TELEFONICA S A
Form 6-K
August 01, 2005

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 August, 2005

Commission File Number: 001-09531

Telefónica, S.A.

(Translation of registrant s name into English)

Gran Vía, 28

28013 Madrid, Spain

3491-459-3050

(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 X 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 X

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 X

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 X

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

Telefónica, S.A.

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This document contains financial information/data reported under IFRS. These data are preliminary, as only full compliance with International Financial Reporting Standards issued at 31/12/2005 is required, unaudited, and thus, being subject to potential future modifications. This financial information has been prepared based on the principles and regulations known to date, and on the assumption that IFRS principles presently in force will be the same as those that will be adopted to prepare the 2005 full year consolidated financial statements and, consequently, does not represent a complete and final information under these regulations. In addition, the IFRS financial information contained herein may not be comparable to financial information published by Telefónica that was prepared under Spanish GAAP.

The English language translation of the consolidated financial statements originally issued in Spanish has been prepared solely for the convenience of English speaking readers. Despite all the efforts devoted to this translation, certain omissions or approximations may subsist. Telefónica, its representatives and employees decline all responsibility in this regard. In the event of a discrepancy, the Spanish-language version prevails.

These consolidated financial statements are presented on the basis of accounting principles generally accepted in International Financial Reporting Standards (IFRS). Certain accounting practices applied by the Group that conform with generally accepted accounting principles in IFRS may not conform with generally accepted accounting principles in other countries.

TELEFÓNICA GROUP

Market Size

(Data in thousands)

January - June 2005 Results **Telefónica 2**

TELEFÓNICA GROUP

ACCESSES

Unaudited figures (thousands)

	June		
	2005	**2004**	**% Chg**
Fixed telephony accesses (1)	**40,971.9**	**37,396.5**	**9.6**
Internet and data accesses	**12,907.1**	**10,419.9**	**23.9**
Narrowband	6,275.4	6,273.3	
Broadband	5,782.3	3,670.7	
ADSL (2)	4,876.3	3,057.7	
Retail (3)	4,037.6	2,559.7	
Other accesses (4)	849.4	478.9	
Unbundled loops (5)	297.0	43.4	
Pay TV	**488.7**	**388.3**	**25.9**
Cellular accesses (6)	**90,918.0**	**55,646.4**	**63.4**
Total Accesses	**145,285.7**	**103,851.1**	**39.9**

Note: Cesky Telecom accesses included.

(1) PSTN (including Public Use Telephony) x1; ISDN Basic access x1; ISDN Primary access; 2/6 Access x30. Company s accesses for internal use included.
(2) T. Deutschland s connections resold on a retail basis and Cable Modem in Peru included.
(3) TdE Retail includes satellite. TASA Retail includes ISP in the north part of the country.
(4) Cable modem El Salvador, WiFi clients, satellite Latam, fiber and leased circuits included.
(5) Includes fully unbundled loops and shared loops.
(6) Since the cancellation of Movistar Puerto Rico s management contract in September 2004 , its subscriber base is excluded from the Group subscriber base.

TELEFÓNICA GROUP

Financial Highlights

The most relevant factors of the Telefónica Group 2005 first half quarter results are the following:

The increase in revenues during the first six months (+20.0%) far exceeds that of any other peers in the sector, with a clear acceleration in the year-on-year growth vs. the first quarter (+16.7%). During the second quarter, the rate of growth in revenues rose to 23.1%.

Solid growth in accesses through all business lines (+39.9% over the previous year) reaching 145.3 million, due to stronger commercial activity in the second quarter across every market and the Cesky Telecom incorporation. It should be highlighted the high number of new customers at Telefónica Móviles, following the launch of the movistar brand in 13 countries and the commercial campaigns accomplished:

Net adds of 5.4[1] million cellular customers during the second quarter of the year, giving the Telefónica Móviles Group a managed customer base of 86.5 million, without taking into account Cesky Telecom (4.4 million).

The Group s retail ADSL accesses (Spain, Latin America and the Czech Republic) stood at 4.0 million, vs. 2.6 million as of June 30th 2004.

Positive and upward trend in the Telefónica Group s profitability: consolidated net income reached 1,835.1 million euros, up 25.4% from the same period of 2004. Operating Income before D&A (OIBDA) increased by 15.3%, while Operating Income (OI) grew by 21.4%.

