

Telefonica

JANUARY - SEPTEMBER 2016 RESULTS

Disclaimer

Telefónica

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DISCLAIMER

The financial information related to the third quarter of 2016 contained in this document has been prepared under International Financial Reporting Standards (IFRS), as adopted by the European Union. This information is unaudited.

Since the second quarter of 2016 Telefónica's operations in the United Kingdom were no longer be reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with IFRS. For comparative purposes, Telefónica Group financial statements for 2015 and the three-month period ended March 31, 2016 are reported using these same criteria.

The January-December 2015 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at SIMADI (as of 31 December, this rate was set at 199 Venezuelan bolivars fuertes per dollar). The January-September 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (659 Venezuelan bolivars fuertes per dollar).

New information has been included since the first quarter 2016 and is also given for comparative purposes from January 2015. Please note that T. Venezuela and T. Central America are now presented separately for both financials and KPIs.

- At Group level:

- i) Consolidated statement of cash flow, in conformity with International Financial Reporting Standards (included in addenda)
- ii) Revenues split: Voice & access, FBB connectivity, Services over Connectivity and Others
- iii) Fibre and VDSL accesses

- At business unit level:

- i) Revenues split: Fixed and mobile revenues (T. Hispanoamérica); Pay TV revenues (T. Brasil, T. Hispanoamérica, T. Chile, T. Perú and T. Colombia). For comparative purposes, FBB and TV revenues in 2015 have been restated
- ii) Accesses: Fibre and VDSL accesses (T. Hispanoamérica and T. Chile); VDSL (T. Deutschland and T. Perú)
- iii) Operational data: Fixed voice & data traffic (T. España, T. Deutschland, T. Brasil, T. Argentina, T. Chile, T. Perú and T. Colombia), Fixed telephony and fixed broadband ARPUs (T. Brasil, T. Argentina, T. Chile and T. Perú and T. Colombia), and Pay TV ARPU (T. Brasil, T. Chile, T. Perú and T. Colombia)

- In T. España:

- i) Revenue split in accordance with customer segmentation and the high level of convergence in the Consumer segment. The following are now included: Handset sales (mobile), Consumer (Fusión and non-Fusión), Business (Communications and IT) and Other
- ii) Accesses: Total Consumer accesses (Fusión + non-Fusión)
- iii) Consumer Fusión KPIs: Customers, ARPUs and churn

- Furthermore, mobile voice traffic is now classified as minutes per access on the Company's network and promotional traffic is included. For comparative purposes, the 2015 reported data has been adjusted as per these criteria.

- Other fixed revenue, including equipment, are now classified under FBB revenues. For comparative purposes, the 2015 reported data has been adjusted as per these criteria.

Also, the table "Reconciliations of Cash Flow and OIBDA minus CapEx from continuing operations" has been simplified, excluding net cash received from sale of Real Estate, net payment for financial investment and net payment for operations with minority shareholders and treasury stock. On the other hand, payments related to cancellation of commitments and operations with minority shareholders have been included to provide free cash flow figures.

The following Addenda are included: i) the Consolidated Statement of Cash Flow, in conformity with International Financial Reporting Standards, and ii) the detailed Income Statement for Telefónica España, including DTS in the consolidation perimeter from January 2015.

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TELEFÓNICA
SELECTED FINANCIAL DATA
Unaudited figures (Euros in millions)

	Jan-Sep	% Chg		Jul-Sep	% Chg	
	2016	Reported	Organic	2016	Reported	Organic
Revenues	38,315	(6.7)	0.8	13,080	(5.9)	(0.2)
Telefónica España (1)	9,497	3.4	(0.1)	3,169	(0.4)	(0.4)
Telefónica Deutschland	5,567	(4.5)	(4.5)	1,876	(5.2)	(5.2)
Telefónica UK	5,140	(11.8)	(2.8)	1,676	(17.1)	(2.1)
Telefónica Brasil (2)	8,039	(5.1)	0.9	2,952	7.9	1.1
Telefónica Hispanoamerica	9,144	(15.1)	6.4	3,129	(13.9)	4.1
Other companies & eliminations	928	(5.1)		279	(20.8)	
OIBDA	11,931	(4.6)	3.1	4,175	(1.0)	3.1
Telefónica España (1)	3,955	(0.3)	0.8	1,372	(0.6)	(0.6)
Telefónica Deutschland	1,314	3.3	2.6	464	15.1	4.2
Telefónica UK	1,375	(8.5)	1.0	458	(14.0)	1.6
Telefónica Brasil (2)	2,629	1.5	7.8	982	18.1	9.5
Telefónica Hispanoamerica	2,672	(17.3)	1.2	970	(10.1)	6.3
Other companies & eliminations	(14)	(75.2)		(71)	n.m.	
OIBDA margin	31.1%	0.7 p.p.	0.7 p.p.	31.9%	1.6 p.p.	1.0 p.p.
Telefónica España (1)	41.6%	(1.6 p.p.)	0.4 p.p.	43.3%	(0.1 p.p.)	(0.1 p.p.)
Telefónica Deutschland	23.6%	1.8 p.p.	1.7 p.p.	24.7%	4.4 p.p.	2.3 p.p.
Telefónica UK	26.8%	1.0 p.p.	1.0 p.p.	27.3%	1.0 p.p.	1.0 p.p.
Telefónica Brasil (2)	32.7%	2.1 p.p.	2.1 p.p.	33.3%	2.9 p.p.	2.5 p.p.
Telefónica Hispanoamerica	29.2%	(0.8 p.p.)	(1.5 p.p.)	31.0%	1.3 p.p.	0.6 p.p.
Operating Income (OI)	4,800	(9.0)	2.8	1,718	(5.5)	(0.4)
Net income	2,225	(22.0)		983	38.5	
Basic earnings per share (euros)	0.41	(23.6)		0.19	44.8	
CapEx	6,016	(22.4)	0.5	2,362	5.3	(3.8)
Telefónica España (1)	1,283	(3.0)	(0.4)	393	(9.1)	(9.1)
Telefónica Deutschland	748	(60.6)	5.7	316	30.2	30.4
Telefónica UK	654	0.3	10.5	238	0.8	18.0
Telefónica Brasil (2)	1,369	(8.8)	(10.3)	577	6.8	(6.6)
Telefónica Hispanoamerica	1,798	(18.4)	5.7	782	7.3	(17.2)
Other companies & eliminations	164	(6.5)		56	(11.8)	
Spectrum	341	(78.5)	n.m.	331	c.s.	n.m.
Telefónica España (1)	7	(85.0)	n.m.	-	-	-
Telefónica Deutschland	4	(99.6)	n.m.	2	6.9	n.m.
Telefónica UK	-	-	-	-	-	-
Telefónica Brasil (2)	47	n.m.	n.m.	47	n.m.	n.m.
Telefónica Hispanoamerica	282	(17.5)	n.m.	282	c.s.	n.m.
OpCF (OIBDA-CapEx)	5,915	24.4	5.7	1,814	(8.2)	10.8
Telefónica España (1)	2,672	1.0	1.3	979	3.2	3.3
Telefónica Deutschland	566	c.s.	(0.9)	148	(7.7)	(23.8)
Telefónica UK	721	(15.2)	(6.3)	219	(25.8)	(11.4)
Telefónica Brasil (2)	1,260	15.7	34.9	405	39.2	37.9
Telefónica Hispanoamerica	874	(15.1)	(4.8)	188	(46.4)	55.4
Other companies & eliminations	(178)	(22.8)		(125)	76.8	

Notes:

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- 2015 and 2016 reported figures include hyperinflationary adjustments in Venezuela in both years.

- **Organic criteria**: Assumes constant exchange rates as of 2015 (average FX in 2015), excludes the impact from hyperinflation in Venezuela in both years and considers constant perimeter of consolidation. In OIBDA and OI terms, excludes write-downs, capital gains/losses from the sale of companies, tower sales, material non-recurring impacts and restructuring costs. CapEx also excludes investment in spectrum.

- OIBDA and OI are presented before brand fees and management fees.

- OIBDA margin calculated as OIBDA over revenues.

(1) DTS has been consolidated since 1 May 2015.

(2) GVT has been consolidated since 1 May 2015.

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TELEFÓNICA

ACCESSES

Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	337,505.0	348,093.8	346,226.8	341,475.6	341,262.7	341,922.3	343,932.9	
Fixed telephony accesses (1)	36,451.9	40,400.0	40,218.1	39,734.9	39,606.5	39,262.1	38,914.0	
Internet and data accesses	18,215.6	21,249.6	21,430.9	21,365.3	21,507.7	21,641.4	21,738.4	
Broadband	17,724.6	20,775.2	20,966.8	20,971.3	21,097.2	21,195.9	21,266.5	
Fibre and VDSL	2,878.7	6,386.4	6,935.1	7,393.1	7,915.1	8,362.0	8,705.1	
Mobile accesses	277,371.0	278,414.0	276,423.5	272,103.9	271,783.2	272,596.8	274,883.7	
Prepay	177,579.8	177,429.1	173,699.9	167,845.1	166,005.2	165,619.6	165,912.1	
Contract	99,791.2	100,984.8	102,723.5	104,258.8	105,778.0	106,977.2	108,971.6	
M2M	10,230.1	10,681.6	11,050.1	11,526.3	12,583.9	12,988.2	13,591.7	
Pay TV	5,466.5	8,030.3	8,154.3	8,271.6	8,365.4	8,422.0	8,396.7	
Wholesale Accesses	6,475.7	6,401.0	6,271.7	6,062.8	5,826.7	5,591.7	5,480.7	
Total Accesses	343,980.7	354,494.8	352,498.5	347,538.4	347,089.4	347,514.0	349,413.5	

Notes:

- GVT and DTS accesses are consolidated from 1 May 2015.

- Telefónica UK accesses are included since the first quarter of 2015 as it has been reclassified back into full consolidation.

(1) Includes fixed wireless and VoIP accesses.

MOBILE ACCESSES

Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Prepay percentage (%)	64.0%	63.7%	62.8%	61.7%	61.1%	60.8%	60.4%	
Contract percentage (%)	36.0%	36.3%	37.2%	38.3%	38.9%	39.2%	39.6%	
Smartphones ('000)	102,215.8	110,156.4	120,003.6	126,178.9	128,326.0	130,058.4	144,588.9	
Prepay	49,712.4	54,510.2	59,961.6	62,823.1	64,140.1	64,957.4	73,339.7	
Contract	52,503.4	55,646.2	60,041.9	63,355.8	64,185.9	65,101.0	71,249.2	
Smartphone penetration (%)	39.2%	42.1%	46.3%	49.5%	50.6%	51.1%	56.4%	
Prepay (%)	28.2%	31.0%	34.8%	37.7%	38.9%	39.5%	44.5%	
Contract (%)	62.1%	65.2%	69.1%	71.9%	72.2%	72.3%	77.7%	
LTE smartphones ('000)	18,965.4	24,341.5	30,209.6	37,375.0	43,870.2	50,077.3	57,342.4	
LTE penetration (%)	7.1%	9.1%	11.4%	15.7%	16.9%	19.3%	22.1%	

Notes:

- GVT and DTS accesses are consolidated from 1 May 2015.

- Telefónica UK accesses are included since the first quarter of 2015 as it has been reclassified back into full consolidation.

TELEFÓNICA
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	13,362	13,789	13,903	13,862	54,916	12,511	12,723	13,080		
Internal exp. capitalized in fixed assets	205	231	233	277	946	213	214	208		
Operating expenses	(9,578)	(9,865)	(9,935)	(13,697)	(43,075)	(8,943)	(9,067)	(9,181)		
Supplies	(3,936)	(4,124)	(4,152)	(4,334)	(16,547)	(3,675)	(3,748)	(3,685)		
Personnel expenses	(1,762)	(1,818)	(1,814)	(4,955)	(10,349)	(1,749)	(1,687)	(1,704)		
Other operating expenses	(3,880)	(3,923)	(3,969)	(4,408)	(16,179)	(3,519)	(3,632)	(3,791)		
Other net income (expense)	23	32	(10)	225	270	49	49	49		
Gain (loss) on sale of fixed assets	61	31	28	159	279	6	2	22		
Impairment of goodwill and other assets	(1)	0	0	(105)	(106)	1	(3)	(3)		
Operating income before D&A (OIBDA)	4,071	4,218	4,219	721	13,229	3,838	3,918	4,175		
<i>OIBDA Margin</i>	<i>30.5%</i>	<i>30.6%</i>	<i>30.3%</i>	<i>5.2%</i>	<i>24.1%</i>	<i>30.7%</i>	<i>30.8%</i>	<i>31.9%</i>		
Depreciation and amortisation	(2,393)	(2,438)	(2,401)	(2,472)	(9,704)	(2,322)	(2,351)	(2,458)		
Operating income (OI)	1,678	1,780	1,818	(1,751)	3,525	1,516	1,567	1,718		
Share of profit (loss) of investments accounted for by the equity method	(6)	(3)	(1)	(1)	(10)	(3)	0	1		
Net financial income (expense)	(654)	(492)	(777)	(687)	(2,609)	(659)	(660)	(531)		
Profit before taxes	1,018	1,286	1,040	(2,438)	906	853	907	1,187		
Corporate income tax	(420)	270	(301)	297	(155)	(298)	(251)	(193)		
Profit for the period	598	1,556	739	(2,142)	751	555	656	995		
Non-controlling interests	19	(31)	(29)	(95)	(135)	(7)	37	(11)		
Net Income	617	1,525	710	(2,236)	616	548	693	983		
Weighted average number of ordinary shares outstanding during the period (millions)	4,753	4,973	5,003	4,974	4,928	4,931	4,911	4,910		
Basic earnings per share (euros)	0.12	0.29	0.13	(0.46)	0.07	0.10	0.13	0.19		

Notes:

- From the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of 2015 and the first quarter of 2016 are reported following the same criteria.

- The January-September 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (659 Venezuelan bolivars fuertes per dollar).

- The weighted average number of ordinary shares outstanding during the period has been obtained applying the IAS rule 33 "Earnings per share". Thereby, the weighted average of shares held as treasury stock have not been taken into account as outstanding shares. On the other hand, the denominator is retrospectively adjusted for transactions that have changed the number of shares outstanding without a corresponding change in equity (as if such transactions had occurred at the beginning of the earliest period presented). For instance, the bonus share issue carried out to meet the scrip dividends paid in 2015, has been taken into account. Also, the ordinary shares that would be issued upon the conversion of the mandatorily convertible notes issued on 24 September 2014 are included in the calculation of earnings per share from that date.

- Basic earnings per share ratio is calculated dividing Net Income, adjusted for the net coupon corresponding to "Other equity instruments", by the weighted average number of ordinary shares outstanding during the period.

- 2015 and 2016 reported figures include hyperinflationary adjustments in Venezuela.

- Telefónica Group consolidated results consolidate GVT and DTS since 1 May 2015.

