

ICT's: THE GREAT OPPORTUNITY

Towards an economic and social growth sustainability in Latin America

Miguel de la Rosa. Deputy General Director Institutional Strategy Latin America. Telefónica S.A.
Diego Molano. Deputy General Director Corporate Affairs Latin America. Telefónica S.A.

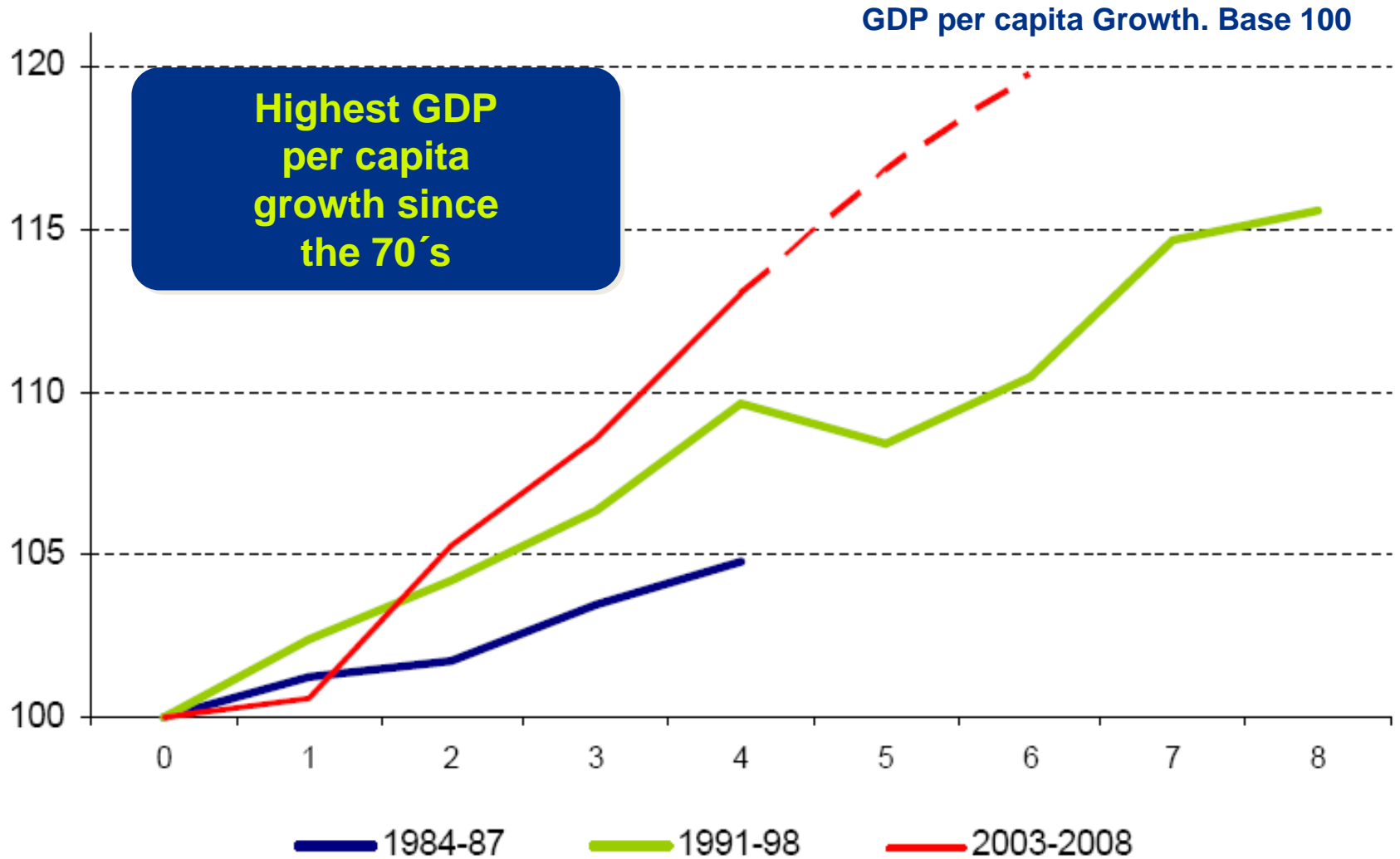
WSIS UIT-UNDP: " WSIS ACTION LINE C6: FACILITATION PROCESS: ENABLING ENVIRONMENT DRIVING INNOVATION: BEST PRACTICES"
Geneve, May 20, 2008