For the first time in four years, foreign exchange rates make a positive contribution to the P&L, +1.2 p.p. and +1.4 p.p., respectively, to the growth in revenues and OIBDA.

Organic growth[2] in Revenues, OIBDA and OI reached +10.1%, +6.6% and +12.6%, respectively, reflecting the positive evolution of the operations.

Operating free cash flow (OIBDA-CapEx) rose to 4,631.7 million euros, with a year-on-year increase of 5.5%, supported by the Telefónica Latinoamérica Group (+10.1% in current euros; +8.0% in constant euros) and the Telefónica de España Group (+7.6%).

The results of the Telefónica Group are also strengthened by its diversification as an integrated operator, providing the double digit growth rates of the key parameters of business lines with activity with stability:

The cellular business is the main contributor to the growth of revenues (+40.2% year-on-year), while fixed operators contribute most highly to profitability (46.2% and 32.9% growth in the Operating Income for the Telefónica de España Group and the Telefónica Latinoamérica Group, respectively, compare to the first half of 2004)

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[1] Excludes the adjustment of 300,000 inactive lines in Mexico, not longer considered in the reported customer base.

[2] Assuming constant exchange rates and including the consolidation of the Latin American assets acquired to Bell South in Argentina, Colombia, Chile, Ecuador, Guatemala, Nicaragua, Panama, Peru, Uruguay and Venezuela in the cellular business and Atrium in the Telefónica Latinoamérica Group from 1 January 2004.

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Consolidated Results

The results obtained by Telefónica Group and the management report included in this report are based on the actions carried out by the various business units in the Group and which constitute the units over which management of these businesses is conducted. This implies a presentation of results based on the actual management of the various businesses in which Telefónica Group is present, instead of adhering to the legal structure observed by the participating companies.

In this sense, income statements are presented by business, which basically implies that each line of activity participate in the companies that the Group holds in the corresponding business, regardless of whether said holding has already been transferred or not, even though it might be the final intent of Telefónica, S.A. to do so in the future.

It should be emphasized that this presentation by businesses in no case alters the total results obtained by Telefónica Group. These results are incorporated from the date of effective acquisition of the holding.

The Telefónica Group s results for the first six months of the fiscal year 2005 are characterized by growth acceleration in both Group revenues (+20.0%) and Group s customer base, strongly above sector s peers.

The growth in revenues came along with a positive improvement in the Company´s profitability, with an increase in the Operating Income before D&A (OIBDA) and in the Operating Income (OI) of 15.3% and 21.4% respectively, which allowed the Company to post a 25.4% growth in net income.

The solid performance of every business lines has resulted in a 5.5% growth in the **Operating free cash flow (OIBDA-CapEx)** versus June of 2004, which in absolute terms amounted to 4,631.7 million euros. By business lines, the Company registered a solid growth in the fixed line business (Telefónica Latinoamérica Group +10.1% and Telefónica de España Group +7.6%).

The results of the Telefónica Group are also strengthened by its diversification as an integrated operator, providing a stable floor for double digit growth rates of the key parameters of business lines. Hence, the cellular business is the main contributor to the revenue growth (+40.2% year-on-year), while fixed operators contribute mainly to profitability, with a 46.2% and 32.9% growth in the Operating Income for the Telefónica de España Group and the Telefónica Latinoamérica Group, respectively, compared to the first half of 2004. Thus, the need to finance the increase in cellular clients at a key moment of expansion and with their obvious impact on margins is more than offset by the solid results from the fixed telephony divisions of the Group, a clear reference in the sector in terms of revenues, profitability and cash flow generation.

The strong commercial activity for loyalty and customer acquisition were reflected in the 39.9% growth in **total accesses** (fixed telephony accesses, data and Internet access, Pay TV and cellular accesses) compared with June 2004, reaching 145.3 million. This number of total accesses includes the accesses from the recently acquired operator Cesky Telecom (8.7 million).

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The strong activity registered in all the markets where Telefónica Móviles has operations, following the April market launch of the movistar brand in 13 countries, along with the strong activity for the quarter, enabled Telefónica Móviles to report net adds of 5.4[1] million for the quarter vs. more than 3 million in January-March of 2005, amounting the managed customer base to 86.5 million. Of the total customer base, 63.7 million corresponded to the Latin American operators, 19.4 million to Telefónica Móviles España and more than 3.4 million to Médi Telecom. In the other hand, cellular accesses at Cesky Telecom rose to 4.4 million.