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TELEFÓNICA
CONSOLIDATED REVENUE BREAKDOWN
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	13,362	13,789	13,903	13,862	54,916	12,511	12,723	13,080		
Voice & access	5,877	6,632	6,549	6,156	26,160	5,594	5,494	5,569		
Broadband Connectivity	3,532	4,231	4,344	4,369	16,932	4,236	4,451	4,604		
Services over Connectivity (SoC)	974	1,333	1,434	1,551	5,397	1,388	1,467	1,752		
Others	1,160	1,593	1,576	1,786	6,427	1,293	1,312	1,156		

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TELEFÓNICA
REVENUE BREAKDOWN
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
T. ESPAÑA (1)	2,878	3,124	3,180	3,220	12,402	3,126	3,202	3,169		
T. DEUTSCHLAND	1,901	1,949	1,979	2,059	7,888	1,858	1,834	1,876		
T. UK	1,851	1,953	2,023	2,011	7,837	1,752	1,712	1,676		
T. BRASIL (2)	2,794	2,943	2,736	2,587	11,060	2,431	2,656	2,952		
T. HISPANOAMÉRICA	3,665	3,467	3,634	3,622	14,387	3,054	2,961	3,129		
T. ARGENTINA	935	981	1,016	983	3,915	689	709	750		
T. CHILE	565	590	528	536	2,220	511	524	537		
T. PERU	692	684	695	695	2,766	624	620	619		
T. COLOMBIA	398	400	352	358	1,508	323	347	364		
T. MEXICO	444	458	453	427	1,783	409	337	316		
T. VENEZUELA (3)	212	(71)	165	175	481	77	21	138		
T. CENTRAL AMERICA (4)	214	221	223	240	898	227	220	221		
T. ECUADOR	149	149	150	157	605	145	135	132		
T. URUGUAY	65	61	56	58	240	54	52	57		
Other companies and eliminations	(9)	(6)	(5)	(6)	(29)	(6)	(5)	(6)		
Other companies and eliminations	273	353	351	363	1,342	290	358	279		
TOTAL GROUP	13,362	13,789	13,903	13,862	54,916	12,511	12,723	13,080		

Notes:

- Since the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of 2015 and the first quarter of 2016 are reported following the same criteria.

(1) Includes DTS in Telefónica España's consolidation perimeter since 1 May 2015.

(2) GVT has been consolidated since 1 May 2015.

(3) 2015 and 2016 reported figures include hyperinflationary adjustments in Venezuela.

(4) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

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TELEFÓNICA
OIBDA BREAKDOWN
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
T. ESPAÑA (1)	1,282	1,305	1,381	(1,631)	2,336	1,266	1,317	1,372		
T. DEUTSCHLAND	408	461	403	586	1,858	392	458	464		
T. UK	453	517	532	426	1,929	461	456	458		
T. BRASIL (2)	840	919	831	983	3,573	805	842	982		
T. HISPANOAMÉRICA	1,127	1,025	1,080	1,124	4,356	866	836	970		
T. ARGENTINA	273	266	242	224	1,006	149	165	211		
T. CHILE	176	203	187	194	760	176	168	180		
T. PERU	238	212	240	253	943	187	204	216		
T. COLOMBIA	150	146	121	130	547	107	108	123		
T. MEXICO	109	105	134	133	481	106	62	81		
T. VENEZUELA (3)	53	(26)	26	46	99	22	4	35		
T. CENTRAL AMERICA (4)	53	56	60	75	243	53	57	62		
T. ECUADOR	52	45	47	49	194	45	38	42		
T. URUGUAY	24	20	19	23	86	20	17	20		
Other companies and eliminations	0	(2)	4	(3)	(3)	0	12	0		
Other companies and eliminations	(39)	(9)	(8)	(767)	(823)	48	10	(70)		
TOTAL GROUP	4,071	4,218	4,219	721	13,229	3,838	3,918	4,175		

Notes:

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- OIBDA figures exclude management and brand fees.

(1) Includes DTS in Telefónica España's consolidation perimeter since 1 May 2015.

(2) GVT has been consolidated since 1 May 2015.

(3) 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela.

(4) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

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TELEFÓNICA
CAPEX BREAKDOWN
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
T. ESPAÑA (1)	414	476	433	505	1,827	427	463	393		
T. DEUTSCHLAND	221	1,437	242	330	2,230	220	213	316		
T. UK	212	203	236	231	883	192	223	238		
T. BRASIL (2)	395	566	540	604	2,105	348	445	577		
T. HISPANOAMÉRICA	622	852	729	857	3,060	459	556	782		
T. ARGENTINA	146	363	229	199	938	159	152	136		
T. CHILE	123	115	105	90	433	114	101	70		
T. PERU	63	118	110	200	491	55	94	361		
T. COLOMBIA	48	111	95	88	342	33	83	98		
T. MEXICO	47	63	55	101	266	42	54	34		
T. VENEZUELA (3)	21	1	32	85	139	9	13	27		
T. CENTRAL AMERICA (4)	20	46	59	52	177	32	35	25		
T. ECUADOR	146	28	38	30	241	12	18	24		
T. URUGUAY	8	6	7	12	33	3	6	7		
Other companies and eliminations	31	81	63	180	356	49	59	56		
TOTAL GROUP	1,894	3,616	2,243	2,708	10,461	1,695	1,959	2,362		
Spectrum	161	1,427	(2)	(2)	1,585	2	8	331		

Notes:
- Since the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of 2015 and the first quarter of 2016 are reported following the same criteria.

(1) Includes DTS in Telefónica España's consolidation perimeter since 1 May 2015.

(2) GVT has been consolidated since 1 May 2015.

(3) 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela.

(4) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

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TELEFÓNICA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Unaudited figures (Euros in millions)

	2015				2016			
	March	June	September	December	March	June	September	December
Non-current assets	102,416	108,859	100,399	101,614	100,178	103,853	101,188	
Intangible assets	21,884	23,718	21,378	21,149	20,563	20,789	20,449	
Goodwill	25,624	29,922	27,042	27,395	27,320	28,517	28,123	
Property, plant and equipment and Investment properties	33,856	35,798	33,567	33,910	33,688	34,727	34,549	
Investments accounted for by the equity method	787	82	90	80	68	71	71	
Non-current financial assets	13,550	11,319	10,424	10,405	9,778	11,078	9,693	
Deferred tax assets	6,715	8,020	7,898	8,675	8,762	8,671	8,303	
Current assets	21,276	20,261	20,875	18,715	18,974	19,153	19,478	
Inventories	1,097	1,302	1,651	1,456	1,348	1,123	1,153	
Trade and other receivables	10,982	11,502	10,986	10,226	10,533	11,172	10,749	
Current financial assets	3,901	2,151	3,827	3,053	3,094	2,608	3,094	
Tax receivables	1,296	1,436	1,331	1,341	1,177	1,341	1,304	
Cash and cash equivalents	3,971	3,863	3,063	2,615	2,813	2,884	3,154	
Non-current assets and disposal groups classified as held for sale	29	7	18	24	9	25	25	
Total Assets = Total Equity and Liabilities	123,692	129,120	121,274	120,329	119,152	123,006	120,667	
Equity	31,549	34,055	27,997	25,436	25,484	26,225	27,093	
Equity attributable to equity holders of the parent and other holders of equity instruments	22,765	22,557	18,499	15,771	15,649	16,137	17,167	
Non-controlling interests	8,784	11,498	9,498	9,665	9,835	10,088	9,926	
Non-current liabilities	60,358	59,202	57,522	60,509	62,924	64,795	59,064	
Non-current interest-bearing debt	48,753	47,799	46,703	47,117	49,580	51,243	45,701	
Non-current trade and other payables	2,330	2,488	2,444	2,388	2,156	2,122	1,973	
Deferred tax liabilities	2,561	2,556	2,532	2,550	2,512	2,498	2,303	
Non-current provisions	6,714	6,359	5,843	8,454	8,676	8,932	9,087	
Current liabilities	31,785	35,863	35,755	34,384	30,744	31,986	34,510	
Current interest-bearing debt	11,628	14,474	14,774	12,970	11,283	12,469	15,470	
Current trade and other payables	16,444	17,210	16,808	17,134	14,985	15,359	14,948	
Current tax payables	2,284	2,291	2,256	2,241	2,383	2,202	2,199	
Current provisions	1,429	1,888	1,917	2,022	2,093	1,956	1,893	
Liabilities associated with non-current assets and disposals groups held for sale	-	-	-	17	-	-	-	
Financial Data								
Net Financial Debt (1)	45,583	51,179	49,639	49,840	50,588	52,568	49,984	

Notes:

- Since the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of 2015 and the first quarter of 2016 are reported following the same criteria.

- 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela.

(1) Figures in million euros. Net Financial Debt in September 2016 includes: Non-current interest-bearing debt + Non-current trade and other payables (742) + Current interest-bearing debt + Current trade and other payables (464) - Non-current financial assets (5,675) - Current financial assets - Current trade and other receivables (471) - Cash and cash equivalents.

TELEFÓNICA
FREE CASH FLOW AND CHANGE IN DEBT
Unaudited figures (Euros in millions)

		2015				2016			
		Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
I	Cash flows from operations	3,480	7,345	11,525	16,757	3,083	6,996	11,413	
II	Net interest payment (1)	(919)	(1,423)	(1,863)	(2,445)	(887)	(1,377)	(1,746)	
III	Payment for income tax	120	(157)	(398)	(689)	12	(228)	(365)	
A=I+II+III	Net cash provided by operating activities	2,681	5,765	9,264	13,623	2,207	5,391	9,302	
B	Net payment for investment in fixed and intangible assets	(2,559)	(5,976)	(8,217)	(10,293)	(2,279)	(4,644)	(7,230)	
	Spectrum (2)	(94)	(1,307)	(1,306)	(1,309)	(3)	(13)	(343)	
C=A+B	Net free cash flow after CapEx	122	(211)	1,047	3,330	(72)	747	2,071	
D	Net Cash received from sale of Real Estate	1	2	8	36	0	1	2	
E	Net payment for financial investment	(140)	(797)	(697)	(1,016)	170	244	645	
F	Net payment for operations with minority shareholders and treasury stock (3)	(63)	371	(365)	(1,303)	(756)	(2,970)	(2,209)	
G=C+D+E+F	Free cash flow after dividends	(80)	(635)	(8)	1,047	(658)	(1,978)	510	
H	Effects of exchange rate changes on net financial debt	545	523	(794)	(564)	(566)	(227)	(415)	
I	Effects on net financial debt of changes in consolid. and others	(129)	4,934	5,339	6,364	656	977	1,068	
J	Net financial debt at beginning of period	45,087	45,087	45,087	45,087	49,840	49,840	49,840	
K=J-G+H+I	Net financial debt at end of period	45,583	51,179	49,639	49,840	50,588	52,568	49,984	

Notes:

- From the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of 2015 and the first quarter of 2016 are reported following the same criteria.

- The differences with the caption "Net Free Cash Flow after CapEx" included in the table presented above, are related to "Free Cash Flow" being calculated before payments related to commitments (payment of labour commitments) and after operations with minority shareholders, due to cash recirculation within the Group.

- 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) Includes cash received from dividends paid by subsidiaries that are not fully consolidated.

(2) Figures in million euros. 2016 includes the following spectrum payments: 281 in Peru, 47 in Brazil, 4 in UK, 4 in Spain, 3 in Colombia, 3 in Germany and 1 in Nicaragua. In 2015: 976 in Germany, 201 in Argentina, 67 in Ecuador, 49 in Spain, 6 in Chile, 4 in Colombia, 2 in UK and 1 in Nicaragua.

(3) Dividends paid by Telefónica S.A., operations with treasury stock, issuance of shares, issuance and coupons of undated deeply subordinated securities, issuance of mandatorily convertible bonds into Telefónica S.A. shares and operations with minority shareholders from subsidiaries that are consolidated through the equity method.

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TELEFÓNICA
RECONCILIATIONS OF CASH FLOW AND OIBDA MINUS CAPEX FROM CONTINUING OPERATIONS

Unaudited figures (Euros in millions)

	2015				2016			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan -Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
OIBDA	4,071	8,289	12,508	13,229	3,838	7,756	11,931	
- CapEx accrued during the period	(1,894)	(5,509)	(7,753)	(10,461)	(1,695)	(3,654)	(6,016)	
- Payments related to cancellation of commitments	(266)	(417)	(572)	(721)	(141)	(332)	(598)	
- Net interest payment	(919)	(1,423)	(1,863)	(2,445)	(887)	(1,377)	(1,746)	
- Payment for tax	120	(157)	(398)	(689)	12	(228)	(365)	
- Gain (loss) on sale of fixed assets and impairment of goodwill and other assets	(59)	(91)	(119)	(173)	(6)	(6)	(25)	
- Investment in working cap. and other deferred income and expenses (1)	(930)	(903)	(756)	4,590	(1,192)	(1,412)	(1,111)	
= Net Free Cash Flow after CapEx	122	(211)	1,047	3,330	(72)	747	2,071	
+ Payments related to cancellation of commitments	266	417	572	721	141	332	598	
- Dividends paid to minority shareholders	(26)	(400)	(412)	(537)	0	(264)	(354)	
= Free Cash Flow	363	(194)	1,206	3,514	69	815	2,315	
Weighted average number of ordinary shares outstanding during the period (millions)	4,753	4,866	4,912	4,928	4,931	4,924	4,919	
= Free Cash Flow per share	0.08	(0.04)	0.25	0.71	0.01	0.17	0.47	

Notes:

- From the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of 2015 and the first quarter of 2016 are reported following the same criteria.

- The concept "Free Cash Flow" reflects the amount of cash flow available to remunerate Telefónica S.A. Shareholders, to protect solvency levels (financial debt and commitments), and to accommodate strategic flexibility.

- The differences with the caption "Net Free Cash Flow after CapEx" included in the table presented above, are related to "Free Cash Flow" being calculated before payments related to commitments (payment of labour commitments) and after operations with minority shareholders, due to cash recirculation within the Group.

- 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) In January-December 2015 includes 3,019 million euros related to the restructuring cost provision, mainly in Spain.

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TELEFÓNICA

EXCHANGE RATES APPLIED TO P&L AND CAPEX

	2015				2016			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
USA (US Dollar/Euro)	1.126	1.115	1.114	1.109	1.102	1.115	1.116	
United Kingdom (Sterling/Euro)	0.743	0.732	0.727	0.726	0.770	0.778	0.801	
Argentina (Argentine Peso/Euro)	9.788	9.836	9.981	10.220	15.894	15.968	16.202	
Brazil (Brazilian Real/Euro)	3.215	3.302	3.485	3.643	4.290	4.118	3.937	
Chile (Chilean Peso/Euro)	703.349	692.458	711.288	723.914	772.332	768.533	758.104	
Colombia (Colombian Peso/Euro)	2,784.003	2,771.265	2,919.350	3,016.491	3,577.459	3,474.913	3,409.955	
Costa Rica (Colon/Euro)	610.128	602.773	602.410	599.520	597.729	606.796	611.621	
Guatemala (Quetzal/Euro)	8.599	8.537	8.530	8.489	8.459	8.561	8.518	
Mexico (Mexican Peso/Euro)	16.844	16.882	17.320	17.569	19.850	20.137	20.396	
Nicaragua (Cordoba/Euro)	30.140	30.024	30.175	30.229	30.966	31.532	31.736	
Peru (Peruvian Nuevo Sol/Euro)	3.444	3.457	3.495	3.530	3.799	3.772	3.758	
Uruguay (Uruguayan Peso/Euro)	27.880	28.590	29.511	30.181	34.755	35.012	34.175	
Venezuela (Bolivar Fuerte/Euro) (1)	56.057	220.751	223.414	216.310	310.752	697.350	735.294	

Note:

- These average exchange rates are used to convert the P&L and CapEx accounts of Telefónica foreign subsidiaries from local currency to euros.

