 11 H1 11 Region Total Revenue Internet & Pay TV Rev 15% (y-o-y organic) (y-o-y organic)
Internet & Pay TV/Total Rev Double digit growth in outgoing MSR led by data explosion and remaining
opportunities in voice Focus on customer value drives mobile ARPU growth Strong Internet & Pay TV
revenue growth acceleration boosts fixed revenue Telefónica, S.A Aggregated figures for Wireless and
Wireline businesses. 15 Investor Relations

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T. LATAM Brazil: Perfect balance, sequential growth with higher profitability Q1 11 Net Adds Q2 11 Revenue Breakdown (y-o-y organic) Q1 11 y-o-y accesses H1 11 % Data Revenue/MSR 12% 14% 17% -1% 45% 2.2m +47.0% +14.1% 2.0m 173k +12.9% +14.8% +42.0% 1.7m 1.8m +14.6% 93k 22% +4.7% 74k 46% in +1.7% contract 22k -120k -46k MSR Mobile Data Total Fixed FBB Revenue (y-o-y organic) +6.2% +6.4% Total Mobile FBB Fixed TV(*) +3.6% +2.7% +1.5% Strong commercial momentum, clear leadership H1 10 9M 10 FY 10 Q1 11 H1 11 Higher net adds in Q2 across services OIBDA & margin m (y-o-y organic) +13.2% +11.9% Sequential improvement in all financial metrics +2.2p.p. Mobile data drives top line growth, with +1.5% +1.8 p.p. ARPU expansion both q-o-q and y-o-y -0.7 p.p. Steady acceleration in FBB revenue growth -2.6 p.p. Margin Margin -3.5 p.p. -4.4% 35.8% 37.4% Outstanding profitability; further upside from -7.7% synergies H1 10 9M 10 FY 10 Q1 11 H1 11 Telefónica, S.A (*) Pay TV include 150 thousand accesses from TVA consolidation. 16 Investor Relations

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T. LATAM Brazil: operating synergies target upgraded by over 16% TOTAL SYNERGIES NPV (in billions) 2.3/2.7 initially 1.0 / 1.5 3.7 / 4.6 estimated 0.6 /0.7 2.7 / 3.1 3.3/4.2 initially estimated 0.5 / 0.6 -0.2 1.1 / 1.2 20% revenues 60% OpEx 0.7 / 0.8 20% CapEx Revenues G&A & OpEx CapEx Integration Total Financial Total commercial costs operating & tax synergies costs Network & IT synergies synergies 2011E operating synergies (in millions) Outperforming initial targets from year 1 Announced in Update in Oct-2010 July-2011 Reinvesting CapEx synergies to reinforce our lead in 3G coverage, VAS and quality Revenues 16 49 OpEx 35 20 Run rate in line with previous estimates (400 m operating CapEx 30 97 synergies from 2014E) Total Synergies 81 166 Integration costs Corporate restructuring underway to fully capture synergies -65 -44 potential Synergies after integration costs a16 a121 (Pre-Tax) New synergies target from 2012 not included in guidance Telefónica, S.A 17 Investor Relations

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T. LATAM Brazil: Faster than anticipated synergies execution path LEVERS Initiatives Innovation projects Integrated offer, mainly for Corporates and SMEs, leveraging cross-selling potential 1.7 m sold packages Offer Fixed wireless inside & outside Sao Paulo, to offer fixed outside SP Torpedo Message (new market) and complement copper network inside SP Reinforce LD service (15) for mobile customers 240 k users (30d) 2.3 m users Soletrando Kantoo Processes rationalization to improve operating & tax efficiency (LD Code 15 ...) organization Common network & IT planning 2 m users > 7 m SMS Ringer Mega Promo SMS Traffic aggregation & common traffic management Platforms in place & Network outside SP, specially backbone transmission already 370 k users (30 d) efficiency Network core, architecture & topology PTT IT functions, data centers and architecture Distribution channel optimization, focusing on new market trends One single 850 k co branded cards Best-practices implementation in sell & attention processes Financial services Launch new products & services, maximising benefits from 20 k users (1st week) innovation both in fixed and mobile Security Customers Reduce time-to market Brand integration + Outperforming peers in Brazil Progressing faster than expected (operating & financial performance) Telefónica, S.A 18 Investor Relations