Index

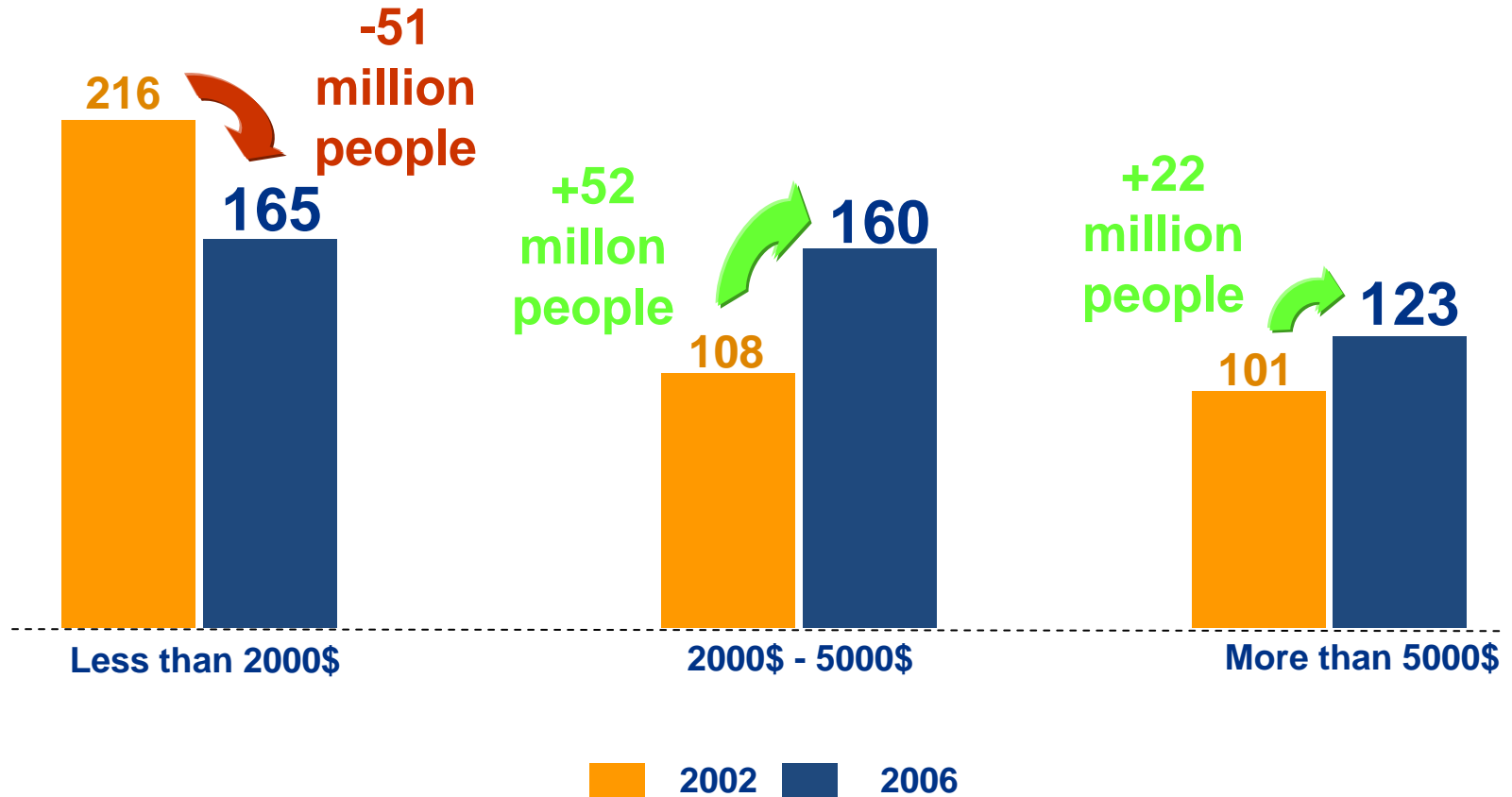
- 01 **Latin America: Much more than a promise: A reality**
- 02 **Telefónica: Key Player in Latin America**
- 03 **ICT's: The Great Opportunity**

01 Latin America is going through an outstanding economic transformation ...



01 ... with a dramatic social improvement....

Wealth Distribution Change in Latin America. 2002-2006
(GDP per capita)

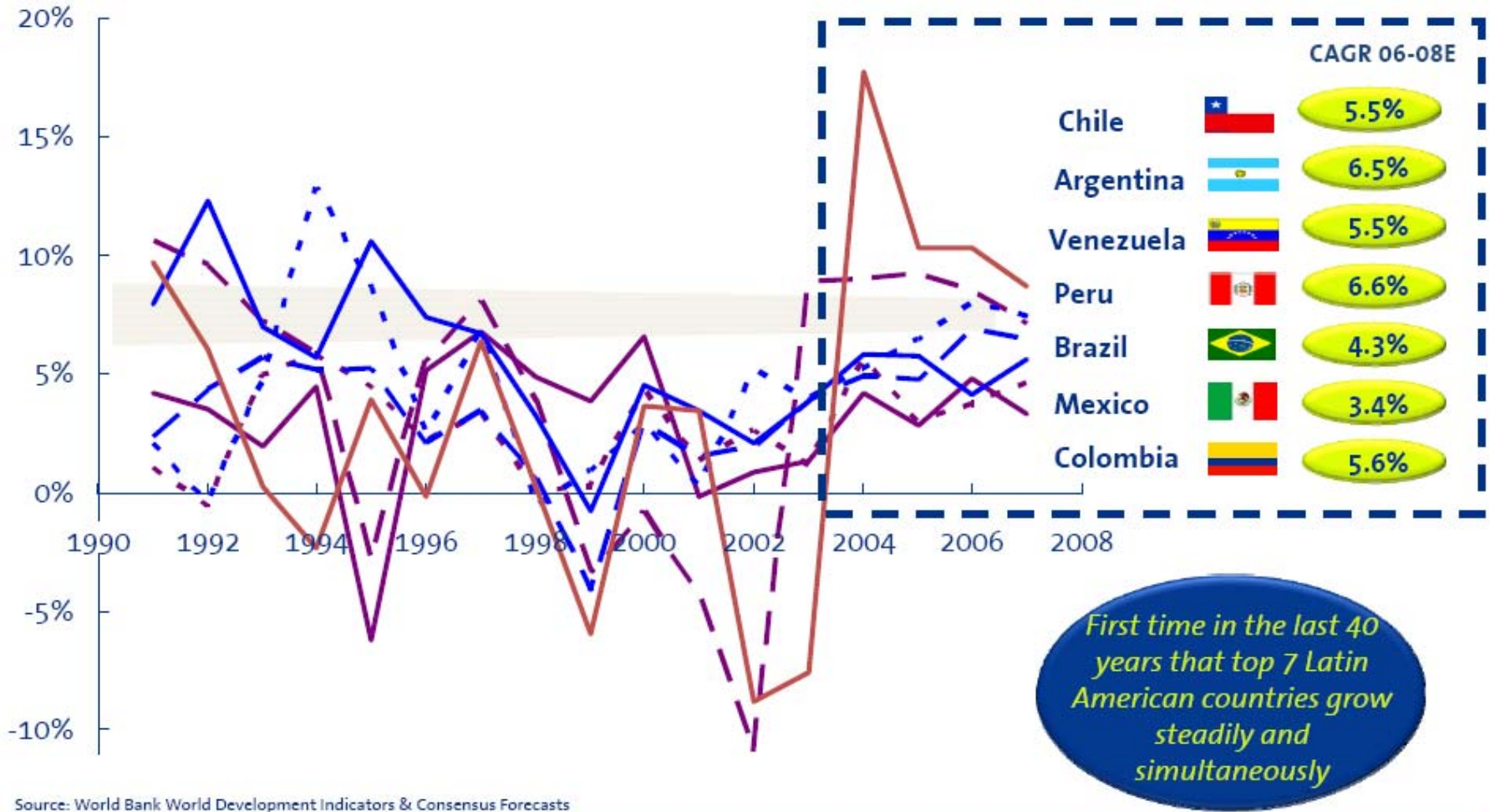


Note: 2006 constant US\$

01... based upon a stable macroeconomic panorama...