EXCHANGE RATES APPLIED TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2015				2016			
	March	June	September	December	March	June	September	December
USA (US Dollar/Euro)	1.076	1.119	1.120	1.089	1.138	1.110	1.116	
United Kingdom (Sterling/Euro)	0.727	0.711	0.739	0.734	0.792	0.827	0.862	
Argentina (Argentine Peso/Euro)	9.492	10.169	10.555	14.197	16.601	16.564	17.038	
Brazil (Brazilian Real/Euro)	3.451	3.471	4.451	4.251	4.052	3.564	3.624	
Chile (Chilean Peso/Euro)	674.136	715.021	782.779	773.150	762.567	734.252	734.549	
Colombia (Colombian Peso/Euro)	2,795.576	2,907.661	3,458.090	3,428.826	3,416.211	3,240.682	3,215.031	
Costa Rica (Colon/Euro)	580.046	605.327	606.061	593.120	617.284	615.385	623.830	
Guatemala (Quetzal/Euro)	8.225	8.531	8.599	8.309	8.779	8.479	8.395	
Mexico (Mexican Peso/Euro)	16.423	17.550	18.939	18.779	19.624	20.499	21.631	
Nicaragua (Cordoba/Euro)	28.964	30.490	30.906	30.405	32.184	31.768	32.336	
Peru (Peruvian Nuevo Sol/Euro)	3.332	3.554	3.609	3.713	3.786	3.651	3.795	
Uruguay (Uruguayan Peso/Euro)	27.626	30.289	32.630	32.604	36.138	33.991	31.744	
Venezuela (Bolivar Fuerte/Euro) (1)	56.057	220.751	223.414	216.310	310.752	697.350	735.294	

Notes:

- Exchange rates as of the end of the period.

- After considering Venezuela as a hyperinflationary country, the P&L and CapEx for Telefónica's operations in the country are to be accounted at the closing exchange rate Bolivar Fuerte/Euro. The January-September 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (659 Venezuelan bolivars fuertes per dollar).

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TELEFÓNICA
YEAR TO DATE MAIN FINANCING OPERATIONS
Unaudited figures

	Issue date	Amount (m)	Currency	Issuer	Coupon	Maturity date	ISIN code
DEBENTURES AND BONDS							
Cash-settled equity-linked bonds related to Telefónica, S.A. shares	9-Mar-16	600	EUR	Telefónica Participaciones, S.A.U.	0.000%	9-Mar-21	XS1377251423
Eurobond	13-Apr-16	1,400	EUR	Telefónica Emisiones, S.A.U.	0.750%	13-Apr-22	XS1394777665
Eurobond	13-Apr-16	1,350	EUR	Telefónica Emisiones, S.A.U.	1.460%	13-Apr-26	XS1394764689
Bond	28-Sep-16	94,410	CLP	Telefónica Móviles Chile	4.900%	13-Sep-21	BTMOV-K ⁽¹⁾
Eurobond	17-Oct-16	1,250	EUR	Telefónica Emisiones, S.A.U.	0.318%	17-Oct-20	XS1505554698
Eurobond	17-Oct-16	750	EUR	Telefónica Emisiones, S.A.U.	1.930%	17-Oct-31	XS1505554771

	Issue date	Amount (m)	Currency	Issuer	Coupon	First Call date	ISIN code
UNDATED DEEPLY SUBORDINATED RESET RATE SECURITIES							
Hybrid bond	15-Sep-16	1,000	EUR	Telefónica Europe B.V.	3.750%	15-Mar-22	XS1490960942

	Signing Date	Amount (m)	Currency	Borrower	Maturity Date
INTEREST-BEARING DEBT					
Bilateral Loan	23-Feb-16	100	EUR	Telefónica, S.A.	23-Feb-21
Bilateral Loan	23-Feb-16	100	EUR	Telefónica, S.A.	23-Feb-19
Loan on supplies	8-Mar-16	300	EUR	Telefónica, S.A.	8-Mar-21
Syndicated facility	22-Mar-16	750	EUR	Telefónica Germany GmbH & Co. OHG	22-Mar-21
Club deal loan	15-Apr-16	150	USD	Telefónica Móviles Chile	15-Apr-21
EIB Financing	13-Jun-16	450	EUR	Telefónica Germany GmbH & Co. OHG	13-Jun-25 ⁽²⁾

⁽¹⁾ Santiago exchange code

⁽²⁾ Maximum maturity date

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TELEFÓNICA
RECONCILIATION OF REPORTED VS. ORGANIC GROWTH
Unaudited figures (Euros in millions)

REVENUES	2015				2016				%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	
T. ESPAÑA									
REPORTED DATA	2,878	6,002	9,182	12,402	3,126	6,328	9,497		3.4
Changes in the consolidation perimeter	243	324	324	324					
T. ESPAÑA ORGANIC	3,121	6,326	9,506	12,726	3,126	6,328	9,497		(0.1)
T. DEUTSCHLAND									
REPORTED DATA	1,901	3,849	5,828	7,888	1,858	3,691	5,567		(4.5)
T. DEUTSCHLAND ORGANIC	1,901	3,849	5,828	7,888	1,858	3,691	5,567		(4.5)
T. UK									
REPORTED DATA	1,851	3,804	5,826	7,837	1,752	3,464	5,140		(11.8)
Forex impact					63	218	523		
T. UK ORGANIC	1,851	3,804	5,826	7,837	1,815	3,682	5,663		(2.8)
T. BRASIL									
REPORTED DATA	2,794	5,737	8,473	11,060	2,431	5,087	8,039		(5.1)
Forex impact					813	1,257	1,044		
Changes in the consolidation perimeter	430	559	530	507					
T. BRASIL ORGANIC	3,223	6,296	9,003	11,567	3,244	6,344	9,083		0.9
T. HISPAM									
REPORTED DATA	3,665	7,132	10,765	14,387	3,054	6,015	9,144		(15.1)
Forex impact					986	1,650	2,301		
Hyperinflation in Venezuela	(23)	47	(32)	(119)	15	53	(26)		
T. HISPAM ORGANIC	3,643	7,179	10,734	14,268	4,054	7,718	11,419		6.4
TELEFÓNICA									
REPORTED DATA	13,362	27,151	41,054	54,916	12,511	25,235	38,315		(6.7)
Forex impact					1,875	3,160	3,921		
Hyperinflation in Venezuela	(23)	47	(31)	(119)	15	53	(25)		
Changes in the consolidation perimeter	672	883	854	831					
TELEFÓNICA ORGANIC	14,012	28,081	41,876	55,628	14,401	28,447	42,211		0.8

OIBDA	2015				2016				%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	
T. ESPAÑA									
REPORTED DATA	1,282	2,586	3,967	2,336	1,266	2,583	3,955		(0.3)
Tower sales	(38)	(38)	(38)	(38)					
Restructuring charges				2,896					
Distribution channel reorganisation plan				30					
Changes in the consolidation perimeter	(2)	(4)	(4)	(4)					
T. ESPAÑA ORGANIC	1,241	2,544	3,925	5,220	1,266	2,583	3,955		0.8
T. DEUTSCHLAND									
REPORTED DATA	408	869	1,272	1,858	392	850	1,314		3.3
Restructuring charges		3	66	74	23	37	59		
Final settlement agreement related to the acquisition of E-Plus				(102)					
Changes in the consolidation perimeter									
T. DEUTSCHLAND ORGANIC	408	872	1,338	1,830	415	887	1,373		2.6
T. UK									
REPORTED DATA	453	970	1,502	1,929	461	918	1,375		(8.5)
Restructuring charges				4	1	1	2		
Forex impact					17	58	140		
T. UK ORGANIC	453	970	1,502	1,933	479	976	1,517		1.0
T. BRASIL									
REPORTED DATA	840	1,759	2,590	3,573	805	1,647	2,629		1.5
Forex impact					269	407	341		
Tower sales				(10)					
Restructuring charges			6	7		31	29		
Changes in the consolidation perimeter	153	190	187	181					
T. BRASIL ORGANIC	993	1,949	2,782	3,751	1,074	2,085	2,999		7.8
T. HISPAM									
REPORTED DATA	1,127	2,152	3,232	4,356	866	1,701	2,672		(17.3)
Forex impact					267	429	614		
Hyperinflation in Venezuela	3	22	15	3	7	19	(1)		
Tower sales	(1)	(2)	(9)	(18)					
Restructuring charges		8	10	38	(1)	4	4		
T. HISPAM ORGANIC	1,129	2,179	3,248	4,380	1,138	2,153	3,288		1.2
TELEFÓNICA									
REPORTED DATA	4,071	8,289	12,508	13,229	3,838	7,756	11,931		(4.6)
Forex impact					546	890	1,091		
Hyperinflation in Venezuela	3	28	22	8	11	23	4		
Tower sales	(39)	(40)	(47)	(65)			(1)		
Restructuring charges		17	90	3,217	22	75	113		
Final settlement agreement related to the acquisition of E-Plus				(102)					
Firm commitments relating to the Telefónica Foundation's social activities				325					
Impairments				128					
Distribution channel reorganisation plan				30					
Changes in the consolidation perimeter	151	187	183	177					
Capital gains/losses on sale of companies							16		
TELEFÓNICA ORGANIC	4,186	8,480	12,755	16,947	4,416	8,744	13,154		3.1

OPERATING INCOME	2015				2016				%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	
TELEFÓNICA									
REPORTED DATA	1,678	3,458	5,276	3,525	1,516	3,083	4,800		(9.0)
Forex impact					278	418	540		
Hyperinflation in Venezuela	28	42	66	111	24	42	69		
Tower sales	(39)	(40)	(47)	(65)			(1)		
Restructuring charges		17	90	3,217	22	75	113		
Final settlement agreement related to the acquisition of E-Plus				(102)					
Firm commitments relating to the Telefónica Foundation's social activities				325					
Impairments				128					
Distribution channel reorganisation plan				30					
Changes in the consolidation perimeter	(13)	(18)	2	(24)					
Capital gains/losses on sale of companies							16		
TELEFÓNICA ORGANIC	1,655	3,458	5,387	7,144	1,840	3,617	5,538		2.8
CAPEX									
T. ESPAÑA									
REPORTED DATA	414	889	1,322	1,827	427	889	1,283		(3.0)
Spectrum acquisition	(22)	(49)	(49)	(49)		(7)	(7)		
Changes in the consolidation perimeter	6	8	8	8					
T. ESPAÑA ORGANIC	398	848	1,280	1,786	427	882	1,276		(0.4)
T. DEUTSCHLAND									
REPORTED DATA	221	1,658	1,900	2,230	220	433	748		(60.6)
Spectrum acquisition		(1,195)	(1,196)	(1,198)	(2)	(3)	(4)		
T. DEUTSCHLAND ORGANIC	221	463	704	1,032	218	430	744		5.7
T. UK									
REPORTED DATA	212	415	652	883	192	415	654		0.3
Forex impact					7	26	66		
T. UK ORGANIC	212	415	652	883	199	442	720		10.5
T. BRASIL									
REPORTED DATA	395	961	1,501	2,105	348	792	1,369		(8.8)
Forex impact					116	196	178		
Spectrum acquisition							(53)		
Changes in the consolidation perimeter	136	167	165	160					
T. BRASIL ORGANIC	531	1,128	1,665	2,265	464	988	1,493		(10.3)
T. HISPAM									
REPORTED DATA	622	1,474	2,203	3,060	459	1,015	1,798		(18.4)
Forex impact					168	337	474		
Spectrum acquisition	(139)	(345)	(342)	(338)			(303)		
Hyperinflation in Venezuela	(2)	10		(8)	2	17	(1)		
T. HISPAM ORGANIC	480	1,139	1,861	2,715	629	1,370	1,968		5.7
TELEFÓNICA									
REPORTED DATA	1,894	5,509	7,753	10,461	1,695	3,654	6,016		(22.4)
Forex impact					292	564	726		
Spectrum acquisition	(161)	(1,589)	(1,587)	(1,585)	(2)	(10)	(368)		
Hyperinflation in Venezuela	(2)	10		(8)	2	17	(1)		
Changes in the consolidation perimeter	142	175	172	168					
TELEFÓNICA ORGANIC	1,872	4,106	6,338	9,036	1,988	4,225	6,373		0.5

OpCF (OIBDA-CapEx)	2015				2016				%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	
T. ESPAÑA									
REPORTED DATA	868	1,697	2,645	509	840	1,694	2,672		1.0
Tower sales	(38)	(38)	(38)	(38)					
Spectrum acquisition	22	49	49	49		7	7		
Restructuring charges				2,896					
Distribution channel reorganisation plan				30					
Changes in the consolidation perimeter	(8)	(11)	(11)	(11)					
T. ESPAÑA ORGANIC	844	1,697	2,645	3,434	840	1,701	2,680		1.3
T. DEUTSCHLAND									
REPORTED DATA	187	(789)	(628)	(372)	173	417	566		c.s.
Spectrum acquisition		1,195	1,196	1,198	2	3	4		
Restructuring charges		3	66	74	23	37	59		
Final settlement agreement related to the acquisition of E-Plus				(102)					
T. DEUTSCHLAND ORGANIC	187	409	634	798	197	457	629		(0.9)
T. UK									
REPORTED DATA	241	555	850	1,046	269	502	721		(15.2)
Forex impact					10	32	73		
Restructuring charges				4	1	1	2		
T. UK ORGANIC	241	555	850	1,050	280	534	796		(6.3)
T. BRASIL									
REPORTED DATA	445	798	1,089	1,468	457	855	1,260		15.7
Forex impact					153	211	164		
Tower sales				(10)					
Spectrum acquisition							53		
Restructuring charges			6	7		31	29		
Changes in the consolidation perimeter	17	23	22	21					
T. BRASIL ORGANIC	462	821	1,117	1,486	610	1,097	1,506		34.9
T. HISPAM									
REPORTED DATA	505	678	1,029	1,296	406	686	874		(15.1)
Forex impact					99	92	140		
Hyperinflation in Venezuela	6	12	15	11	4	1			
Tower sales	(1)	(2)	(9)	(18)					
Spectrum acquisition	139	345	342	338			303		
Restructuring charges		8	10	38	(1)	4	4		
T. HISPAM ORGANIC	649	1,040	1,386	1,665	509	783	1,320		(4.8)
TELEFÓNICA									
REPORTED DATA	2,177	2,780	4,755	2,768	2,143	4,102	5,915		24.4
Forex impact					253	326	365		
Spectrum acquisition	161	1,589	1,587	1,585	2	10	368		
Hyperinflation in Venezuela	6	18	21	16	8	5	4		
Tower sales	(39)	(40)	(47)	(65)			(1)		
Restructuring charges		17	90	3,217	22	75	113		
Final settlement agreement related to the acquisition of E-Plus				(102)					
Firm commitments relating to the Telefónica Foundation's social activities				325					
Impairments				128					
Distribution channel reorganisation plan				30					
Capital gains/losses on sale of companies							16		
Changes in the consolidation perimeter	9	12	11	10					
TELEFÓNICA ORGANIC	2,314	4,374	6,417	7,911	2,428	4,518	6,781		5.7

Notes:

- The breakdown of the effects for the reconciliation of reported vs. organic 2016 excludes forex impacts and therefore it assumes average constant exchange rates as of September 2015. Forex impact on those effects is fully included under the "Forex impact" epigraph.