Broadband is the main contributor to the growth in data and Internet accesses, totaling the number of retail ADSL lines in Spain, Latin America and the Czech Republic up to 4.0 million at June 30, 2005 (+57.6%). Telefónica Group retail ADSL accesses in Spain rose to 2.3 million (+41.8% vs. June 2004), representing an estimated market share of 54.1% of the total broadband market. In Latin America, retail ADSL accesses stood at 1.7 million and grew by 70.9% over the same period last year, highlighting Telesp, with almost one million ADSL access lines (exceeded during July).

As a result, **revenues** for the first half of the year amounted to 17,359.7 million euros, 20.0% higher than revenues as of June 2004, accelerating the year-on-year growth during the second quarter of the year (+23.1% in April-June 2005 vs. +16.7% in the first quarter 2005), mainly due to the cellular business (+45.7% in April-June 2005 vs. +34.6% in the first quarter 2005) and to the Telefónica Latinoamérica Group (+20.6% in April-June 2005 vs. +4.5% in the first quarter 2005). For the cumulative six months, all business lines recorded solid results, with the cellular business standing out due to the incorporation of the BellSouth assets. However, if we exclude the impact of exchange rates and changes in the consolidation perimeter, the organic growth[2] would be +10.1% (+9.2% in March). For the first time in four years, it was registered a positive contribution because of the variations in the exchange rates (+1.2 percentage points. vs. -0.6 percentage points in January-March of 2005).

The cellular business continues to be the main contributor to the revenue growth during the first six months of 2005, with total revenues of 7,759.8 million euros, up 40.2% year-on-year (service revenues: +39.1%; revenues from handset sales: +47.3%). Among the operators, it should be mentioned the solid performance at Telefónica Móviles España (+8.4%; service revenues +7.3%) thanks to the higher traffic and the positive results of the new commercial activities launched recently.

The Telefónica de España Group achieved revenues of 5,802.9 million euros, 5.4% higher than in the first six months of 2004 mainly driven by the revenues coming from Internet Services and Broadband. This growth was slightly lower than that reported during the first quarter (+6.0%) due to the lower growth at the parent company Telefónica de España (+5.3% in June, vs. +6.4% in March), which was affected in the year-on-year growth comparison by the elimination in the monthly fee 2004 increase and the decline in the SIM (Comprehensive Maintenance Service) bonuses. Likewise, it should be mentioned the year-on-year increase in the second-quarter revenues from Telyco (+40.8%) mainly due to higher handsets sales related to Telefónica Móviles rebranding (movistar).

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1 Excludes the adjustment of 300,000 inactive lines in Mexico, not longer considered in the reported customer base.

2 Assuming constant exchange rates and including the consolidation of the Latin American assets acquired to Bell South in Argentina, Colombia, Chile, Ecuador, Guatemala, Nicaragua, Panama, Peru, Uruguay and Venezuela in the cellular business and Atrium in the Telefónica Latinoamérica Group from 1 January 2004.

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During the first half of 2005, revenues at Telefónica Latinoamérica rose to 3,692.1 million euros, representing a solid year-on-year growth of 12.5%. In constant euros the growth represents 6.5% increase and shows a clear acceleration vs. March (+3.4%). This change was due to an improvement of the operators results in the second quarter of the year, mainly Telesp (+7.3% in local currency, vs. +3.2% in January-March of 2005). In turn, it should be highlighted that CTC and TdP both reported slight growths (+2.3% and +1.0%, respectively) vs. slight declines registered in the first quarter of the fiscal year (-0.3% and -0.1%, respectively).

Revenues coming from Spain represented 55.4% of consolidated revenues as of June, 2005, experimenting a 6.8 percentage points decrease in its contribution over the same period in 2004. In turn, the contribution from Latin America increased to 40.6% (33.0% a year ago) due to the acquisition of the BellSouth Latin American operators. Brazil maintains its revenue contribution up to 17.4%.

At the end of the second quarter, accumulated **operating expenses** were 23.2% higher than in the previous year, amounting 11,022.2 million euros, 5.0 percentage points higher than in March, due to the acceleration in the commercial efforts for capturing customers. The cellular business was the main contributor, that also includes the launch of the movistar brand in 13 countries in April.