Unique macroeconomic momentum

GDP Growth Rates, constant currency

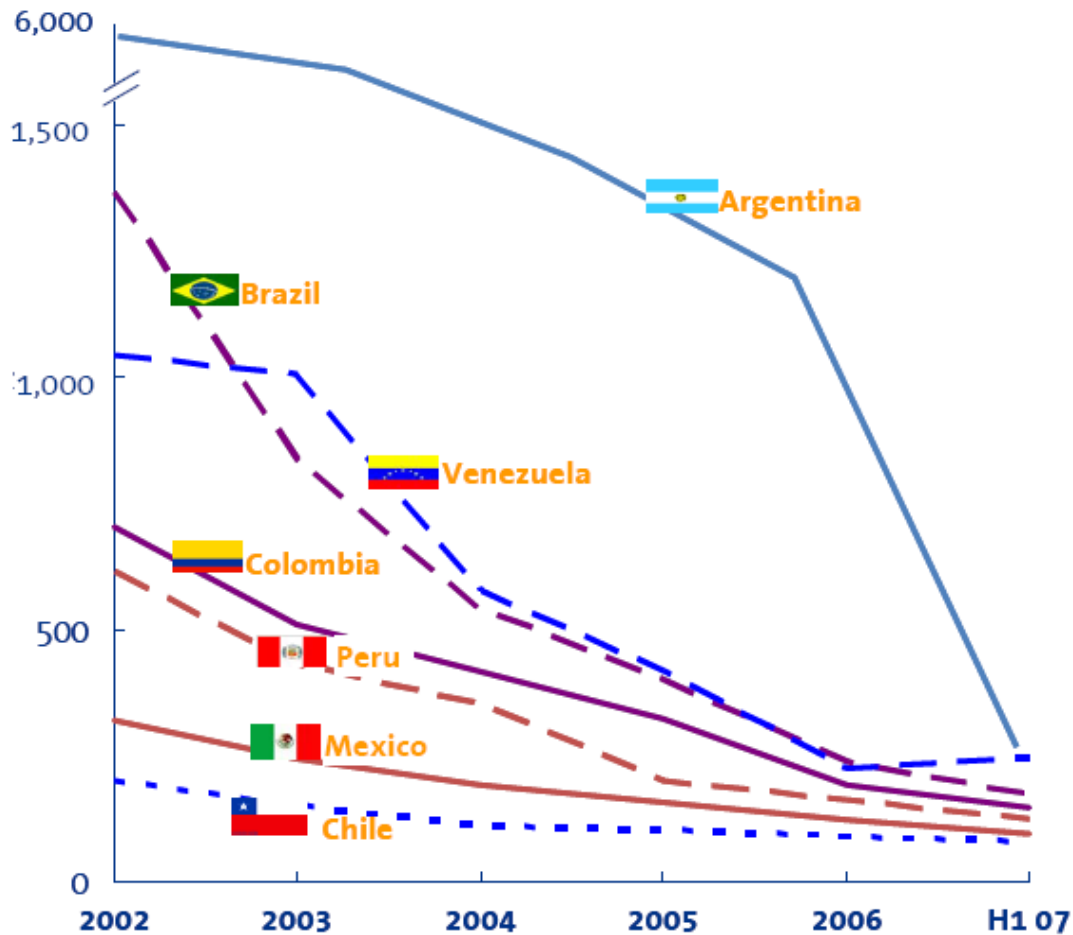


Source: World Bank World Development Indicators & Consensus Forecasts

01 ... well perceived by the financial community....

Unique financial markets outlook

Country risk evolution (Emerging market bond index)