- **Organic criteria** : Assumes constant exchange rates as of 2015 (average FX in 2015), excludes the impact from hyperinflation in Venezuela in both years and considers constant perimeter of consolidation. In OIBDA and OI terms, excludes write-downs, capital gains/losses from the sale of companies, tower sales, material non-recurring impacts and restructuring costs. CapEx also excludes investment in spectrum.

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TELEFÓNICA
 REPORTED VS. UNDERLYING
Unaudited figures (Euros in millions)

	January - September			%	
	2016 Reported	2016 Underlying	2015 Underlying	Underlying Change y-o-y	Reported Change y-o-y
Net income	2,225	2,805	3,352	(16.3)	(22.0)
Basic earnings per share (euros)	0.41	0.53	0.64	(17.4)	(23.6)

	2016	2015
Reported Net Income	2,225	2,852
PPAs	353	398
Tower sales	(0)	(35)
Restructuring charges	56	57
Divestment in Telecom Italia		(285)
China Unicom sale	123	
VEF change to SIMADI		364
Capital loss from the sale of companies (Vocem)	12	
Divestment in Mediaset Premium	36	
Underlying Net Income	2,805	3,352

- **Underlying criteria** : Reported figures excluding the impact on net income of write-downs, capital gains/losses from companies' disposals, tower sales, material non-recurring impacts and restructuring costs, as well as depreciation and amortisation charges arising from purchase price allocation processes.

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TELEFÓNICA
 REPORTED VS. UNDERLYING
Unaudited figures (Euros in millions)

	July - September			%	
	2016 Reported	2016 Underlying	2015 Underlying	Underlying Change y-o-y	Reported Change y-o-y
Net income	983	1,241	853	45.5	38.5
Basic earnings per share (euros)	0.19	0.24	0.16	51.9	44.8
		2016	2015		
Reported Net Income		983	710		
PPAs		98	102		
Tower sales		(0)	(6)		
Restructuring charges		23	46		
China Unicom sale		123			
Capital loss from the sale of companies (Vocem)		12			
Divestment in Mediaset Premium		2			
Underlying Net Income		1,241	853		

- **Underlying criteria** : Reported figures excluding the impact on net income of write-downs, capital gains/losses from companies' disposals, tower sales, material non-recurring impacts and restructuring costs, as well as depreciation and amortisation charges arising from purchase price allocation processes.

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TELEFÓNICA ESPAÑA

Including DTS from 1 May 2015

CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	2,878	3,124	3,180	3,220	12,402	3,126	3,202	3,169		
Mobile handset revenues	142	156	147	202	648	117	121	117		
Revenues ex-mobile handset revenues	2,736	2,968	3,033	3,018	11,754	3,009	3,081	3,052		
Consumer (1)	1,380	1,549	1,625	1,576	6,129	1,626	1,636	1,644		
Fusión	776	827	870	895	3,368	979	1,015	1,049		
Non-Fusión	604	721	754	681	2,761	647	621	595		
Business	860	871	873	869	3,473	836	876	830		
Communications	715	705	697	681	2,799	677	690	665		
IT	145	166	175	187	674	158	186	165		
Other (2)	496	548	536	573	2,152	548	568	578		
Internal expenditure capitalized in fixed assets	88	82	80	100	350	87	82	76		
Operating expenses	(1,735)	(1,922)	(1,916)	(4,952)	(10,526)	(1,954)	(1,966)	(1,910)		
Supplies	(604)	(767)	(758)	(867)	(2,996)	(781)	(869)	(827)		
Personnel expenses	(557)	(565)	(574)	(3,477)	(5,173)	(593)	(524)	(523)		
Other operating expenses	(573)	(591)	(584)	(608)	(2,356)	(580)	(574)	(560)		
Other net income (expense)	5	(5)	1	(29)	(29)	5	(7)	2		
Gain (loss) on sale of fixed assets	46	26	37	27	136	4	6	37		
Impairment of goodwill and other assets	0	0	(1)	4	2	(1)	(1)	(1)		
Operating income before D&A (OIBDA)	1,282	1,305	1,381	(1,631)	2,336	1,266	1,317	1,372		
OIBDA Margin	44.5%	41.8%	43.4%	n.m.	18.8%	40.5%	41.1%	43.3%		
CapEx	414	476	433	505	1,827	427	463	393		
Spectrum	22	27	-	-	49	-	7	-		
OpCF (OIBDA-CapEx)	868	829	948	(2,136)	509	840	854	979		

Notes:

- The reported figures include DTS in Telefónica España's consolidation perimeter from 1 May 2015.

- OIBDA before management and brand fees.

- Mobile handset revenues have been restated from 1 January 2015 including all the business of Telefónica España (previously only Telefónica Móviles España).

(1) Consumer revenues include residential and SOHO revenues.

(2) Other revenues include wholesale, subsidiaries and other revenues.

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TELEFÓNICA ESPAÑA
ACCESSES
Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	35,882.6	36,958.2	36,868.1	36,935.6	36,791.3	36,765.2	36,769.8	
Fixed telephony accesses (1)	10,321.9	10,126.6	10,064.9	10,005.6	9,910.6	9,854.2	9,783.7	
Internet and data accesses	5,972.7	5,905.1	5,947.8	6,000.0	6,012.8	6,061.6	6,076.6	
Broadband	5,928.3	5,861.0	5,906.1	5,962.0	5,978.6	6,030.2	6,045.3	
Fibre	1,560.3	1,720.7	1,950.5	2,223.0	2,458.3	2,675.7	2,830.7	
Mobile accesses	17,448.6	17,330.7	17,272.0	17,258.5	17,140.1	17,094.4	17,198.2	
Prepay	3,122.6	2,989.1	2,881.1	2,777.1	2,675.7	2,579.7	2,466.1	
Contract	14,325.9	14,341.6	14,390.9	14,481.4	14,464.5	14,514.7	14,732.1	
M2M	1,662.4	1,726.5	1,705.6	1,778.8	1,827.2	1,890.5	1,968.8	
Pay TV (2)	2,139.5	3,595.7	3,583.4	3,671.5	3,727.8	3,755.0	3,711.4	
Wholesale Accesses	5,333.6	5,286.7	5,200.4	5,037.7	4,866.9	4,693.3	4,589.3	
Fibre	66.5	97.9	124.4	144.7	176.6	210.3	259.7	
Total Accesses	41,216.2	42,244.9	42,068.4	41,973.3	41,658.2	41,458.6	41,359.2	

(1) Includes fixed wireless and VoIP accesses.

(2) From the second quarter of 2015, Pay TV accesses include DTS.

CONSUMER ACCESSES (Fusión + non-Fusión)

	2015				2016			
	March	June	September	December	March	June	September	December
Fixed telephony accesses	7,782.2	7,609.9	7,559.7	7,509.9	7,428.5	7,382.1	7,319.0	
Internet and data accesses	5,119.0	5,049.6	5,089.0	5,135.8	5,145.4	5,186.4	5,195.5	
Mobile accesses	12,240.0	12,049.3	12,001.3	11,920.1	11,759.7	11,676.5	11,691.5	
Prepay	3,122.6	2,989.2	2,881.1	2,777.1	2,675.7	2,579.7	2,466.1	
Contract	9,117.3	9,060.0	9,120.2	9,143.0	9,084.0	9,096.8	9,225.4	
Pay TV	2,139.5	3,595.7	3,583.4	3,671.5	3,727.8	3,755.0	3,711.4	
Total Consumer Accesses	27,280.6	28,304.5	28,233.5	28,237.2	28,061.4	28,000.0	27,917.4	

TOTAL MOBILE ACCESSES

	2015				2016			
	March	June	September	December	March	June	September	December
Prepay percentage (%)	17.9%	17.2%	16.7%	16.1%	15.6%	15.1%	14.3%	
Contract percentage (%)	82.1%	82.8%	83.3%	83.9%	84.4%	84.9%	85.7%	
Smartphones ('000)	9,801.4	9,877.2	10,052.6	10,169.0	10,200.2	10,295.8	10,500.3	
Prepay	365.7	351.4	348.8	383.5	366.3	390.2	379.1	
Contract	9,435.7	9,525.8	9,703.8	9,785.5	9,833.9	9,905.6	10,121.2	
Smartphone penetration (%)	62.8%	64.0%	65.2%	66.3%	67.2%	68.3%	69.5%	
Prepay (%)	11.7%	11.8%	12.1%	13.8%	13.7%	15.1%	15.4%	
Contract (%)	75.6%	76.5%	77.4%	77.9%	78.7%	79.2%	80.0%	
LTE ('000)	2,159.0	2,554.0	2,996.0	3,293.0	4,520.7	5,050.0	5,444.0	
LTE penetration (%)	13.7%	16.4%	19.2%	21.3%	29.5%	33.2%	35.7%	

CONSUMER FUSIÓN

	2015				2016			
	March	June	September	December	March	June	September	December
Fusión Customers	3,866.2	3,880.7	4,002.7	4,140.3	4,209.1	4,268.8	4,286.1	
Fibre 100/300	891.8	957.1	1,064.4	1,188.1	1,267.4	1,345.9	1,491.0	
IPTV	1,926.6	2,035.7	2,339.1	2,600.2	2,768.6	2,873.6	2,914.9	
Mobile add-ons	1,870.5	1,915.2	1,969.1	2,016.5	2,023.3	2,084.1	2,302.7	

CONSUMER FUSIÓN

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic
Fusión ARPU (EUR)	68.6	71.3	73.8	73.2	78.2	79.8	81.8	
Fusión churn	0.9%	1.4%	1.1%	1.1%	1.3%	1.1%	1.3%	

SELECTED OPERATIONAL DATA

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	42,519	41,500	38,950	38,963	38,139	39,876	37,214	
Fixed voice traffic	23,895	22,866	20,958	20,863	20,456	20,903	18,927	
Mobile voice traffic	18,624	18,634	17,993	18,100	17,683	18,973	18,287	
Total data traffic (TB)	1,007,617	946,695	1,075,921	1,237,898	1,333,989	1,363,624	1,442,518	
Fixed data traffic	982,743	916,869	1,037,339	1,200,768	1,291,860	1,319,042	1,380,891	
Mobile data traffic	24,874	29,826	38,582	37,129	42,129	44,583	61,627	

Notes:

Since 1 January 2015:

- Consumer accesses (Fusión + Non-Fusión) include accesses of services taken out by the Consumer segment (including SOHOs).
- Fusión Consumer ARPU: average monthly Consumer Fusión revenue divided by average customers for the period.
- Fusión Consumer customer base excludes SME customers.
- Fusión Consumer mobile add-ons include "Vive 13" accesses associated to Fusión packages.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non rounded.

TELEFÓNICA DEUTSCHLAND
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	1,901	1,949	1,979	2,059	7,888	1,858	1,834	1,876		
Mobile Business	1,636	1,685	1,720	1,791	6,832	1,603	1,584	1,621		
Mobile service revenues	1,354	1,382	1,419	1,378	5,532	1,336	1,358	1,394		
Data revenues	692	707	728	712	2,840	729	749	767		
Handset revenues	282	303	301	413	1,300	267	226	227		
Fixed Business	261	260	256	266	1,043	253	245	245		
FBB and new services revenues (1)	198	203	203	199	803	192	187	187		
Voice & access revenues	63	58	53	66	240	61	58	59		
Internal expenditure capitalized in fixed assets	23	26	33	30	113	25	26	28		
Operating expenses	(1,543)	(1,504)	(1,548)	(1,631)	(6,226)	(1,483)	(1,435)	(1,434)		
Supplies	(659)	(646)	(660)	(747)	(2,712)	(629)	(578)	(572)		
Personnel expenses	(179)	(166)	(155)	(155)	(655)	(173)	(160)	(155)		
Other operating expenses	(705)	(692)	(733)	(729)	(2,859)	(681)	(697)	(707)		
Other net income (expense)	10	(10)	(58)	128	70	(7)	33	(6)		
Gain (loss) on sale of fixed assets	17	-	(2)	(1)	14	0	0	0		
Impairment of goodwill and other assets	-	-	-	-	-	-	-	-		
Operating income before D&A (OIBDA)	408	461	403	586	1,858	392	458	464		
OIBDA Margin	21.5%	23.6%	20.4%	28.5%	23.6%	21.1%	25.0%	24.7%		
CapEx	221	1,437	242	330	2,230	220	213	316		
Spectrum	-	1,195	1	2	1,198	2	1	2		
OpCF (OIBDA-CapEx)	187	(976)	161	256	(372)	173	245	148		

Note:

- OIBDA before management and brand fees.

(1) Includes broadband connectivity services (retail and wholesale), value-added services, data and ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA DEUTSCHLAND
ACCESSES
Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	46,572.8	46,981.4	47,627.2	47,391.2	47,341.7	47,754.9	48,404.8	
Fixed telephony accesses (1)	2,022.0	2,009.7	1,999.9	1,997.8	2,002.8	2,007.4	2,006.5	
Internet and data accesses	2,371.6	2,354.7	2,338.7	2,330.6	2,330.9	2,329.8	2,324.8	
Broadband	2,128.3	2,115.2	2,102.7	2,098.0	2,101.5	2,103.9	2,101.6	
VDSL	322.2	379.8	444.0	516.8	593.0	669.3	731.8	
Mobile accesses	42,179.2	42,617.0	43,288.6	43,062.8	43,008.0	43,417.8	44,073.5	
Prepay	23,264.2	23,500.9	24,003.7	23,979.4	23,743.5	23,814.2	23,872.8	
Contract (2)	18,915.0	19,116.1	19,284.9	19,083.4	19,264.4	19,603.6	20,200.7	
M2M	443.4	506.2	570.7	632.0	682.2	704.3	748.0	
Wholesale Accesses	1,085.3	1,059.3	1,017.5	972.0	910.5	850.1	790.8	
Total Accesses	47,658.1	48,040.7	48,644.7	48,363.2	48,252.2	48,605.0	49,195.6	

(1) Includes fixed wireless and VoIP accesses.

(2) In the fourth quarter of 2015, 400 thousand inactive customer accesses were excluded.