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T. LATAM Mexico: improving operating KPIs, sharp MTRs cuts Mobile gross adds (y-o-y change)
 Outgoing Traffic & ARPU (y-o-y change) +12.3 % Outgoing Traffic +26% +13% +26% Mobile accesses
 y-o-y +17% -1.1% +21% Contract accesses y-o-y -11.8% -9.8% +26% x4 MBB accesses y-o-y -8.6%
 +4% -16.0% -12.7% -13.4% Outgoing ARPU Q4 10 Q1 11 Q2 11 -15.5% -18.0% Q2 10 Q3 10 Q4 10 Q1
 11 Q2 11 Changes in termination rates Impacts for Telefónica (millions) COFETEL approved cuts in
 MTRs, FTRs and transit rates FY 2011E FY 2012E MTRs changes: From 1.0 in 2010 to 0.3912 peso
 cents per min. Revenue -120/-130 -190/-210 From rounding-up to the first minute to per second OIBDA
 -40/-50 -45/-55 billing Effective from January 1, 2011 with the exception of Medium /Long term
 benefits Telmex/Telcel (from mid-May 2011¹) Regulatory framework needs to evolve H1 11 Impact:
 -33 m in revenue and -18 m in OIBDA Telefónica, S.A 1. Telefónica reached an agreement with
 Telmex/Telcel for a MTR rate of 0.95 from January 2011. However, this agreement should be adjusted in
 accordance with the May resolution (0.3912). 19 Investor Relations

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T. LATAM Solid performance in other key operations South Region Contribution to TEF H1 Argentina Acceleration in double digit top line growth Revenue 4.9% Strong net adds in mobile and FBB businesses in Q2, stabilization of fixed telephony accesses Chile Steady growth in mobile and Pay TV accesses, enhanced performance in FBB 3.7% Benchmark profitability, OIBDA margin expansion y-o-y Peru Outstanding commercial activity in Q2 across businesses 3.1% Healthy top line and OIBDA margin evolution Colombia Ramp-up in revenue and OIBDA growth mainly due to steady improvement in mobile 2.5% Consistent accesses growth on the back of positive mobile contract, FBB and Pay TV performance North Region Acceleration in top line growth pushed by outgoing voice and data (+7.3% organic q-o-q) Venezuela Positive net adds in Q2 11 owing to a highly segmented commercial approach 3.5% Robust OIBDA margin (43.2%) despite higher commercial activity Licence renewed in Q2 11 till 2022 Telefónica, S.A Growth rates in financials are given in local currency. In Venezuela, excludes also hyperinflation accounting in both years. 20 Investor Relations

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T. EUROPE T.Europe: growing value from mobile data Strong commercial performance Sound financial results focused on MBB Value over Volume selective approach Top line driven by mobile data FSolid contract net adds and stable churn y-o-y at 2.5% FMobile data accounts for 41% of MSR (+5 p.p. y-o-y) FSevere MTR cuts drag 3 p.p. of revenue growth Customers (Jun-11 y-o-y) +65% Revenue (y-o-y) % over total mobile base +8% Mobile 7.6m Mobile Voice FX & +5% Data Other 50% 7.5m MTR cuts 47 m 28% +3.2% +1 p.p. y-o-y Fixed & ex-MTRs HW TotalT Mobile MBB Mobile Contract H1 10 H1 11 MBB penetration expansion leveraged on demand for Sustained profitability, further building competitive tiered tariffs advantages F78% of handsets sold in Q2 11 were smartphones FIncreased investment in customer to drive future value FStill growing P2P SMS revenues (+0.9% y-o-y in H1 11) FContinued overhead costs reduction from restructuring FProactive cooperative approach (e.g. networks, platforms) Data revenue (y-o-y) Profitability (H1 11) Q1 11 29.4%^{32.5%} H1 11 27.4% 12.1% +3.1% 11.7% +0.7 p.p. y-o-y Data revenue Non-P2P SMS OIBDA A (y-o-y) OIBDA margin Telefónica, S.A From January 1st, 2011 T.Europe also includes TIWS and TNA in its consolidation perimeter. Financial results have been restated accordingly from Q1 10. All financial metrics following organic growth criteria: assumes constant exchange rates (average H1 10) and includes 6 months of HanseNet in H1 10. 21 Investor Relations Manx T. financial results and accesses are excluded from the organic growth calculation.

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T. EUROPE T. UK: driving a profitable MBB ecosystem Focus on MBB Mobile customers (Jun-11 y-o-y) Smartphone penetration¹ Limited commercial activity, sustained market leading contract churn +6 p.p. 35% 29% Extracting value from increased MBB adoption +6% F 55% of contract smartphone users based on tiered data plans +2% FMost customers taking £6-10 upper data tier on a wide choice of voice & SMS bundles Tota Total Contract Dec-10 Jun-11 FNegligible impact from IP voice and messaging Apps Revenue (H1 11 y-o-y) Profitability (H1 11) +32.2% % over MSR +9.5% 27.6% +2.0% 44% +7.7% +1.7 p.p (+4 p.p. y-o-y) (y-o-y.) -0.4% MSR MSR Data Non-P2P SMS OIBDA margin ex-MTRs OIBDA (y-o-y) Non-P2P SMS data revenues partially offsetting OIBDA growth driven by lower activity and upgrades regulation and usage optimisation FBusiness transformation already giving benefits FCustomer spend broadly stable q-o-q FQ-o-q slowdown mainly affected by different MTR cuts FMTR cuts dragging 4 p.p. in total Q2 revenue growth timing from competitors (~8 p.p. in H1 11) FChanges in commercial relationship model with some distributors impacting y-o-y performance Telefónica, S.A 1. Smartphones with data attached rate/total mobile base excluding dongles and M2M. Growth rates in financials are given in local currency. 22 Investor Relations