The higher commercial expenses and the incorporation of BellSouth s Latin American assets, mainly explained by the 36.3% growth in the Telefónica Group s external services year-on-year (+34.7% in constant euros).

The 30.2% increase in supplies over January-June 2004 (+29.2% in constant euros) was mainly due to the change in the consolidation perimeter and to the higher commercial activity in the cellular business, as well as, to a lesser extent, to purchases of ADSL and Imagenio equipment by the Telefónica de España Group.

Personnel expenses increased in the first half of 2005 by 2.6% over June 2004 due to the increase in the average Group workforce (+19.0%, to 180,260 employees), due to the incorporation of the BellSouth employees and to the increase in the Atento Group workforce. Excluding the Atento Group s employees, the workforce level would have increased by 7.3%.

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Regarding the 2003-2007 Redundancy Program of the Telefónica de España Group, a provision of 531.2 million euros was accounted for 1,750 employees who joined this program in 2005. In this sense, it should be noted that a portion of this provision has already been recorded during the first quarter of the fiscal year (121.3 million euros).

At the end of the first half, the Telefónica Group reported a gain on sale of fixed assets for 164.3 million euros, of which 120.6 million euros were materialised during the first quarter and corresponded, among other things, to the capital gains generated by the sale of, Radio Continental, Radio Estéreo (both from the ATCO Group), Infonet and the sale of real estate. During the period April-June 2005, the Company recorded an income of 43.7 million euros related among others, to the sale of 1.2% of the TPI share capital.

As a consequence of the evolution of revenues and expenses described above, the **consolidated OIBDA** for the first six months of 2005 amounted 6,621.4 million euros, up 15.3% year-on-year (+16.2% in the first quarter). The organic growth[3] would be 6.6%, compared with 9.5% in the first quarter. The variations in the exchange rates contribute with 1.4 percentage points to the OIBDA growth, being the first positive contribution in four years. In terms of profitability, the OIBDA margin stood at 38.1%, 1.5 percentage points lower than at the end of the first half of 2004. This margin was affected by the decrease in the OIBDA margin to 35.3% in the second quarter, as a result of the higher commercial expenses related to the acquisition of new customers and to the impact of the provision for the Redundancy Program at Telefónica de España.

The cellular business, the main contributor to the Group s growth, reported an OIBDA of 2,578.8 million euros for the first half of the year (38.9% of total consolidated OIBDA), which represented a 13.3% increase over January-June of 2004. The impact of the change in brand, along with the higher commercial efforts, reduced the OIBDA margin for the first half to 33.2% and the margin for the second quarter to 30.9%.

At the end of the first half, the Telefónica de España Group reported a total of 2,141.5 million euros (32.3% of total OIBDA), up 10.3% year-on-year. The OIBDA margin stood at 36.9% (35.3% as of June 2004), although these margins were affected by the provision for the Redundancy Program in both six-month periods.

The Telefónica Latinoamérica Group s OIBDA (25.9% of consolidated OIBDA) reached 1,716.5 million euros as of June 2005, which amounted to an increase of 18.3% in current euros. The growth in constant euros would be 12.3% (+16.8% in the first quarter 2005). This lower year-on-year growth rate in constant euros was related to the operators higher commercial expenses. The OIBDA margin for the first half improved 2.3 percentage points year-on-year to 46.5%. If we adjust the margin for the capital gains of the sale of assets in both periods, the OIBDA margin would decline to 44.3%, 0.4 percentage points higher than the one registered as of June 2004.

Following the trend in the previous quarter, Spain s contribution to consolidated OIBDA dropped significantly from that of the prior year (61.8% in June of 2005, 6.1 percentage points lower than a year ago), while the contribution of Latin America increased by 5.4

3 Assuming constant exchange rates and including the consolidation of the Latin American assets acquired to Bell South in Argentina, Colombia, Chile, Ecuador, Guatemala, Nicaragua, Panama, Peru, Uruguay and Venezuela in the cellular business and Atrium in the

Telefónica Latinoamérica Group from 1 January 2004.