MOBILE ACCESSES
Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Prepay percentage (%)	55.2%	55.1%	55.5%	55.7%	55.2%	54.8%	54.2%	
Contract percentage (%)	44.8%	44.9%	44.5%	44.3%	44.8%	45.2%	45.8%	
Smartphones ('000)	20,364.1	21,153.4	22,145.5	22,594.3	23,083.0	23,707.1	25,353.5	
Prepay	9,086.7	9,538.8	10,097.5	10,279.7	10,678.9	10,805.8	11,223.0	
Contract	11,277.4	11,614.6	12,048.0	12,314.6	12,404.1	12,901.3	14,130.5	
Smartphone penetration (%)	49.8%	51.3%	52.9%	54.2%	55.4%	56.2%	59.2%	
Prepay (%)	39.6%	41.1%	42.6%	43.3%	45.4%	45.7%	47.4%	
Contract (%)	63.0%	64.4%	66.4%	68.7%	68.6%	69.6%	73.8%	
LTE ('000)	5,146.0	6,093.0	7,002.2	7,883.5	8,690.5	9,399.8	10,566.3	
LTE penetration (%)	12.3%	14.5%	16.4%	18.6%	20.5%	22.0%	24.4%	

SELECTED OPERATIONAL DATA
Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	30,769	29,334	28,324	29,450	28,910	29,341	27,301	
Fixed voice traffic	6,533	5,686	4,915	5,067	5,214	4,652	4,026	
Mobile voice traffic	24,236	23,647	23,409	24,383	23,696	24,689	23,275	
Data traffic (TB)	485,180	497,059	514,154	603,296	664,202	665,593	669,777	
Fixed data traffic	445,008	454,804	468,256	552,795	612,603	603,867	595,416	
Mobile data traffic	40,172	42,255	45,898	50,501	51,599	61,726	74,361	
Mobile ARPU (EUR)	10.6	10.8	10.9	10.5	10.3	10.4	10.5	
Prepay	5.6	5.9	6.0	5.8	5.7	5.7	5.9	
Contract (1)	17.2	17.2	17.4	16.9	16.6	16.6	16.6	
Data ARPU (EUR)	5.5	5.6	5.6	5.5	5.6	5.8	5.8	
% non-SMS over data revenues	70.5%	71.5%	71.9%	72.5%	75.4%	76.7%	77.2%	
Churn	2.4%	2.1%	2.1%	2.8%	2.5%	2.1%	2.1%	
Contract (1)	1.7%	1.7%	1.7%	2.4%	1.8%	1.6%	1.5%	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	30,769	60,103	88,427	117,877	28,910	58,251	85,552	
Fixed voice traffic	6,533	12,219	17,134	22,201	5,214	9,865	13,892	
Mobile voice traffic	24,236	47,883	71,293	95,676	23,696	48,386	71,661	
Data traffic (TB)	485,180	982,239	1,496,393	2,099,689	664,202	1,329,794	1,999,572	
Fixed data traffic	445,008	899,812	1,368,068	1,920,863	612,603	1,216,470	1,811,886	
Mobile data traffic	40,172	82,427	128,325	178,826	51,599	113,324	187,685	
Mobile ARPU (EUR)	10.6	10.7	10.8	10.7	10.3	10.3	10.4	
Prepay	5.6	5.8	5.8	5.8	5.7	5.7	5.8	
Contract (2)	17.2	17.2	17.3	17.2	16.6	16.6	16.6	
Data ARPU (EUR)	5.5	5.5	5.6	5.5	5.6	5.7	5.8	
% non-SMS over data revenues	70.5%	71.0%	71.3%	71.6%	75.4%	76.1%	76.5%	
Churn	2.4%	2.3%	2.2%	2.4%	2.5%	2.3%	2.2%	
Contract (1)	1.7%	1.7%	1.7%	1.9%	1.8%	1.7%	1.5%	

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non rounded.

(1) Excludes M2M.

TELEFÓNICA UK
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	1,851	1,953	2,023	2,011	7,837	1,752	1,712	1,676		
Mobile service revenues	1,379	1,455	1,498	1,447	5,778	1,325	1,308	1,268		
Data revenues	804	845	871	848	3,369	787	790	779		
Handset revenues and other	472	498	525	564	2,059	427	404	408		
Internal expenditure capitalized in fixed assets	35	42	42	43	162	34	36	37		
Operating expenses	(1,425)	(1,479)	(1,534)	(1,636)	(6,074)	(1,317)	(1,285)	(1,253)		
Supplies	(909)	(929)	(939)	(992)	(3,769)	(806)	(787)	(774)		
Personnel expenses	(129)	(136)	(140)	(144)	(549)	(132)	(135)	(116)		
Other operating expenses	(387)	(414)	(456)	(499)	(1,756)	(379)	(362)	(363)		
Other net income (expense)	(7)	(1)	1	(7)	(14)	(8)	(4)	(1)		
Gain (loss) on sale of fixed assets	-	3	0	1	3	0	(2)	0		
Impairment of goodwill and other assets	-	-	-	15	15	-	-	-		
Operating income before D&A (OIBDA)	453	517	532	426	1,929	461	456	458		
<i>OIBDA Margin</i>	24.5%	26.5%	26.3%	21.2%	24.6%	26.3%	26.6%	27.3%		
CapEx	212	203	236	231	883	192	223	238		
Spectrum	-	-	-	-	-	-	-	-		
OpCF (OIBDA-CapEx)	241	314	296	196	1,046	269	233	219		

Notes:

- OIBDA before management and brand fees.

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TELEFÓNICA UK
ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	24,869.2	25,072.2	25,302.4	25,286.9	25,204.2	25,452.6	25,692.0	
Fixed telephony accesses (1)	232.1	235.4	241.2	247.1	249.8	257.7	264.7	
Internet and data accesses	19.9	20.4	20.5	21.0	21.5	22.3	23.1	
Broadband	19.9	20.4	20.5	21.0	21.5	22.3	23.1	
Mobile accesses	24,617.1	24,816.5	25,040.7	25,018.8	24,933.0	25,172.5	25,404.2	
Prepay (2)	10,766.1	10,793.1	10,823.2	10,561.4	9,640.1	9,745.8	9,778.0	
Contract	13,851.1	14,023.4	14,217.6	14,457.4	15,292.8	15,426.7	15,626.2	
M2M (3)	2,201.1	2,234.2	2,289.9	2,383.9	3,143.4	3,176.8	3,250.9	
Total Accesses	24,869.2	25,072.2	25,302.4	25,286.9	25,204.2	25,452.6	25,692.0	

(1) Includes fixed wireless and VoIP accesses.

(2) Includes the disconnection of 720 thousand inactive prepay customers in the first quarter 2016.

(3) Includes 720 thousand M2M accesses on the Jasper platform since the first quarter 2016.

MOBILE ACCESSES

Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Prepay percentage (%)	43.7%	43.5%	43.2%	42.2%	38.7%	38.7%	38.5%	
Contract percentage (%)	56.3%	56.5%	56.8%	57.8%	61.3%	61.3%	61.5%	
Smartphones ('000)	10,784.8	10,972.4	11,202.4	13,274.4	13,267.7	13,301.8	14,130.8	
Prepay	3,343.9	3,370.8	3,451.1	4,275.5	4,358.7	4,494.0	4,600.9	
Contract	7,440.9	7,601.6	7,751.3	8,998.9	8,909.0	8,807.8	9,529.9	
Smartphone penetration (%)	49.3%	49.9%	50.6%	60.4%	62.8%	62.4%	65.9%	
Prepay (%)	31.4%	31.6%	32.2%	40.9%	45.6%	46.5%	47.5%	
Contract (%)	66.4%	67.2%	67.9%	78.1%	77.0%	75.6%	81.1%	
LTE ('000)	4,906.0	5,769.9	6,631.7	7,661.8	8,300.8	9,489.0	10,038.2	
LTE penetration (%)	22.4%	26.2%	30.0%	34.9%	38.1%	43.1%	45.3%	

SELECTED MOBILE OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice Traffic (Million minutes)	22,206	22,926	22,545	22,850	22,964	23,425	23,221	
Data traffic (TB)	30,928	35,478	39,873	45,257	49,648	55,720	65,609	
ARPU (EUR)	18.8	19.6	19.9	19.3	17.9	17.5	16.6	
Prepay	7.4	7.6	7.8	7.8	7.8	7.7	7.1	
Contract (1)	32.7	34.0	34.6	33.0	30.1	29.6	28.3	
Data ARPU (EUR)	10.9	11.4	11.6	11.3	10.6	10.5	10.2	
% non-SMS over data revenues	58.6%	59.2%	60.2%	59.5%	59.9%	61.0%	62.4%	
Churn	1.7%	1.6%	1.8%	2.2%	2.0%	1.5%	1.8%	
Contract (1)	1.0%	0.9%	0.9%	1.0%	0.9%	0.8%	0.9%	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice Traffic (Million minutes)	22,206	45,132	67,677	90,527	22,964	46,389	69,609	
Data traffic (TB)	30,928	66,406	106,279	151,536	49,648	105,368	170,977	
ARPU (EUR)	18.8	19.2	19.4	19.4	17.9	17.7	17.3	
Prepay	7.4	7.5	7.6	7.7	7.8	7.7	7.5	
Contract (1)	32.7	33.3	33.8	33.5	30.1	29.9	29.3	
Data ARPU (EUR)	10.9	11.2	11.3	11.3	10.6	10.6	10.4	
% non-SMS over data revenues	58.6%	58.9%	59.4%	59.4%	59.9%	60.4%	61.1%	
Churn	1.7%	1.6%	1.7%	1.8%	2.0%	1.8%	1.8%	
Contract (1)	1.0%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non rounded.

(1) Excludes M2M.

TELEFÓNICA BRASIL
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	2,794	2,943	2,736	2,587	11,060	2,431	2,656	2,952		
Mobile Business	1,942	1,831	1,606	1,526	6,905	1,448	1,583	1,784		
Mobile service revenues	1,836	1,718	1,496	1,444	6,495	1,378	1,505	1,700		
Data revenues	718	737	694	705	2,853	667	784	914		
Handset revenues	105	113	110	82	410	70	78	85		
Fixed Business	852	1,112	1,130	1,060	4,154	983	1,072	1,168		
FBB and new services revenues (1)	310	404	401	386	1,502	352	402	468		
Pay TV revenues	52	102	120	116	391	111	121	135		
Voice & access revenues	489	605	608	559	2,262	520	549	564		
Internal exp. capitalized in fixed assets	10	28	30	23	91	25	27	29		
Operating expenses	(1,933)	(2,057)	(1,924)	(1,741)	(7,655)	(1,656)	(1,817)	(1,996)		
Supplies	(665)	(671)	(639)	(593)	(2,568)	(524)	(535)	(590)		
Personnel expenses	(220)	(280)	(280)	(262)	(1,042)	(249)	(290)	(302)		
Other operating expenses	(1,048)	(1,106)	(1,005)	(885)	(4,044)	(883)	(992)	(1,103)		
Other net income (expense)	(28)	4	(9)	108	75	2	(22)	(3)		
Gain (loss) on sale of fixed assets	(2)	(2)	(1)	10	5	1	0	0		
Impairment of goodwill and other assets	(1)	3	(2)	(3)	(3)	2	(2)	(1)		
Operating income before D&A (OIBDA)	840	919	831	983	3,573	805	842	982		
OIBDA Margin	30.1%	31.2%	30.4%	38.0%	32.3%	33.1%	31.7%	33.3%		
CapEx	395	566	540	604	2,105	348	445	577		
Spectrum	-	-	-	-	-	-	-	47		
OpCF (OIBDA-CapEx)	445	354	291	379	1,468	457	398	405		

Notes:

- The Consolidated Income Statement of Telefónica Brasil includes GVT since 1 May 2015.

- OIBDA before management and brand fees.

(1) Includes broadband connectivity services (retail and wholesale), including value-added services, data and ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA BRASIL
ACCESSES
Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	97,339.9	106,528.1	103,432.6	96,899.3	97,283.7	97,121.4	97,276.6	
Fixed telephony accesses (1)	10,609.4	14,869.6	14,876.8	14,654.5	14,945.4	14,742.1	14,629.9	
Internet and data accesses	4,066.5	7,224.0	7,319.5	7,195.5	7,294.2	7,321.8	7,397.5	
Broadband	3,926.5	7,092.4	7,191.5	7,129.5	7,229.2	7,263.5	7,325.3	
Fibre	428.5	3,640.8	3,788.6	3,779.9	3,913.5	3,983.6	4,090.1	
Mobile accesses	81,873.2	82,648.6	79,407.1	73,261.3	73,257.4	73,296.1	73,486.9	
Prepay	52,972.3	53,068.7	48,978.8	42,194.4	42,011.5	41,669.4	40,995.6	
Contract	28,900.8	29,580.0	30,428.3	31,066.9	31,245.8	31,626.7	32,491.3	
M2M	3,687.5	3,935.2	4,105.7	4,234.7	4,390.0	4,590.3	4,770.4	
Pay TV	790.9	1,785.9	1,829.2	1,787.9	1,786.7	1,761.4	1,762.2	
Wholesale Accesses	25.4	23.6	22.9	22.3	21.0	20.7	18.7	
Total Accesses	97,365.2	106,551.7	103,455.5	96,921.5	97,304.7	97,142.1	97,295.4	
Terra Accesses	269.0	172.1	159.9	150.3	141.5	133.8	125.4	

Note:

- GVT accesses are consolidated from the 1 May 2015.

(1) Includes fixed wireless and VoIP accesses.