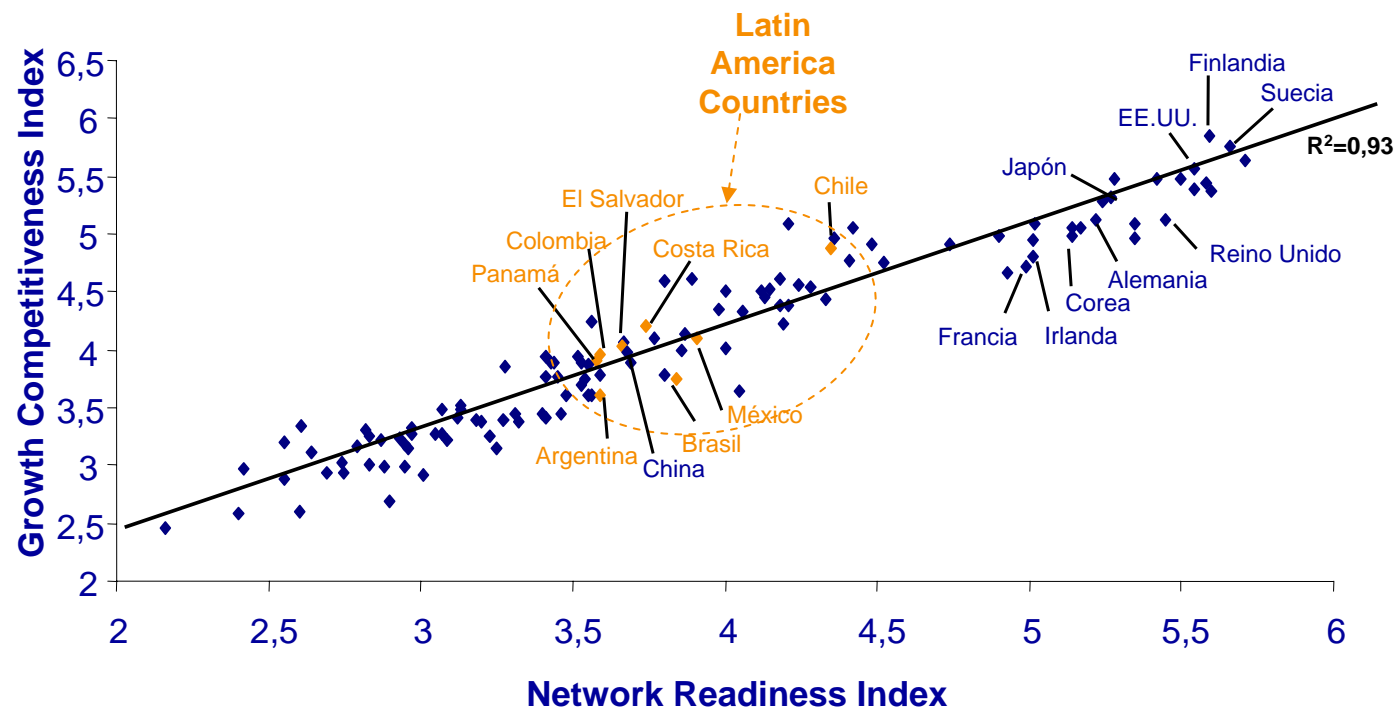
Latin America GDP
100% = €3,200 bn



Expected investment grade countries in 2010E

...in a process in which the Information and Communication Technologies have been, are and will be crucial for the economic growth ..

Exists a positive correlation between Economic Growth and ICT's Penetration



UNO includes ICT's access as part of the "Millennium Objectives"



"To ensure that the benefits of new technologies, especially information and communication technologies, in conformity with recommendations contained in the ECOSOC 2000 Ministerial Declaration, are available to all"

Fuente: The Global Information Technology Report 2006-2007 & The Global Competitiveness Report 2006-2007. World Economic Forum

01 ... as a result, Latin America has turned into the fastest growing telecom region in the world...

(millions)

CAGR 2002-07

Mobile Telephony acces



Broad Band Acces

(thousands)

CAGR 2002-07



Internet Users

(millions)

CAGR 2002-07



■ 2001 ■ 2007e

Sources: ITU, IDATE, Internet Worldstats, Wireless Intelligence

Index

01 Latin America: Much more than a promise: A reality

02 **Telefónica: Key Player in Latin America**

03 ICT's: The Great Opportunity

Telefónica is one of the largest integrated telecom's operators in the world...



And, in Latin America...

**Acceses Latam (Dic'07)
134,1 Mill. / 13 countries**

Revenues 2007: 31 Bn US\$

OIBDA 2007 11 Bn US\$

CAPEX 2007 5 Bn US\$

02 Telefónica has been committed to Latin America for the last 17 years...

**INVESTMENT Latam 1990-2007:
>80.000 Mill. €**

avg \approx 1,5% GDP's



**DIRECT EMPLOYMENT GENERATION:
>145.000 Jobs**

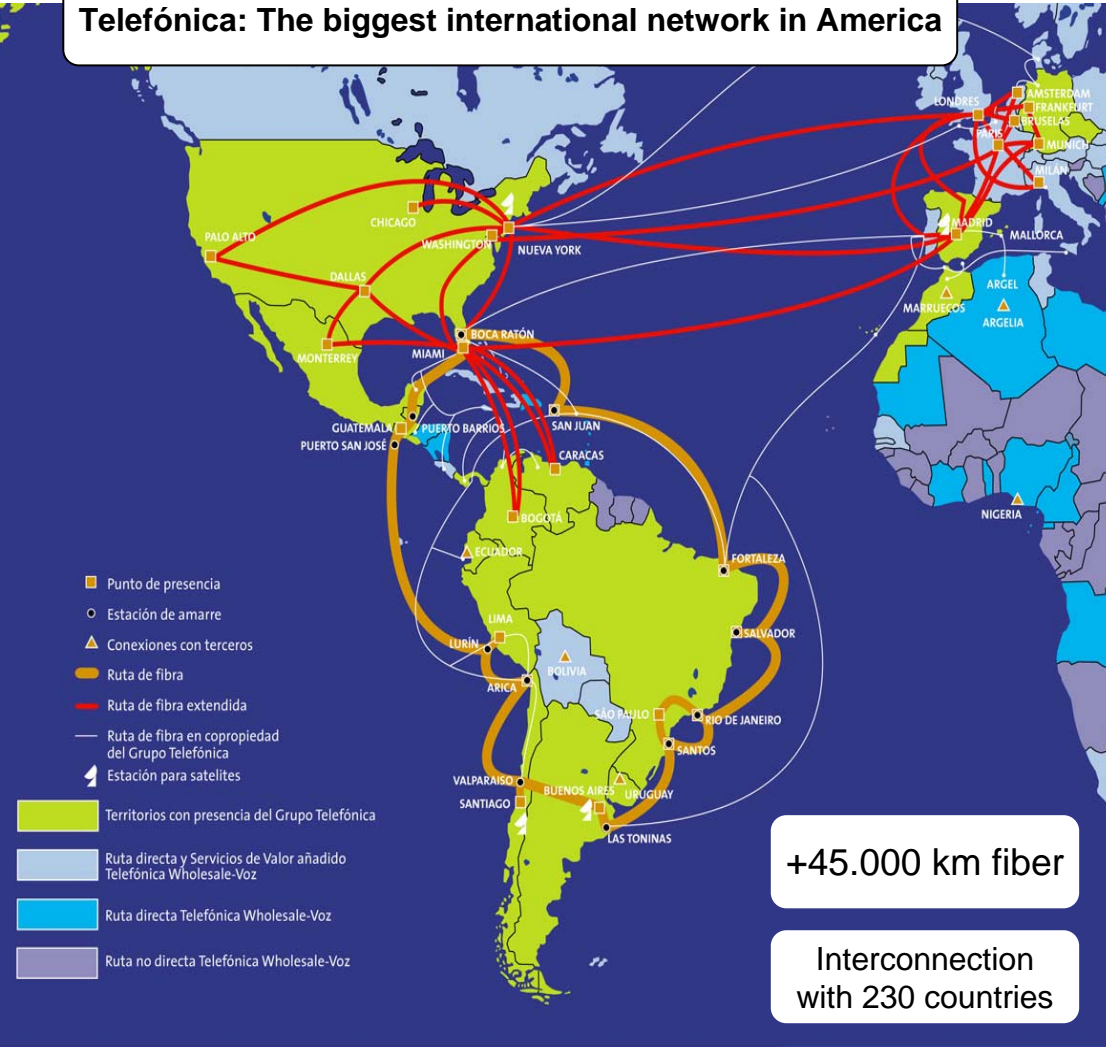
**INDIRECT EMPLOYMENT
GENERATION: > 120.000 Jobs**