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percent, to 35.7%, following the acquisition of Bell South s Latin American operators. Within Latin America, Brazil is the country with the highest weight (18.9%, +0.4 percentage points over the previous year), followed by Argentina (4.4%, -0.2 percentage points compared to the previous year), Chile (4.3%, +0.2 percentage points compared to the previous year), Peru (4.1%, +0.2 percentage points compared to the previous year) and Venezuela (3.9%).

Consolidated Operating Income (OI) for the period January-June of 2005 reached 3,528.4 million euros, representing a 21.4% increase over the first six months of 2004, down 4.1 percentage points from the first quarter. This slowdown was due to the OIBDA evolution described above and by the higher year-on-year increase in depreciation (+9.2% as of June, vs. +6.5% as of March). The higher level of depreciation was attributable to changes in the consolidation perimeter in the cellular business. The organic growth[4] of operating income stood at +12.6% (+21.3% in the first quarter of 2005).

Results of associated companies began reporting positive figure during the first half of the year (+5.2 million euros), versus negative results of 42.3 million euros during the same period last year. This change was due primarily to the higher contribution of Portugal Telecom, the positive contribution from Medi Telecom and lower losses at Sogecable, Lycos Europe, and IPSE 2000. In the second quarter of 2005, the Company reported a positive result of 14.4 million euros, related to the higher contribution of Portugal Telecom, the positive contribution from Medi Telecom and the lower losses at Sogecable.

Financial expenses amounted to 733.7 million euros in the first half, 22.6% above the same period in the year before. 85 million euros are due to the 11% increase in the average net debt, and the remaining 50 million is related to the increase in the Latam debt (higher after the acquisition of the Bell South assets and the increase in the interest rates in Brazil) with a saving of 33 million euros as a consequence of better interest rates in the Group.

The net free cash flow after CapEx generated by the Telefónica Group amounted to 2,614.4 million euros for the first half of the year. Of this, 3,533.8 million euros were devoted to

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4 Assuming constant exchange rates and including the consolidation of the Latin American assets acquired to Bell South in Argentina, Colombia, Chile, Ecuador, Guatemala, Nicaragua, Panama, Peru, Uruguay and Venezuela in the cellular business and Atrium in the Telefónica Latinoamérica Group from 1 January 2004.

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financial investments (net of divestiture) and 1,589.7 million euros for net payment for dividends and treasury stock. Including the sum of 78.5 million euros received from the sale of real estate, the free cash flow after dividends is negative, -2,430.6 million euros. **Free cash flow** stood at 2,800.0 million euros (according to the criteria used at the 3rd and 4th Investor Conferences) prior to payments made to amortize commitments related to headcount reduction plan (and taking into account the almost absence of dividend payments to minority interests during the first quarter).

The Telefónica Group s **net financial debt** at the end of June 2005 stood at 27,990.4 million euros. 57% of the increase in debt was due to the financial investments of the period, 24% due to appreciation of the dollar and the Latin American currencies against the euro throughout the first half of the year, which accounted for 1,032.0 million euros of the increase in debt. The remaining 19% corresponds to the changes in the consolidation perimeter after the acquisition of Bell South subsidiaries in Argentina and Chile and Cesky Telecom. Total debt (including guarantees and labor commitments for a total of 3,431.52 million euros) amounted to 31,941.1 million euros, equivalent to 2.26 times OIBDA annualized for the period, including Cesky Telecom.

The **tax provision** totaled 806.7 million euros in the first half (tax rate of 28.8%), although the Group s cash outflow will be more reduced for the Telefónica Group as far as more tax bases are offset.

Results attributed to minority interest, increased by 32.1% year-on-year, reducing the Telefónica Group s net income by 158.1 million euros. This change was mainly due to minority shareholders participation in the net income of Terra Networks Group vs. the net losses of the last year and to the higher net income achieved by Telesp.

Consolidated net income rose to 1,835.1 million euros as of June 2005, versus 1,464.0 million euros in the period January-June of 2004, representing an increase of 25.4%.

The Telefónica Group s **CapEx** for the first six months amounted to 1,989.7 million euros, 47.6% higher than in the previous year (organic change:[5] +29.0%), at 1,989.7 million euros. The Telefónica Latinoamérica Group and the Telefónica de España Group increased by 60.8% and 17.7%, respectively, year-on-year, due to higher investments in broadband. Investment in the cellular business in Mexico, Colombia, Argentina, Chile and Peru increased by 64.4% year-on-year. Nevertheless, it should be noted that there is a strong cyclical component to the investment, so this performance cannot be extrapolated for the full year.