MOBILE ACCESSES
Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Prepay percentage (%)	64.7%	64.2%	61.7%	57.6%	57.3%	56.9%	55.8%	
Contract percentage (%)	35.3%	35.8%	38.3%	42.4%	42.7%	43.1%	44.2%	
Smartphones ('000)	30,216.9	32,732.7	39,117.1	39,911.7	40,327.0	39,670.8	49,573.1	
Prepay	18,710.6	19,372.1	22,945.3	22,376.4	22,977.1	22,689.1	29,317.2	
Contract	11,506.3	13,360.6	16,171.8	17,535.4	17,349.9	16,981.7	20,255.9	
Smartphone penetration (%)	40.3%	43.3%	54.2%	60.4%	61.0%	60.0%	74.8%	
Prepay (%)	35.5%	36.7%	47.1%	53.4%	55.1%	54.9%	72.2%	
Contract (%)	51.8%	58.8%	68.9%	72.7%	71.1%	68.4%	78.8%	
LTE ('000)	3,943.1	5,691.1	7,542.2	10,214.7	12,498.3	15,115.2	18,295.7	
LTE penetration (%)	5.0%	7.2%	10.0%	14.8%	18.1%	22.0%	26.6%	

SELECTED OPERATIONAL DATA
Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	93,747	95,738	97,299	92,647	93,579	93,225	95,386	
Fixed voice traffic	25,155	25,894	25,137	23,965	23,680	22,850	21,908	
Mobile voice traffic	68,592	69,843	72,162	68,682	69,899	70,375	73,479	
Data traffic (TB)	1,395,331	1,583,612	1,763,495	2,065,902	2,564,860	2,815,305	2,916,541	
Fixed data traffic	1,330,287	1,514,813	1,695,219	1,995,403	2,485,715	2,729,649	2,815,740	
Mobile data traffic	65,043	68,799	68,276	70,500	79,146	85,657	100,800	
Mobile ARPU (EUR)	7.2	6.5	5.7	5.7	6.1	6.6	7.2	
Prepay	3.8	3.3	2.8	2.9	3.2	3.4	3.7	
Contract (1)	15.3	14.2	12.3	11.6	11.5	12.6	14.7	
Data ARPU (EUR)	3.0	3.0	2.8	3.0	3.0	3.6	3.8	
% non-SMS over data revenues	81.6%	82.5%	83.0%	84.5%	85.8%	87.1%	88.4%	
Fixed telephony ARPU (EUR)	15.0	14.5	13.2	12.0	11.3	12.1	12.9	
Pay TV ARPU (EUR)	22.3	23.5	22.0	21.1	20.6	22.6	25.3	
Broadband ARPU (EUR)	12.5	12.3	11.0	10.6	10.3	11.2	12.4	
Churn	2.9%	3.2%	4.7%	6.1%	3.3%	3.1%	3.4%	
Contract (1)	1.8%	1.9%	1.9%	1.8%	1.8%	1.9%	1.8%	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	93,747	189,485	286,783	379,430	93,579	186,804	282,190	
Fixed voice traffic	25,155	51,050	76,186	100,151	23,680	46,530	68,437	
Mobile voice traffic	68,592	138,435	210,597	279,279	69,899	140,274	213,753	
Data traffic (TB)	1,395,331	2,978,942	4,742,437	6,808,340	2,564,860	5,380,166	8,296,707	
Fixed data traffic	1,330,287	2,845,100	4,540,319	6,535,722	2,485,715	5,215,363	8,031,104	
Mobile data traffic	65,043	133,842	202,118	272,618	79,146	164,803	265,603	
Mobile ARPU (EUR)	7.2	6.9	6.5	6.3	6.1	6.4	6.8	
Prepay	3.8	3.5	3.3	3.2	3.2	3.3	3.5	
Contract (1)	15.3	14.7	13.9	13.3	11.5	12.1	12.9	
Data ARPU (EUR)	3.0	3.0	2.9	2.9	3.0	3.3	3.2	
% non-SMS over data revenues	81.6%	82.1%	82.4%	82.9%	85.8%	86.5%	87.7%	
Fixed telephony ARPU (EUR)	15.0	14.7	14.1	13.5	11.3	11.7	12.2	
Pay TV ARPU (EUR)	22.3	23.1	22.6	22.1	20.6	21.6	23.0	
Broadband ARPU (EUR)	12.5	12.4	11.8	11.4	10.3	10.8	11.3	
Churn	2.9%	3.0%	3.6%	4.2%	3.3%	3.2%	3.3%	
Contract (1)	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is also included. Traffic volume non rounded.

(1) Excludes M2M.

TELEFÓNICA HISPANOAMÉRICA
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	3,665	3,467	3,634	3,622	14,387	3,054	2,961	3,129		
Mobile Business	2,668	2,435	2,630	2,614	10,347	2,173	2,023	2,225		
Mobile service revenues	2,367	2,158	2,328	2,309	9,161	1,949	1,813	1,993		
Data revenues (1)	889	899	946	955	3,688	851	814	893		
Handset revenues	302	278	302	306	1,188	224	210	216		
Fixed Business	1,007	1,038	1,010	1,015	4,070	886	943	920		
FBB and new services revenues (2)	503	528	512	521	2,064	468	511	490		
Pay TV revenues	133	145	143	147	569	140	147	153		
Voice & access revenues	370	365	355	346	1,436	278	285	277		
Internal exp. capitalized in fixed assets	27	28	30	39	125	27	28	29		
Operating expenses	(2,583)	(2,489)	(2,605)	(2,652)	(10,329)	(2,237)	(2,171)	(2,222)		
Supplies	(1,030)	(1,012)	(1,075)	(1,060)	(4,176)	(912)	(894)	(907)		
Personnel expenses	(418)	(408)	(415)	(445)	(1,686)	(379)	(364)	(359)		
Other operating expenses	(1,135)	(1,069)	(1,115)	(1,147)	(4,466)	(946)	(913)	(956)		
Other net income (expense)	17	15	17	23	72	21	18	36		
Gain (loss) on sale of fixed assets	-	3	5	93	101	-	(1)	(2)		
Impairment of goodwill and other assets	-	-	-	-	-	-	-	-		
Operating income before D&A (OIBDA)	1,127	1,025	1,080	1,124	4,356	866	836	970		
OIBDA Margin	30.8%	29.6%	29.7%	31.0%	30.3%	28.3%	28.2%	31.0%		
CapEx	622	852	729	857	3,060	459	556	782		
Spectrum	139	205	(3)	(4)	338	-	-	282		
OpCF (OIBDA-CapEx)	505	173	351	267	1,296	406	280	188		

Notes:

- After considering Venezuela as an hyperinflationary country, the P&L and CapEx for Telefónica's operations in the country are to be converted at the closing exchange rate Bolivar Fuerte/Euro. The January-September 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (659 Venezuelan bolivars fuertes per dollar).

- OIBDA before management and brand fees.

- 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) Since the first quarter 2015, data and voice revenues have been reassigned to homogenise the year-on-year comparison.

(2) Includes broadband connectivity services (retail and wholesale), including value-added services, data and ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA HISPANOAMÉRICA

ACCESSES

Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	132,461.8	132,247.2	132,672.7	134,612.4	134,274.3	134,422.4	135,343.0	
Fixed telephony accesses (1)	13,266.5	13,158.7	13,035.3	12,829.8	12,497.9	12,400.6	12,229.2	
Internet and data accesses	5,516.0	5,573.4	5,644.5	5,667.8	5,706.8	5,772.1	5,791.0	
Broadband	5,452.7	5,514.1	5,586.1	5,610.4	5,624.8	5,642.2	5,645.8	
Fibre and VDSL	413.2	501.6	619.2	751.1	835.4	923.8	946.2	
Mobile accesses	111,143.1	110,866.4	111,251.2	113,302.7	113,218.7	113,344.0	114,399.7	
Prepay	87,454.6	87,077.4	87,013.2	88,332.8	87,934.3	87,810.5	88,799.5	
Contract	23,688.6	23,789.1	24,238.1	24,969.8	25,284.4	25,533.6	25,600.2	
M2M	2,125.9	2,144.8	2,214.3	2,296.9	2,315.1	2,354.3	2,532.4	
Pay TV	2,536.2	2,648.6	2,741.7	2,812.2	2,850.9	2,905.6	2,923.1	
Wholesale Accesses	31.4	31.4	31.0	30.9	28.2	27.5	81.8	
Total Accesses	132,493.2	132,278.6	132,703.7	134,643.3	134,302.5	134,449.9	135,424.8	

(1) Includes fixed wireless and VoIP accesses.

MOBILE ACCESSES

Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Prepay percentage (%)	78.7%	78.5%	78.2%	78.0%	77.7%	77.5%	77.6%	
Contract percentage (%)	21.3%	21.5%	21.8%	22.0%	22.3%	22.5%	22.4%	
Smartphones ('000)	31,048.7	35,420.7	37,486.0	40,229.5	41,448.0	43,082.8	45,031.3	
Prepay	18,205.6	21,877.1	23,118.9	25,508.0	25,759.1	26,578.2	27,819.5	
Contract	12,843.1	13,543.6	14,367.1	14,721.5	15,689.0	16,504.5	17,211.8	
Smartphone penetration (%)	28.9%	33.0%	34.8%	36.7%	37.8%	39.3%	40.7%	
Prepay (%)	21.0%	25.3%	26.8%	29.1%	29.5%	30.5%	31.5%	
Contract (%)	61.9%	64.9%	67.5%	67.0%	70.3%	73.3%	76.7%	
LTE ('000)	2,811.4	4,233.6	6,037.5	8,321.9	9,859.6	11,023.3	12,998.2	
LTE penetration (%)	2.6%	3.9%	5.5%	7.5%	8.9%	9.9%	11.9%	

TELEFÓNICA ARGENTINA
 SELECTED FINANCIAL DATA
 Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	935	981	1,016	983	3,915	689	709	750		
Mobile Business	599	637	662	641	2,539	421	422	472		
Mobile service revenues	529	557	565	543	2,194	371	373	417		
Data revenues	201	287	267	246	1,000	172	181	209		
Handset revenues	71	79	97	98	345	50	50	55		
Fixed Business	336	344	354	342	1,376	268	287	278		
FBB and new services revenues (1)	189	196	198	203	787	168	178	180		
Voice & access revenues	146	148	156	139	589	99	109	98		
OIBDA	273	266	242	224	1,006	149	165	211		
OIBDA margin (2)	28.8%	26.8%	23.4%	22.6%	25.4%	21.4%	23.0%	27.9%		
CapEx	146	363	229	199	938	159	152	136		
Spectrum	-	204	(3)	(5)	196	-	-	-		
OpCF (OIBDA-CapEx)	127	(97)	13	25	68	(10)	13	75		

Note:

- OIBDA is presented before management and brand fees.

(1) Includes broadband connectivity services (retail and wholesale), including value-added services, data and ICT revenues, other services over connectivity and FBB equipment.

(2) Margin over revenues includes fixed to mobile interconnection.

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TELEFÓNICA ARGENTINA
ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	26,318.5	26,236.0	26,375.5	26,910.7	26,430.8	26,242.8	26,755.4	
Fixed telephony accesses (1)	4,693.2	4,669.3	4,662.2	4,635.2	4,599.7	4,550.5	4,503.3	
Fixed wireless	285.9	286.4	295.1	288.0	276.0	256.2	243.5	
Internet and data accesses	1,880.7	1,877.8	1,883.9	1,886.3	1,911.8	1,910.9	1,907.7	
Broadband	1,871.8	1,869.9	1,877.5	1,881.2	1,880.6	1,878.5	1,875.6	
Mobile accesses	19,744.6	19,688.9	19,829.4	20,389.2	19,919.2	19,781.5	20,344.4	
Prepay	12,778.0	12,859.0	12,985.6	13,434.6	12,989.8	12,851.6	13,258.6	
Contract	6,966.5	6,829.9	6,843.8	6,954.6	6,929.4	6,929.9	7,085.8	
M2M	455.4	446.9	450.5	448.8	439.2	428.3	501.3	
Wholesale Accesses	23.3	23.5	23.0	23.1	22.4	21.8	21.3	
Total Accesses	26,341.7	26,259.5	26,398.6	26,933.8	26,453.2	26,264.7	26,776.7	

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	16,463	16,641	16,592	16,382	14,882	15,587	15,521	
Fixed voice traffic	6,612	6,916	7,003	6,768	6,066	6,341	6,163	
Mobile voice traffic	9,851	9,725	9,590	9,614	8,816	9,246	9,358	
Data traffic (TB)	117,077	167,451	172,826	165,947	175,385	198,738	219,120	
Fixed data traffic (1)	107,008	155,961	158,290	146,912	151,868	170,316	183,723	
Mobile data traffic	10,069	11,491	14,536	19,035	23,517	28,423	35,397	
Mobile ARPU (EUR)	9.1	9.9	9.9	9.0	6.5	6.6	7.2	
Prepay	2.7	2.9	2.9	2.7	1.9	2.0	2.1	
Contract (2)	22.3	24.0	24.5	22.6	16.2	16.2	17.4	
Data ARPU (EUR)	3.4	4.3	4.5	4.0	2.9	3.0	3.3	
% non-SMS over data revenues	56.2%	78.1%	76.1%	79.2%	82.2%	90.4%	99.2%	
Fixed telephony ARPU (EUR)	9.9	9.8	10.4	9.1	6.6	7.5	10.0	
Broadband ARPU (EUR)	21.3	21.9	22.5	21.6	17.6	18.5	18.7	
Churn	3.1%	2.9%	2.7%	1.9%	3.3%	3.1%	2.7%	
Contract (2)	1.1%	1.5%	1.7%	1.3%	1.2%	1.4%	0.8%	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	16,463	33,104	49,697	66,079	14,882	30,469	45,991	
Fixed voice traffic	6,612	13,528	20,531	27,299	6,066	12,407	18,570	
Mobile voice traffic	9,851	19,576	29,166	38,780	8,816	18,062	27,420	
Data traffic (TB)	117,077	284,529	457,355	623,302	175,385	374,123	593,244	
Fixed data traffic (1)	107,008	262,969	421,259	568,171	151,868	322,183	505,906	
Mobile data traffic	10,069	21,560	36,096	55,131	23,517	51,940	87,337	
Mobile ARPU (EUR)	9.1	9.5	9.6	9.5	6.5	6.6	6.6	
Prepay	2.7	2.8	2.9	2.8	1.9	2.0	1.9	
Contract (2)	22.3	23.1	23.6	23.3	16.2	16.2	16.1	
Data ARPU (EUR)	3.4	4.1	4.2	4.2	2.9	2.9	2.9	
% non-SMS over data revenues	56.2%	68.8%	71.4%	73.5%	82.2%	86.4%	91.2%	
Fixed telephony ARPU (EUR)	9.9	9.8	10.0	9.8	6.6	7.1	9.2	
Broadband ARPU (EUR)	21.3	21.6	21.9	21.8	17.6	18.1	22.0	
Churn	3.1%	3.0%	2.9%	2.6%	3.3%	3.2%	3.1%	
Contract (2)	1.1%	1.3%	1.4%	1.4%	1.2%	1.3%	1.1%	

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Includes solely traffic related with FBB accesses, not Business customers.

(2) Excludes M2M.

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TELEFÓNICA CHILE
 SELECTED FINANCIAL DATA
 Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	565	590	528	536	2,220	511	524	537		
Mobile Business	339	347	305	301	1,292	297	294	307		
Mobile service revenues	304	313	282	278	1,177	267	265	274		
Data revenues	98	109	108	109	424	123	125	134		
Handset revenues	35	34	23	23	115	30	29	33		
Fixed Business	226	243	223	235	928	214	229	230		
FBB and new services revenues (1)	95	106	98	106	405	97	108	108		
Pay TV revenues	57	64	57	57	235	55	58	59		
Voice & access revenues	74	73	67	72	287	63	64	64		
OIBDA	176	203	187	194	760	176	168	180		
OIBDA margin	31.1%	34.4%	35.4%	36.2%	34.2%	34.4%	32.1%	33.5%		
CapEx	123	115	105	90	433	114	101	70		
Spectrum	6	-	-	-	6	-	-	-		
OpCF (OIBDA-CapEx)	53	88	82	104	327	62	66	110		

Notes:

- OIBDA is presented before management and brand fees.