**8.000 local
suppliers**

* Inversiones a precios de mercado en el momento de la compra

02 ... deploying the necessary infrastructure for regional development...

Telefónica: The biggest international network in America



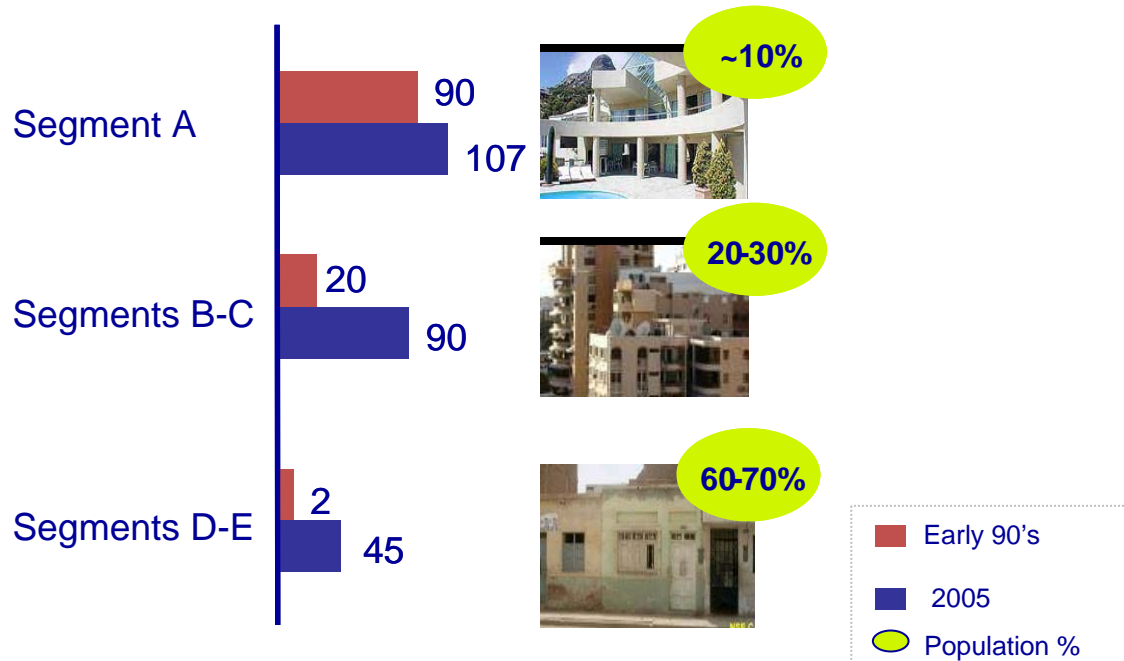
Interconnecting Latin American countries and expanding them to the world

**Next investments
2007-2010E**

14-16.000 Mill €

02 ... bringing telecommunications to every socioeconomic segment...

Telephony Penetration

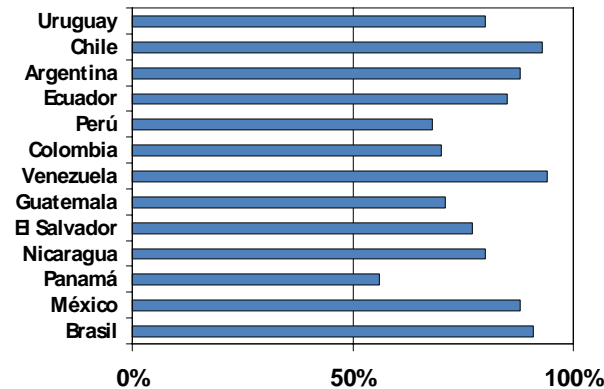


By early 90's when Telefónica started operations in the Region most population in D/E segments were excluded from access to telecommunications

... bridging the social gap in the region..

Geographic Inclusion

❖ Mobile population coverage



Social Inclusion

Digital Inclusion

❖ Educational Internet. Chile



> 59% coverage of schools (Dec 07)

Broadband access to schools

❖ Llaqt@red. Perú



Creative and innovative solution for sustained Internet Access in Peruvian rural areas.

