

NOTA DE PRENSA

PRESS RELEASE

Telefónica selects IBM to modernize financial and HR processes

- IBM acquires Tgestiona companies in Spain, Argentina, Peru; enhances its Industry-specific Business Process Services Portfolio

Madrid, March 2, 2016.- IBM (NYSE:IBM) and Telefónica today announced a 10-year contract for IBM to modernize and manage different Telefonica Human Resources and Finance Management processes of the telecommunications giant over the next 10 years.

As part of the agreement, IBM is acquiring three companies of Tgestiona -- a Telefónica company specialized in finance and human resources processes management for Communications Sector -- in Spain, Argentina and Peru.

Telefónica turned to IBM to drive three strategic objectives: simplify operations, drive efficiencies, and deliver a next-generation client experience. IBM differentiated with its consult-to-operate approach and its digital reinvention point of view, which aligns with Telefónica's transformation strategy.

"IBM was chosen as our strategic partner based on their ability to demonstrate market-leading best practices in finance and HR, deliver a superior user experience to Telefónica, and demonstrate automation and digital innovation while respecting the cultural diversity of our clients", said Javier Delgado, Director Planning, Projects and Global Services of Telefónica.

IBM's market-leading process expertise and cloud operational platforms will help these companies modernize, deliver efficiencies, and improve client experience.

"We understand Telefónica's enduring commitment to its people and its customers," said Jesús Mantas, General Manager of IBM Consulting and Global Process Services. "Our agreement with Telefónica represents the future of process transformation in the digital age. It delivers the required efficiencies while addressing the cultural and human elements of digital change, reducing risks and operational disruption".

Founded in 2001, Tgestiona is a leading provider of Business Process Outsourcing (BPO) services, with offices in Spain, Argentina and Peru serving clients across Europe, Latin and Central America.

About Telefónica

Telefónica is one of the largest telecommunications companies in the world by market capitalization and number of customers with a comprehensive offering and quality of connectivity that is delivered over world class fixed, mobile and broadband networks. As a growing company it prides itself on providing a differential experience based both on its corporate values and a public position that defends customer interests.

The company has a significant presence in 21 countries and over 322 million accesses around the world. Telefónica has a strong presence in Spain, Europe and Latin America, where the company focuses an important part of its growth strategy.

Telefónica is a 100% listed company, with more than 1.5 million direct shareholders. Its share capital currently comprises 4,975,199,197 ordinary shares traded on the Spanish Stock Market and on those in London, New York, Lima, and Buenos Aires.

About IBM

For more information, visit <http://www.ibm.com/services/gbs>