(1) Includes broadband connectivity services (retail and wholesale), including value-added services, data and ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA CHILE
ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	13,861.3	13,610.4	13,387.4	13,158.3	12,741.5	12,481.1	12,430.0	
Fixed telephony accesses (1)	1,557.7	1,537.4	1,510.3	1,486.0	1,459.0	1,438.4	1,422.8	
Internet and data accesses	1,067.9	1,093.6	1,106.4	1,112.0	1,109.1	1,150.8	1,146.2	
Broadband	1,056.7	1,082.5	1,095.4	1,101.1	1,098.4	1,093.3	1,096.7	
Fibre and VDSL	192.2	216.3	240.7	256.7	268.9	290.2	312.2	
Mobile accesses	10,619.5	10,345.1	10,129.6	9,915.6	9,527.9	9,235.1	9,199.8	
Prepay	7,817.5	7,503.0	7,268.0	6,995.3	6,524.9	6,150.1	6,070.5	
Contract	2,802.0	2,842.1	2,861.7	2,920.3	3,002.9	3,085.0	3,129.2	
M2M	293.0	291.0	294.3	310.0	331.2	354.8	378.0	
Pay TV	616.2	634.3	641.0	644.7	645.6	656.8	661.3	
Wholesale Accesses	5.9	5.9	5.8	5.7	5.2	5.1	5.1	
Total Accesses	13,867.2	13,616.3	13,393.2	13,164.0	12,746.7	12,486.2	12,435.2	

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	8,725	8,693	8,927	9,296	9,130	8,248	8,334	
Fixed voice traffic	1,354	1,353	1,320	1,301	1,127	1,194	1,235	
Mobile voice traffic	7,372	7,340	7,607	7,995	8,003	7,053	7,100	
Data traffic (TB)	252,756	289,259	309,838	322,994	348,695	372,277	420,584	
Fixed data traffic	238,140	269,957	288,230	296,880	321,246	344,595	384,783	
Mobile data traffic	14,616	19,302	21,607	26,114	27,449	27,682	35,801	
Mobile ARPU (EUR)	9.4	9.7	9.0	8.8	8.9	9.2	9.0	
Prepay	3.8	3.8	3.3	3.1	3.0	2.9	2.7	
Contract (1)	27.8	28.7	26.3	25.2	24.7	24.9	25.2	
Data ARPU (EUR)	3.1	3.4	3.4	3.5	4.2	4.5	4.3	
% non-SMS over data revenues	94.0%	93.5%	93.5%	93.7%	97.4%	97.8%	98.1%	
Fixed telephony ARPU (EUR)	14.1	14.1	13.6	14.8	13.1	13.4	14.1	
Pay TV ARPU (EUR)	29.1	30.4	26.1	26.1	24.4	24.8	24.0	
Broadband ARPU (EUR)	17.9	18.1	16.9	16.8	16.2	17.0	17.4	
Churn	3.2%	3.7%	3.2%	3.4%	3.6%	3.7%	3.2%	
Contract (1)	1.9%	1.9%	2.3%	2.2%	2.0%	2.1%	2.2%	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	8,725	17,418	26,346	35,642	9,130	17,378	25,712	
Fixed voice traffic	1,354	2,707	4,027	5,328	1,127	2,321	3,556	
Mobile voice traffic	7,372	14,712	22,319	30,314	8,003	15,056	22,156	
Data traffic (TB)	252,756	542,015	851,852	1,174,846	348,695	720,972	1,141,556	
Fixed data traffic	238,140	508,097	796,327	1,093,208	321,246	665,841	1,050,624	
Mobile data traffic	14,616	33,918	55,525	81,639	27,449	55,131	90,932	
Mobile ARPU (EUR)	9.4	9.5	9.4	9.2	8.9	9.0	9.1	
Prepay	3.8	3.8	3.6	3.5	3.0	3.0	2.9	
Contract (1)	27.8	28.2	27.6	27.0	24.7	24.8	24.9	
Data ARPU (EUR)	3.1	3.3	3.3	3.4	4.2	4.3	4.3	
% non-SMS over data revenues	94.0%	93.7%	93.7%	93.7%	97.4%	97.6%	97.7%	
Fixed telephony ARPU (EUR)	14.1	14.1	13.9	14.1	13.1	13.3	14.8	
Pay TV ARPU (EUR)	29.1	29.8	28.5	27.9	24.4	24.6	24.8	
Broadband ARPU (EUR)	17.9	18.0	17.6	17.4	16.2	16.6	18.0	
Churn	3.2%	3.4%	3.4%	3.4%	3.6%	3.7%	3.5%	
Contract (1)	1.9%	1.9%	2.0%	2.1%	2.0%	2.1%	2.3%	

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

TELEFÓNICA PERÚ
 SELECTED FINANCIAL DATA
 Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	692	684	695	695	2,766	624	620	619		
Mobile Business	394	385	396	391	1,566	345	332	352		
Mobile service revenues (1)	354	342	350	344	1,390	308	293	311		
Data revenues (2)	148	155	156	161	619	146	152	172		
Handset revenues	40	43	47	47	176	38	39	41		
Fixed Business	298	299	299	304	1,200	279	288	268		
FBB and new services revenues (3)	151	155	149	146	602	138	150	128		
Pay TV revenues	61	64	70	73	268	69	71	73		
Voice & access revenues	87	79	80	84	330	72	67	67		
OIBDA	238	212	240	253	943	187	204	216		
OIBDA margin	34.4%	31.0%	34.6%	36.4%	34.1%	30.0%	32.9%	34.9%		
CapEx	63	118	110	200	491	55	94	361		
Spectrum	-	-	-	-	-	-	-	282		
OpCF (OIBDA-CapEx)	175	93	130	53	452	133	110	(145)		

Note:

- OIBDA is presented before management and brand fees.

(1) Includes fixed wireless revenues.

(2) Since the first quarter 2015, data and voice revenues have been reassigned to homogenise the year-on-year comparison.

(3) Includes broadband connectivity services (retail and wholesale), including value-added services, data and ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA PERÚ
ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	22,083.4	22,104.2	22,184.3	22,231.0	21,791.0	21,638.3	21,398.8	
Fixed telephony accesses (1)	2,641.4	2,605.8	2,634.9	2,596.6	2,452.1	2,491.0	2,486.8	
Fixed wireless	191.2	229.8	208.5	191.9	127.7	117.6	95.5	
Internet and data accesses	1,557.4	1,589.2	1,628.0	1,647.1	1,663.9	1,685.0	1,696.5	
Broadband	1,529.7	1,564.4	1,602.5	1,621.2	1,639.2	1,660.3	1,666.8	
VDSL	219.1	283.5	376.7	488.7	557.0	623.7	620.1	
Mobile accesses	16,870.2	16,819.1	16,773.8	16,786.5	16,445.4	16,211.9	15,954.2	
Prepay	11,645.3	11,450.4	11,255.3	11,013.3	10,530.0	10,228.5	10,214.7	
Contract	5,224.8	5,368.7	5,518.5	5,773.1	5,915.5	5,983.4	5,739.5	
M2M	118.0	98.4	99.8	103.3	81.7	79.7	90.1	
Pay TV	1,014.5	1,090.1	1,147.7	1,200.8	1,229.6	1,250.3	1,261.3	
Wholesale Accesses	0.3	0.2	0.2	0.1	0.1	0.1	0.1	
Total Accesses	22,083.7	22,104.3	22,184.5	22,231.1	21,791.0	21,638.3	21,398.8	

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	24,759	24,635	26,225	28,033	27,479	28,166	28,468	
Fixed voice traffic	5,460	5,429	5,398	5,322	5,144	4,935	4,882	
Mobile voice traffic	19,300	19,206	20,828	22,711	22,336	23,231	23,586	
Data traffic (TB)	364,397	398,101	407,710	416,543	418,470	414,392	524,521	
Fixed data traffic	359,357	391,712	399,478	405,927	407,019	402,357	508,248	
Mobile data traffic	5,040	6,389	8,232	10,616	11,451	12,034	16,273	
Mobile ARPU (EUR)	7.0	6.8	6.7	6.7	6.3	6.1	5.9	
Prepay	4.2	3.9	3.7	3.6	2.8	3.2	2.3	
Contract (1)	13.5	13.2	13.1	12.9	12.0	11.6	12.4	
Data ARPU (EUR) (2)	2.9	3.1	3.1	3.2	2.9	3.1	3.0	
% non-SMS over data revenues	94.1%	95.6%	96.2%	96.9%	99.1%	97.2%	97.0%	
Fixed telephony ARPU (EUR)	10.8	9.8	10.0	8.5	9.4	8.8	7.7	
Pay TV ARPU (EUR)	19.4	18.7	18.1	17.4	16.6	15.9	18.1	
Broadband ARPU (EUR)	19.5	18.9	18.5	18.0	16.4	16.0	15.7	
Churn	4.0%	4.3%	4.4%	4.3%	4.8%	5.0%	5.2%	
Contract (1)	2.2%	2.0%	2.2%	1.8%	2.5%	2.6%	3.5%	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	24,759	49,395	75,620	103,653	27,479	55,646	84,113	
Fixed voice traffic	5,460	10,889	16,287	21,608	5,144	10,078	14,960	
Mobile voice traffic	19,300	38,506	59,334	82,045	22,336	45,567	69,153	
Data traffic (TB)	364,397	762,498	1,170,209	1,586,752	418,470	832,862	1,357,383	
Fixed data traffic	359,357	751,069	1,150,547	1,556,474	407,019	809,376	1,317,625	
Mobile data traffic	5,040	11,429	19,662	30,278	11,451	23,486	39,758	
Mobile ARPU (EUR)	7.0	6.9	6.8	6.8	6.3	6.2	6.1	
Prepay	4.2	4.0	3.9	3.9	2.8	3.0	2.5	
Contract (1)	13.5	13.3	13.3	13.2	12.0	11.8	12.5	
Data ARPU (EUR) (2)	2.9	3.0	3.0	3.1	2.9	3.0	3.0	
% non-SMS over data revenues	94.1%	94.9%	95.3%	95.8%	99.1%	98.1%	97.7%	
Fixed telephony ARPU (EUR)	10.8	10.3	10.2	9.8	9.4	9.1	7.6	
Pay TV ARPU (EUR)	19.4	19.1	18.7	18.4	16.6	16.3	17.6	
Broadband ARPU (EUR)	19.5	19.2	19.0	18.7	16.4	16.2	19.3	
Churn	4.0%	4.1%	4.2%	4.3%	4.8%	4.9%	5.0%	
Contract (1)	2.2%	2.1%	2.2%	2.1%	2.5%	2.6%	3.1%	

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

(1) Since the first quarter 2015, data and voice revenues have been reassigned to homogenise the year-on-year comparison.

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TELEFÓNICA COLOMBIA
 SELECTED FINANCIAL DATA
 Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	398	400	352	358	1,508	323	347	364		
Mobile Business	251	249	219	224	942	198	209	220		
Mobile service revenues	223	221	192	192	829	172	180	193		
Data revenues	66	67	61	62	256	61	69	81		
Handset revenues	28	27	27	31	113	26	29	27		
Fixed Business	147	151	134	134	566	125	138	144		
FBB and new services revenues (1)	68	70	66	66	270	64	74	75		
Pay TV revenues	16	17	16	17	66	17	18	21		
Voice & access revenues	63	64	52	51	230	44	46	48		
OIBDA	150	146	121	130	547	107	108	123		
OIBDA margin	37.6%	36.5%	34.3%	36.3%	36.2%	33.3%	31.0%	33.8%		
CapEx	48	111	95	88	342	33	83	98		
Spectrum	-	-	-	-	-	-	-	-		
OpCF (OIBDA-CapEx)	102	35	26	42	205	74	25	25		

Note:

- OIBDA is presented before management and brand fees.

(1) Includes broadband connectivity services (retail and wholesale), including value-added services, data and ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA COLOMBIA

ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	15,777.5	15,308.1	15,587.6	15,824.5	15,977.2	16,161.0	16,503.1	
Fixed telephony accesses (1)	1,465.8	1,450.8	1,448.2	1,430.6	1,414.2	1,402.7	1,389.4	
Internet and data accesses	997.3	999.8	1,012.8	1,008.7	1,008.4	1,011.6	1,025.1	
Broadband	988.9	991.3	1,004.4	1,000.2	999.9	1,003.2	1,003.2	
Mobile accesses	12,884.9	12,413.3	12,655.6	12,896.7	13,057.2	13,226.3	13,556.9	
Prepay	9,633.2	9,158.6	9,341.8	9,510.9	9,625.1	9,730.2	10,019.0	
Contract	3,251.7	3,254.7	3,313.7	3,385.8	3,432.1	3,496.1	3,537.9	
M2M	438.7	444.4	456.4	467.5	471.0	464.3	481.3	
Pay TV	429.4	444.2	471.0	488.6	497.4	520.4	531.7	
Wholesale Accesses	1.9	1.9	1.9	1.9	0.6	0.6	0.6	
Total Accesses	15,779.4	15,310.1	15,589.5	15,826.5	15,977.8	16,161.6	16,503.7	

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	13,700	13,236	14,011	14,201	14,373	14,884	15,366	
Fixed voice traffic	3,598	3,227	3,304	3,068	3,234	3,049	3,023	
Mobile voice traffic	10,101	10,009	10,707	11,133	11,139	11,835	12,342	
Data traffic (TB)	59,658	69,725	76,320	81,966	84,731	94,467	101,271	
Fixed data traffic (1)	49,142	58,338	64,088	68,446	70,654	79,143	84,328	
Mobile data traffic	10,516	11,387	12,232	13,520	14,077	15,324	16,942	
Mobile ARPU (EUR)	5.5	5.5	4.7	4.6	4.2	4.3	4.4	
Prepay	1.4	1.4	1.3	1.3	1.1	1.2	1.2	
Contract (2)	19.9	19.6	16.4	16.0	14.6	15.0	15.4	
Data ARPU (EUR)	1.7	1.8	1.6	1.6	1.6	1.8	2.0	
% non-SMS over data revenues	96.9%	97.3%	97.7%	98.2%	98.7%	98.9%	99.1%	
Fixed telephony ARPU (EUR)	13.8	13.9	11.5	11.3	9.8	10.4	10.8	
Pay TV ARPU (EUR)	12.4	12.5	10.8	11.0	11.0	11.5	12.9	
Broadband ARPU (EUR)	10.4	10.8	9.0	8.8	8.2	8.9	9.4	
Mobile churn	3.0%	4.5%	3.4%	3.3%	3.2%	3.2%	2.9%	
Contract (2)	2.2%	2.3%	2.0%	1.8%	1.8%	1.7%	1.7%	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	13,700	26,936	40,947	55,148	14,373	29,257	44,622	
Fixed voice traffic	3,598	6,825	10,129	13,196	3,234	6,283	9,307	
Mobile voice traffic	10,101	20,111	30,818	41,951	11,139	22,973	35,316	
Data traffic (TB)	59,658	129,382	205,702	287,668	84,731	179,197	280,468	
Fixed data traffic (1)	49,142	107,480	171,568	240,014	70,654	149,797	234,125	
Mobile data traffic	10,516	21,902	34,134	47,654	14,077	29,400	46,343	
Mobile ARPU (EUR)	5.5	5.5	5.2	5.2	4.2	4.3	4.3	
Prepay	1.4	1.4	1.4	1.4	1.1	1.2	1.1	
Contract (2)	19.9	19.8	18.7	18.0	14.6	14.8	15.0	
Data ARPU (EUR)	1.7	1.7	1.7	1.7	1.6	1.7	1.8	
% non-SMS over data revenues	96.9%	97.1%	97.3%	97.6%	98.7%	98.8%	98.9%	
Fixed telephony ARPU (EUR)	13.8	13.9	13.1	12.6	9.8	10.1	10.7	
Pay TV ARPU (EUR)	12.4	12.5	11.9	11.7	11.0	11.3	11.9	
Broadband ARPU (EUR)	10.4	10.6	10.1	9.8	8.2	8.5	10.3	
Mobile churn	3.0%	3.8%	3.6%	3.6%	3.2%	3.2%	3.1%	
Contract (2)	2.2%	2.2%	2.1%	2.1%	1.8%	1.8%	1.6%	

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Includes solely traffic pertaining to FBB accesses, not Business customers.