❖ Campus Party. Brasil and Colombia

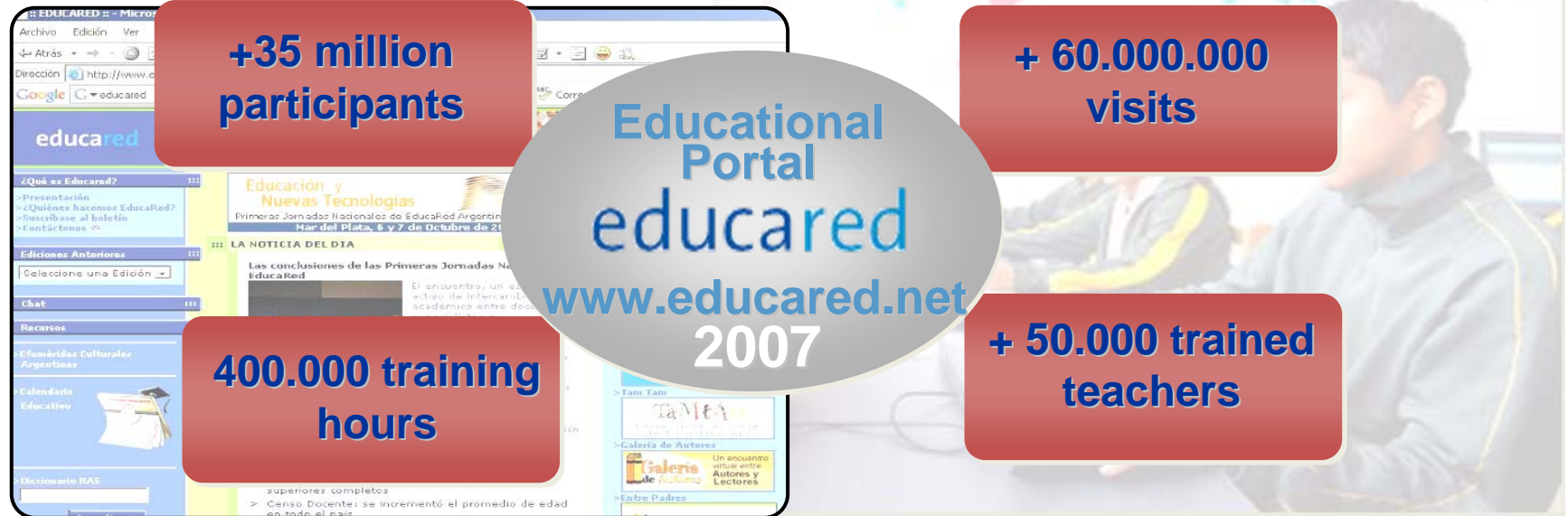


Worldwide event integrating technology, content, and digital entertainment.

02 ... fostering the educational use of ICT's within the educational community



- Educared: Leader in Educational Innovation
- Gathering point for the educational community



EducaRed is a programme promoted by Fundación Telefónica pursuing innovation and excellence in educational processes, in a equal opportunities approach by means of utilization of ICT's

02 ... and a transparent and firm commitment to promote schooling as a means to eradicate child labor: The programme **Proniño**



Fundación Telefónica constitutes the corporate initiative with utmost social impact using schooling and digital inclusion in Latin America

Index

- 01 Latin America: Much more than a promise: A reality
- 02 Telefónica: Key Player in Latin America
- 03 **ICT's: The Great Opportunity**

03 Latin America is to be the Region with the highest relative growth till 2010

TELECOM SECTOR GROWTH CAGR 06-10E



Latin America

7,8 %



Emergent Asia *

7,1%



Central and East Europe

6,9%



Africa

5,8%

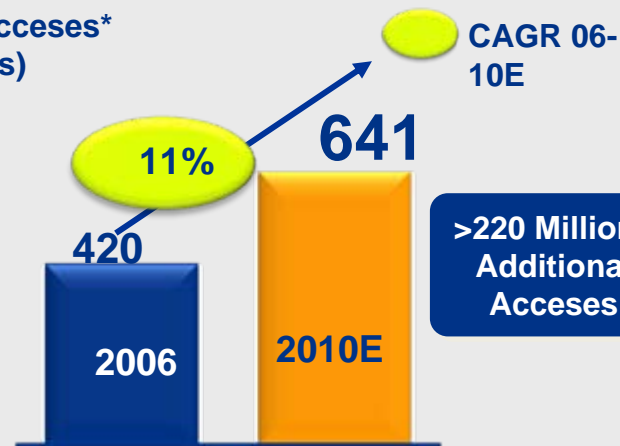


EE.UU and
Cánada

1,2%

TELECOMMUNICATIONS IN LATIN AMERICA

Total Acceses*
(Millions)



TOTAL LATIN AMERICA

- Higher purchasing power due to growth of middle classes in Latin America
 - 15 million additional middle class households during 2006-2010E
 - ABC households will surpass DE households by 2010E

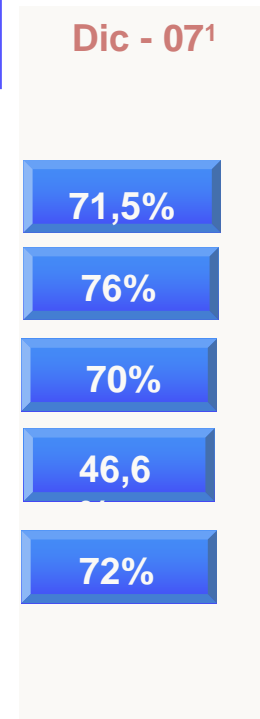
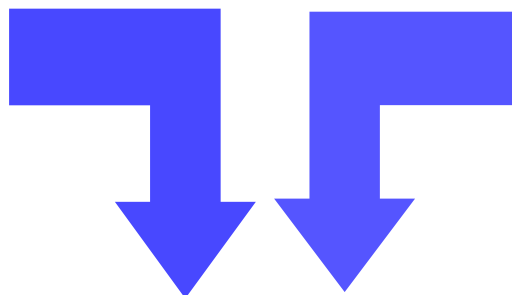
Source: IDC

* Excluding Japan, Corea, Hong Kong, Singapore and Taiwán

03 Latin America: with an astonishing Mobile penetration



1 Source: The Yankee Group + Telefonica



1 Source: The Yankee Group + Telefónica

By year end 2011 87% of Latin America population will dwell in countries with a mobile penetration > 85%

