

NOTA DE PRENSA

PRESS RELEASE

São Paulo, October 9th, 2016

TELEFÓNICA APPOINTS EDUARDO NAVARRO AS PRESIDENT AND CEO OF TELEFÓNICA BRASIL

- The Brazilian executive, currently Chairman of Telefónica Brasil's Board of Directors, will take over from Amos Genish at the helm of the Company.

São Paulo, October 9th, 2016.- The Board of Directors of Telefónica Brasil has appointed, on a meeting held on October 7th, 2016, Eduardo Navarro de Carvalho, current CCDO –Chief Commercial Digital Officer– of Telefónica S.A. and Chairman of the Board of Telefónica Brasil, as new President and CEO of the Company starting on January 1st 2017.

This appointment follows the announcement in which the current CEO, Amos Genish, has notified the Board of Directors of Telefónica Brasil of his intention to step down as President and CEO of the Company effective by the end of 2016. The Board has also approved the creation of a Strategy Committee which will be chaired by Amos Genish, who will also remain as a Member of the Board.

This marks the beginning of a new phase for Telefónica Brasil, after completing the first part of the integration process with GVT which started almost eighteen months ago when the acquisition was approved. This integration has enhanced Telefónica Brasil's competitiveness and leadership in the country with its main financial metrics (revenues, OIBDA and cash flow generation) performing above the market average as well as high quality levels.

Eduardo Navarro* currently is Chief Commercial Digital Officer (CCDO) of Telefonica S.A. He is also a member of the Telefonica Group Executive Committee, and Chairman of the Telefonica Brasil Board since last June.

As CCDO, he is responsible for driving revenue growth globally, developing a holistic view for the consumer and enterprise segments, curating the commercial offer and evolving the channels to ensure the best commercial experience for Telefónica customers.

Since his appointment as Telefónica Brasil's President and CEO in 2015, Amos Genish led Telefonica Brasil to successfully complete the integration of GVT, delivering synergies above targets, and establishing a solid results-oriented and performance-based culture. In addition, he built a strong management team, which will continue to lead Telefonica Brazil to its full potential. He also set the strategic foundations to transform Telefonica Brasil with a strengthened business model. At the same time, he led Telefonica Brasil to solidify its market leadership and outperform the market in key financial and operational metrics.

After successfully completing this initial transformation and integration phase, Amos Genish has taken the decision to leave the company by the end of 2016 due to personal reasons. Until then, he will collaborate with Eduardo Navarro and the management team ensuring a smooth and productive transition for the Group in Brazil.

José María Álvarez-Pallete, Chairman and CEO of Telefónica S.A., thanked Amos Genish for his dedication and commitment, which have been key to successfully address the integration of GVT into Vivo and achieve a set of differential results against a difficult backdrop. He also stressed that he is very pleased with the appointment of Eduardo Navarro as the new President and CEO of Telefónica Brasil, highlighting his impressive track record since he joined the Group in 1999.

Eduardo Navarro, for his part, said: "I am honored to be appointed as the next President and CEO of Telefonica Brasil. From Telefónica's headquarters in Madrid and as Chairman of Telefonica Brasil, I have been impressed with Telefonica Brasil's strong performance and transformation. I am excited by the opportunities ahead and fully confident that, jointly with the excellent management team of Telefonica Brasil, we will be able to continue building on Telefonica Brasil's strong foundations. On behalf of the Board of Directors, I would like to thank Amos for his contributions and extraordinary achievements."

Amos Genish thanked the employees and the Board of Directors of Telefónica Brasil and Telefónica for their support: "I am grateful for the honor of leading Telefonica Brasil during 2015 and 16, and pleased to have been able to accomplish all the key objectives we had set for ourselves at the beginning of 2015. Today, thanks to its best-in-class management team, Telefonica Brazil is the absolute leader in the Brazilian telecom market, with the best operational and financial performance. I thank the employees and the Board of Directors for their support during this period. I have full confidence that Telefonica Brasil, led by Eduardo, will continue to outperform and execute on its strategic plan."

() **Eduardo Navarro de Carvalho**, holds a Metallurgical Engineering Degree from the Federal University at Minas Gerais, Brazil, and is the current CCDO of Telefónica S.A. He joined Telefonica in 1999, at a time when the company was taking part in significant M&A activity in Brazil. During his 17-year tenure with Telefonica, he has held various key positions, including managing roles with several of the company's Brazilian operations. He was Corporate Strategy and Regulatory Affairs Vice President for Telefonica Brazil and Director of Strategic Planning and Regulatory Affairs for Telefonica International. Prior to his current role, Navarro was Director of Strategy and Alliances for Telefonica Group.*

Before joining Telefonica, Eduardo Navarro was a consultant for McKinsey & Company, focusing on Infrastructure and Telecommunications projects in Latin America, Europe and Africa. He began his career as an engineer in the Brazilian steel industry with the ARBED Group.