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T. EUROPE T. Germany: continued strong momentum in the market Customer mobile KPIs Contract Net Adds (000) Contract gross adds Improving momentum in the growing MBB market 459 Voice and FContract churn trending down to 1.5% in Q2 11 53% Data tariffs 236 FGrowing success of O2 Blue data tariff and My Handy Voice 31% 66% tariffs FMomentum maintained despite targeted price increases FSolid performance in Business: SMEs/SoHo momentum; MNC H1 1 10 1 H1 11 H1 10 H1 11 contract win (Daimler) % Contract net adds/total % over O2 branded contract gross adds Revenue (y-o-y) Profitability (H1 11) H1 11 Q2 11 65.2% % over MSR 27.8% 23.2% 22.9% 47.9% 11.2% 10.0% Flat 40% 1.8% (+8 p.p.) y-o-y OIBDA OIBDA Total mobilet mob Data Non-P2P SMS (y-o-y) margin Rev ex-MTRs MSR ex-MTRs accelerating to 7.2% in Q2 (+4.9% in Q1) Reinvesting efficiencies from restructuring and business FIncreased MBB penetration (23%; +3 p.p. vs. Dec-10) integration on increased commercial activity around MBB FSustained prepay ARPU performance y-o-y LTE commercially launched in July FRural network roll-out in line with targets; leveraging existing 2G 900 MHz grid Telefónica, S.A Growth rates in financials are given in organic terms . 23 Investor Relations

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TELEFÓNICA Containing financial expenses despite debt increase Contained Financial Expenses (in millions) Solid liquidity position (in billions) H1 11 9.9 Net interest Expenses -1,167 LT Undrawn amount on 5.5 syndicated to cover FX results +2 pending payments on Brasilcel acquisition Total Financial Results -1,165 2 ST Total Average Net Debt 55,828 2.5 Effective cost 4.21% Undrawn credit lines Jun-11 Net Financial Debt Evolution (in millions) Total Net Debt + Total Net Debt + Commitments 2.50x OIBDA ¹ Commitments 2.56x OIBDA ² +1,025 -694 56,420 55,593 +3,202 -3,133 +425 FCF Shareholder FX & Others ^{Net Fin. Debt} Dec-10 Post- ^{Commitments} Cancellation Remuneration ^{Net Financial} Investments ^{Net Fin. Debt} Jun-11 Minorities Leverage ratio including commitments at 2.56x: excess debt over 2.50x would be offset by setting the working capital consumption within the target range (2011-2013E between 2% and 5% of OpCF) 1. FY 2010 OIBDA including 100% of Vivo s OIBDA, excluding results on the sale of fixed assets and the provision related to the Telefónica Foundation s social Telefónica, S.A activities. 24 Investor Relations 2. LTM OIBDA including 100% of Vivo s OIBDA, excluding results on the sale of fixed assets and the provision related to the Telefónica Foundation s social activities.

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TELEFÓNICA Conclusions H1 11 performance consistent with FY 2011 guidance, outlook reiterated
Very strong revenue growth & benchmark profitability despite challenging conditions & severe
regulation Diversification and exposure to Latam, our key differential factor Fully capturing the mobile
data opportunity Executing new cash-generating initiatives (New Social Agreement in Spain,
above-expectations synergies in Brazil, Partnership Program ...) Fully committed to dividend targets
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Organic growth: In financial terms, it assumes constant average exchange rates as of January-June 2010, and excludes changes in the perimeter of consolidation and hyperinflation accounting in Venezuela. Therefore, in January-June 2010 the consolidation of Vivo, HanseNet and Tuenti are included whereas the results of Manx Telecom are excluded. In OIBDA terms, in January-June 2011 the positive impact from the partial reduction of our economic exposure to Portugal Telecom is excluded, along with the impact of the capital gain from the sale of Manx Telecom booked in the second quarter of 2010. Results from the Costa Rica operation are excluded from the organic growth calculation. Telefónica's Capex excludes the Real Estate Efficiency Programme at T. España, the real estate commitments associated with Telefónica's new headquarters in Barcelona and investments in spectrum. In terms of accesses, changes in the consolidation perimeter are excluded and in terms of organic net adds customer disconnections made in the second quarter of 2010 are excluded. 2011 Financial results and accesses include from the second quarter of the year and retroactively from January 1st, 2011, the full consolidation of TVA, company that was already part of Telefónica's perimeter since the fourth quarter of 2007.

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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: July 28, 2011

By: /s/ Miguel Escrig Meliá

Name: Miguel Escrig Meliá

Title: Chief Financial Officer