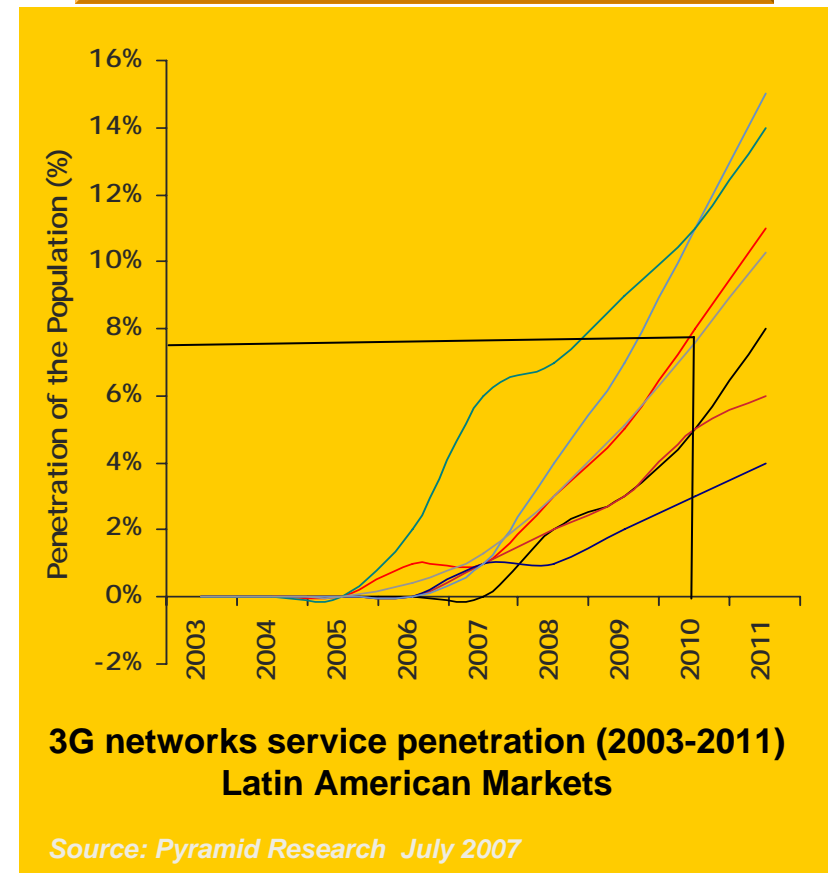
2 Source: Telefónica

03 Latin America: Broadband penetration perspectives...

- Argentina
- Mexico
- Brazil
- Venezuela
- Colombia
- Chile
- Region

BB Penetration ¹	Dec-06	Dec-10E	Households 2010E ²
Brazil (SP)	15%	~27%	~15 m
Argentina	15%	~37%	~11 m
Chile	23%	~38%	~5 m
Peru	7%	~13%	~7 m
Colombia	6%	~17%	~12 m
Total	10%	~23%	~140 m