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5 Assuming constant exchange rates and including the consolidation of the Latin American assets acquired to Bell South in Argentina, Colombia, Chile, Ecuador, Guatemala, Nicaragua, Panama, Peru, Uruguay and Venezuela in the cellular business and Atrium in the Telefónica Latinoamérica Group from 1 January 2004.

TELEFÓNICA GROUP

Financial Data

TELEFÓNICA GROUP

SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	January - June		
	2005	**2004**	**% Chg**
Revenues	17,359.7	14,469.9	**20.0**
Operating income before D&A (OIBDA)	6,621.4	5,740.3	**15.3**
Operating income (OI)	3,528.4	2,907.0	**21.4**
Income before taxes	2,800.0	2,266.3	**23.5**
Net income	1,835.1	1,464.0	**25.4**
Basic earnings per share	0.375	0.290	**29.1**
Weighted average number of ordinary shares outstanding during the period (millions)	**4,897.1**	**5,042.8**	**(2.9)**

Note: For the basic earnings per share calculation purposes, the weighted average number of ordinary shares outstanding during the period have been obtained applying IAS rule 33 Earnings per share . Thereby, there are not taking into account as outstanding shares the weighted average number of shares held as treasury stock during the period nor the shares assigned to the stock options plan for employees Programa TIES . Furthermore, in line with IAS rule 33, the weighted average number of shares outstanding during every period, has been adjusted for these operations that had implied a difference in the number of outstanding shares, without a variation associated in the equity, as if those have taken place at the beginning of the first period presented. It consists on the distribution of the paid-in capital reserve by means of delivery of shares in the proportion of 1 share to every 25 shares, approved by the AGM as of May 31, 2005.

TELEFÓNICA GROUP

RESULTS BY COMPANIES

Unaudited figures (Euros in millions)

REVENUES	OIBDA	OPERATING INCOME

	January - June			January - June			January - June		
	2005	**2004**	**% Chg**	**2005**	**2004**	**% Chg**	**2005**	**2004**	**% Chg**
Telefónica de España Group	5,802.9	5,503.3	5.4	2,141.5	1,941.1	10.3	1,033.4	706.7	46.2
Telefónica Latinoamérica Group	3,692.1	3,283.0	12.5	1,716.5	1,450.8	18.3	876.5	659.7	32.9
Cellular Business	7,759.8	5,533.3	40.2	2,578.8	2,276.3	13.3	1,484.7	1,535.7	(3.3)
Directories Business	239.1	219.1	9.1	62.5	57.7	8.4	50.5	46.8	7.8
Terra Networks Group	240.8	219.3	9.8	46.3	(0.0)	c.s.	7.3	(47.8)	c.s.
Atento Group	388.2	280.3	38.5	51.5	37.1	38.7	37.9	9.8	284.4
Content & Media Business	601.9	570.9	5.4	114.1	70.6	61.6	100.0	57.5	73.8
Other companies (*)	381.1	443.8	(14.1)	(70.2)	(299.1)	(76.5)	(100.8)	(155.0)	(35.0)
Eliminations	(1,746.2)	(1,583.1)	10.3	(19.6)	205.8	c.s.	39.0	93.6	(58.3)
Total Group	**17,359.7**	**14,469.9**	**20.0**	**6,621.4**	**5,740.3**	**15.3**	**3,528.4**	**2,907.0**	**21.4**

(*) OIBDA and Operating Income exclude the variation in investment valuation allowances accounted for by Telefónica S.A. parent company and that are eliminated in consolidation.

TELEFÓNICA GROUP

Financial Data

TELEFÓNICA GROUP

CAPEX BY BUSINESS LINES

Unaudited figures (Euros in millions)

	January - June		
	2005	**2004**	**% Chg**
Telefónica de España Group	620.7	527.6	17.7
Telefónica Latinoamérica Group	378.1	235.2	60.8
Cellular Business	847.0	515.2	64.4
Directories Business	6.8	7.5	(9.6)
Terra Networks Group	7.5	11.3	(33.5)
Atento Group	19.8	8.2	142.4
Content & Media Business	13.1	12.3	6.8
Other companies & Eliminations	96.8	31.3	209.0
Total Group	1,989.7		