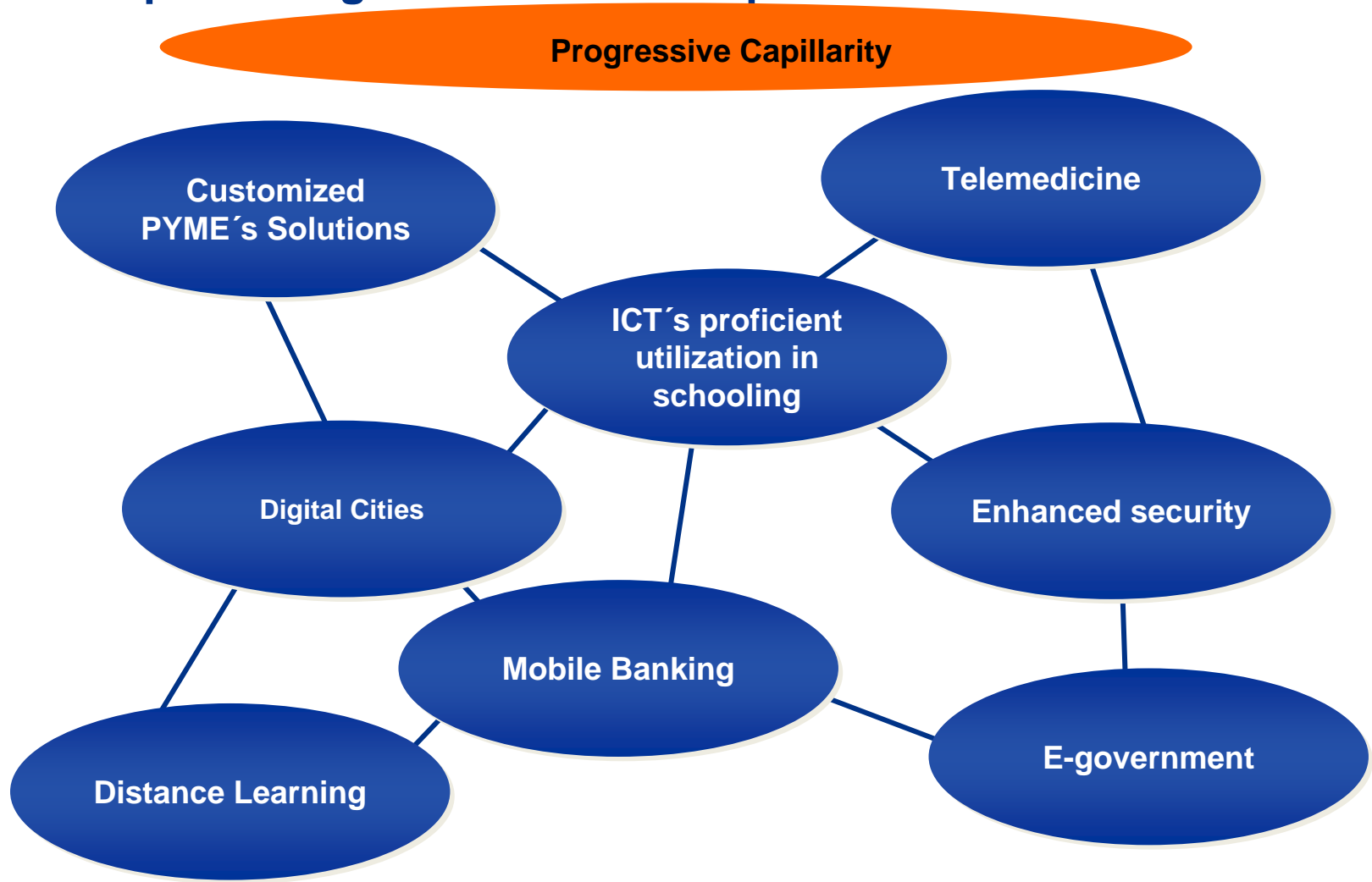
≈ 7,5% penetration 2010



BB market growth in Latin America ¹ Wireline

+ 18/19 million additional BB accesses

03 ...Telefónica envisions an interconnected Region with an ICT's progressive intensive use, to foster bridging the social divide and promoting economic development



03 The Region is aware of the need to articulate public policies to close the digital divide

Several Institutions are promoting ICT's policies at all levels



IDB Programs to strengthen ICT's use in public administrations
e-Government

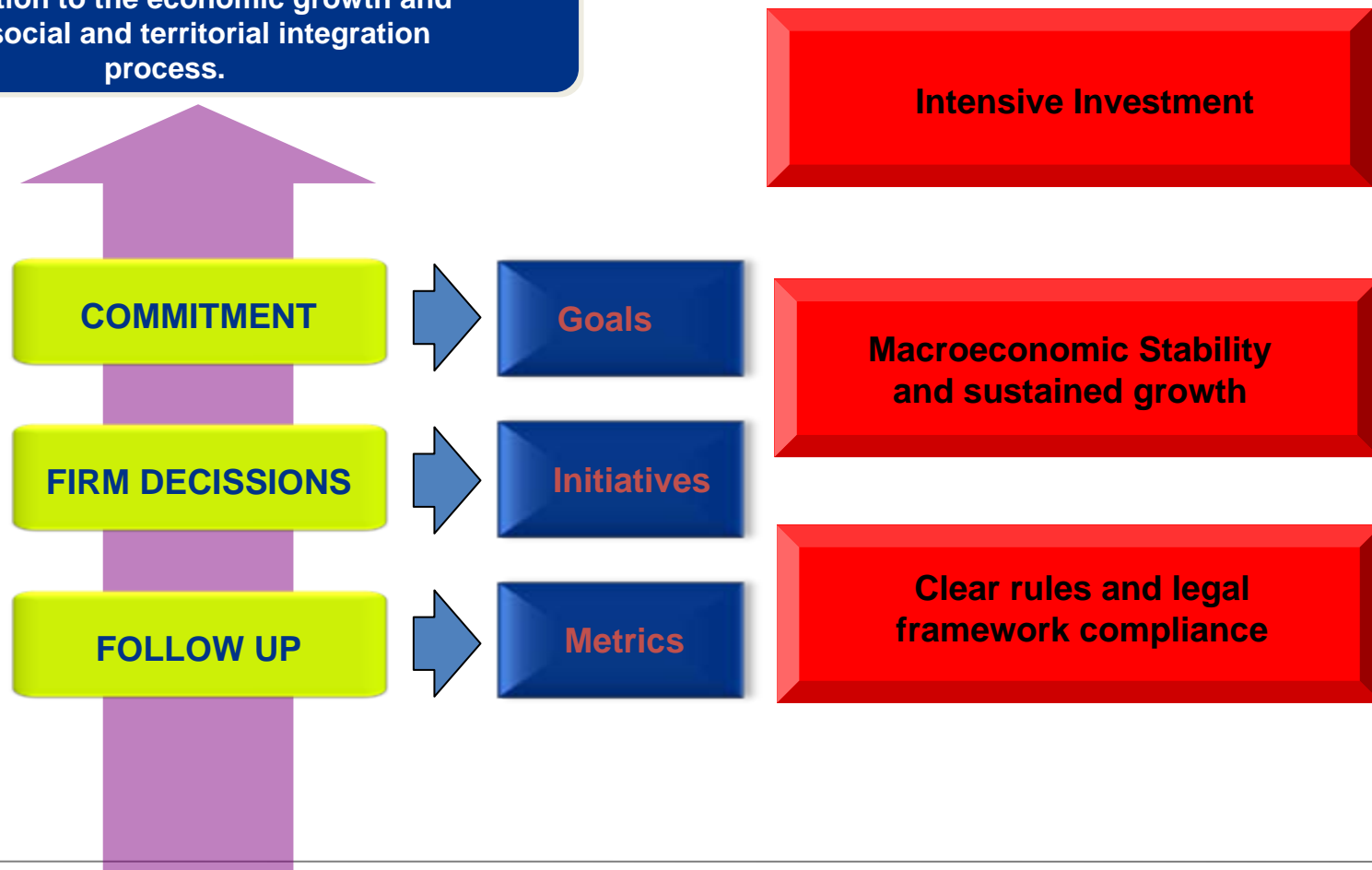


eLAC 2010

Illustrative purposes only

03 Maximizing the benefits of TIC's deployment requires a joint and continuous effort among the various social and political players

We consider the ICT's an engine of progress and welfare through their contribution to the economic growth and to the social and territorial integration process.



ITC's in Latin America represent a history of success

Yet, Much remains to be done

**A joint effort, a convergence of the private and public
sector is unavoidable to maximize the ICT's economic
and social impact and to enable a truly developed
Information Society**

This is an endeavour no player can be left aside

Telefonica

THANK YOU