(2) Excludes M2M.

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TELEFÓNICA MÉXICO
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	444	458	453	427	1,783	409	337	316		
Mobile service revenues	376	391	399	374	1,539	360	303	286		
Data revenues (1)	163	164	167	179	673	155	124	103		
Handset revenues	69	68	55	53	244	50	33	30		
OIBDA	109	105	134	133	481	106	62	81		
OIBDA margin	24.5%	22.9%	29.5%	31.1%	27.0%	25.9%	18.4%	25.6%		
CapEx	47	63	55	101	266	42	54	34		
Spectrum	-	-	-	8	8	-	-	-		
OpCF (OIBDA-CapEx)	62	42	79	32	215	65	8	47		

Note:

- OIBDA is presented before management and brand fees.

(1) Since the first quarter 2015, data and voice revenues have been reassigned to homogenise the year-on-year comparison.

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TELEFÓNICA MÉXICO
ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Mobile accesses	22,536.6	23,048.8	23,405.0	24,895.0	25,655.4	25,928.8	25,937.5	
Prepay	21,056.6	21,553.9	21,779.8	23,102.0	23,803.2	24,069.1	24,081.0	
Contract	1,480.0	1,494.9	1,625.2	1,793.0	1,852.2	1,859.7	1,856.5	
M2M	455.8	485.9	521.2	567.5	602.6	629.2	658.3	
Fixed wireless	1,545.6	1,553.8	1,468.9	1,382.9	1,296.9	1,252.9	1,176.8	
Total Accesses	24,082.2	24,602.6	24,873.9	26,277.9	26,952.3	27,181.7	27,169.1	

SELECTED MOBILE OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	13,435	13,785	13,915	15,570	18,525	20,055	20,392	
Data traffic (TB)	7,891	7,967	8,991	11,791	17,192	20,177	22,719	
ARPU (EUR)	4.9	4.9	4.7	4.4	3.8	3.2	3.1	
Prepay	4.3	4.3	4.3	3.9	3.3	2.7	2.6	
Contract (1)	19.0	19.2	17.1	15.7	14.6	13.9	13.7	
Data ARPU (EUR) (2)	2.3	2.3	2.3	2.4	2.0	1.6	1.3	
% non-SMS over data revenues	84.8%	86.0%	82.4%	89.2%	91.1%	91.5%	92.1%	
Churn	2.8%	3.4%	3.6%	3.4%	3.5%	3.3%	3.6%	
Contract (1)	1.7%	2.2%	1.6%	1.7%	1.7%	2.9%	1.7%	

	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	13,435	27,221	41,136	56,706	18,525	38,580	58,972	
Data traffic (TB)	7,891	15,858	24,849	36,640	17,192	37,369	60,088	
ARPU (EUR)	4.9	4.9	4.8	4.7	3.8	3.5	3.3	
Prepay	4.3	4.3	4.3	4.2	3.3	3.0	2.8	
Contract (1)	19.0	19.1	18.4	17.6	14.6	14.2	14.2	
Data ARPU (EUR) (2)	2.3	2.3	2.3	2.3	2.0	1.8	1.5	
% non-SMS over data revenues	84.8%	85.4%	84.4%	85.7%	91.1%	91.3%	91.5%	
Churn	2.8%	3.1%	3.3%	3.3%	3.5%	3.4%	3.5%	
Contract (1)	1.7%	1.9%	1.8%	1.8%	1.7%	2.4%	1.7%	

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

(2) Since the first quarter 2015, data and voice revenues have been reassigned to homogenise the year-on-year comparison.

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TELEFÓNICA VENEZUELA (1)
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	212	(71)	165	175	481	77	21	138		
Mobile service revenues	184	(63)	143	159	423	75	21	134		
Data revenues (2)	71	(31)	28	37	105	32	-	20		
Handset revenues	28	(8)	22	15	58	2	1	5		
OIBDA	53	(26)	26	46	99	22	4	35		
OIBDA margin	24.9%	36.3%	15.9%	26.2%	20.6%	28.5%	18.5%	25.1%		
CapEx	21	1	32	85	139	9	13	27		
Spectrum	-	-	-	-	-	-	-	-		
OpCF (OIBDA-CapEx)	32	(27)	(6)	(40)	(40)	13	(9)	8		

Notes:

- After considering Venezuela as a hyperinflationary country, the P&L and CapEx for Telefónica's operations in the country are to be converted at the closing exchange rate Bolivar Fuerte/Euro. The January-September 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (659 Venezuelan bolivars fuertes per dollar).

- OIBDA is presented before management and brand fees.

(1) Reported figures include the hyperinflationary adjustments in Venezuela in both years.

(2) Data revenues do not include hyperinflation adjustments.

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TELEFÓNICA VENEZUELA
ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Fixed telephony accesses (1)	758.3	742.2	712.9	697.3	672.9	654.0	632.0	
Internet and data accesses	8.2	8.3	8.5	8.5	8.3	8.1	7.1	
Broadband	3.4	3.6	3.8	4.0	4.0	4.0	1.5	
Mobile accesses	10,820.8	10,888.6	10,738.6	10,583.1	10,423.4	10,492.3	10,446.9	
Prepay (2)	9,468.5	9,546.3	9,405.4	9,259.2	9,114.2	9,195.3	9,157.1	
Contract	1,352.3	1,342.3	1,333.2	1,323.9	1,309.2	1,297.0	1,289.8	
M2M	113.5	115.6	116.8	117.0	114.2	110.6	122.2	
Pay TV	476.1	480.0	482.1	478.1	478.2	478.1	468.7	
Total Accesses	12,063.4	12,119.1	11,942.0	11,767.0	11,582.8	11,632.5	11,554.7	

(1) Includes fixed wireless and VoIP accesses.

(2) Includes prepay M2M accesses.

SELECTED MOBILE OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	13,528	14,404	15,178	14,892	14,137	14,240	14,312	
Data traffic (TB)	8,672	9,823	10,261	11,550	11,379	10,848	10,417	
ARPU (EUR) (1)(3)	4.5	n.m.	2.0	2.3	2.5	1.8	2.3	
Prepay	4.1	n.m.	1.8	2.1	2.3	1.5	2.1	
Contract (1)	8.0	n.m.	3.5	4.0	4.2	3.7	4.0	
Data ARPU (EUR) (2)(3)	2.1	n.m.	1.0	1.2	1.4	0.9	1.2	
% non-SMS over data revenues	83.3%	n.m.	86.0%	87.0%	90.2%	91.8%	97.4%	
Churn	2.0%	2.2%	2.3%	2.2%	2.1%	2.0%	2.3%	
Contract (1)	0.8%	0.9%	0.9%	0.7%	0.8%	0.8%	1.1%	

	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	13,528	27,932	43,110	58,001	14,137	28,378	42,690	
Data traffic (TB)	8,672	18,495	28,756	40,306	11,379	22,226	32,644	
ARPU (EUR) (1)(3)	4.5	2.2	2.1	2.2	2.5	2.1	1.9	
Prepay	4.1	2.0	1.9	2.0	2.3	1.9	1.7	
Contract (1)	8.0	3.8	3.7	3.8	4.2	4.0	3.5	
Data ARPU (EUR) (2)	2.1	1.0	1.0	1.1	1.4	1.1	1.0	
% non-SMS over data revenues	83.3%	84.0%	84.9%	85.6%	90.2%	91.1%	93.1%	
Churn	2.0%	2.1%	2.2%	2.2%	2.1%	2.0%	2.1%	
Contract (1)	0.8%	0.8%	0.9%	0.8%	0.8%	0.8%	1.0%	

Notes:

- After considering Venezuela as a hyperinflationary country, the P&L and CapEx for Telefónica's operations in the country are to be converted at the closing exchange rate Bolivar Fuerte/Euro. The January-September 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (659 Venezuelan bolivars fuertes per dollar)."

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

(2) Does not include adjustment for hyperinflation.

(3) As a consequence of modifying the conversion of Venezuela June 2015 results to the exchange rate of 197 VEF/USD (SIMADI) vs. 50 VEF/USD (SICAD II) in the first quarter of 2015, ARPU figure in euros is "n.m."

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TELEFÓNICA CENTRAL AMERICA (1)
 SELECTED FINANCIAL DATA
 Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	214	221	223	240	898	227	220	221		
Mobile service revenues	202	207	208	221	838	213	206	212		
Data revenues	71	71	85	82	309	85	85	89		
Handset revenues	12	15	16	19	62	14	15	12		
OIBDA	53	56	60	75	243	53	57	62		
OIBDA margin	24.6%	25.3%	26.7%	31.2%	27.1%	23.6%	25.9%	28.1%		
CapEx	20	46	59	52	177	32	35	25		
Spectrum	-	-	-	-	-	-	-	-		
OpCF (OIBDA-CapEx)	32	10	1	23	66	22	22	38		

Note:

- OIBDA is presented before management and brand fees.

(1) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

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TELEFÓNICA CENTRAL AMERICA (1)
ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Fixed telephony accesses (2)	556.4	555.6	561.2	567.8	567.0	573.5	582.1	
Fixed wireless	335.2	336.0	343.1	334.9	355.6	354.8	315.9	
Internet and data accesses	4.4	4.7	4.9	5.1	5.4	5.6	5.9	
Broadband	2.2	2.4	2.6	2.7	2.7	2.9	1.3	
Mobile accesses	11,078.8	11,273.2	11,577.6	12,083.4	12,453.4	12,584.8	12,723.7	
Prepay (3)	10,204.4	10,396.8	10,692.7	11,186.5	11,536.6	11,666.5	11,748.7	
Contract	874.5	876.3	884.9	896.9	916.7	918.3	975.0	
M2M	34.4	32.1	31.5	32.7	34.3	35.8	40.1	
Total Accesses	11,639.7	11,833.5	12,143.8	12,656.3	13,025.7	13,163.9	13,311.9	

(1) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

(2) Includes fixed wireless and VoIP accesses.

(3) Includes prepay M2M accesses.

SELECTED MOBILE OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	6,851	6,938	6,896	7,247	6,939	7,024	7,011	
Data traffic (TB)	5,628	6,648	7,587	9,948	10,960	12,295	13,694	
ARPU (EUR)	5.8	5.9	6.0	5.7	5.6	5.3	5.5	
Prepay	4.6	4.6	4.5	4.6	4.4	4.1	4.1	
Contract (1)	21.1	21.8	24.2	20.1	22.4	22.8	23.4	
Data ARPU (EUR)	2.1	2.1	2.5	2.3	2.3	2.2	2.0	
% non-SMS over data revenues	76.5%	77.7%	80.5%	86.3%	84.3%	84.6%	89.8%	
Churn	3.2%	3.5%	3.4%	3.6%	3.2%	3.4%	3.8%	
Contract (1)	1.6%	1.6%	1.4%	1.5%	1.3%	1.2%	1.2%	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	6,851	13,790	20,686	27,933	6,939	13,962	20,973	
Data traffic (TB)	5,628	12,276	19,863	29,812	10,960	23,256	36,950	
ARPU (EUR)	5.8	5.9	5.9	5.8	5.6	5.5	5.5	
Prepay	4.6	4.6	4.5	4.6	4.4	4.2	4.2	
Contract (1)	21.1	21.4	22.4	21.8	22.4	22.9	22.5	
Data ARPU (EUR)	2.1	2.1	2.2	2.2	2.3	2.3	1.9	
% non-SMS over data revenues	76.5%	77.1%	78.4%	80.6%	84.3%	84.5%	86.7%	
Churn	3.2%	3.3%	3.3%	3.4%	3.2%	3.3%	3.5%	
Contract (1)	1.6%	1.6%	1.5%	1.5%	1.3%	1.3%	0.8%	

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

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TELEFÓNICA ECUADOR
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	149	149	150	157	605	145	135	132		
Mobile service revenues	133	133	136	143	546	133	124	123		
Data revenues	45	50	52	55	203	53	51	56		
Handset revenues	15	16	14	14	59	11	11	10		
OIBDA	52	45	47	49	194	45	38	42		
OIBDA margin	35.0%	30.4%	31.5%	31.2%	32.0%	31.0%	28.3%	31.7%		
CapEx	146	28	38	30	241	12	18	24		
Spectrum	133	1	-	(8)	127	-	-	-		
OpCF (OIBDA-CapEx)	(94)	17	10	19	(47)	33	20	18		

Note:

- OIBDA is presented before management and brand fees.

TELEFÓNICA URUGUAY
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	65	61	56	58	240	54	52	57		
Mobile service revenues	61	57	53	54	224	51	48	53		
Data revenues	26	26	23	24	99	25	26	30		
Handset revenues	4	4	3	5	16	4	4	4		
OIBDA	24	20	19	23	86	20	17	20		
OIBDA margin	37.2%	32.7%	33.5%	40.2%	35.9%	36.1%	33.4%	35.5%		
CapEx	8	6	7	12	33	3	6	7		
Spectrum	-	-	-	-	-	-	-	-		
OpCF (OIBDA-CapEx)	16	14	12	11	53	17	12	13		

Note:

- OIBDA is presented before management and brand fees.

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TELEFÓNICA ECUADOR
ACCESSES
Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Mobile accesses	4,675.3	4,545.3	4,355.5	4,000.9	4,009.1	4,174.1	4,513.4	
Prepay	3,545.6	3,380.8	3,135.8	2,738.8	2,759.3	2,886.4	3,210.2	
Contract	1,129.7	1,164.6	1,219.7	1,262.2	1,249.8	1,287.7	1,303.3	
M2M	173.3	182.7	191.5	196.4	184.2	186.5	193.3	
Fixed Wireless	48.1	43.8	36.7	33.4	36.2	37.7	35.9	
Total Accesses	4,723.4	4,589.1	4,392.1	4,034.4	4,045.3	4,211.8	4,551.8	

SELECTED MOBILE OPERATIONAL DATA
Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	2,955	2,970	3,018	3,081	2,955	3,137	3,101	
Data traffic (TB)	1,786	2,213	2,950	3,857	4,303	4,902	5,620	
ARPU (EUR)	8.3	8.9	9.3	10.1	10.4	9.5	8.8	
Prepay	4.6	4.8	5.2	5.6	5.7	4.9	4.3	
Contract (1)	24.5	24.6	23.8	24.1	24.2	22.9	21.8	
Data ARPU (EUR)	3.0	3.6	3.8	4.3	4.2	4.0	3.9	
% non-SMS over data revenues	82.5%	85.1%	85.8%	87.8%	88.7%	89.4%	91.2%	
Churn	5.7%	4.6%	5.3%	4.6%	4.4%	4.0%	4.2%	
Contract (1)	1.6%	1.5%	1.5%	1.5%	1.9%	1.1%	1.4%	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	2,955	5,822	8,840	11,921	2,955	6,093	9,194	
Data traffic (TB)	1,786	3,999	6,949	10,806	4,303	9,205	14,825	
ARPU (EUR)	8.3	8.6	8.8	9.1	10.4	10.0	9.1	
Prepay	4.6	4.7	4.9	5.0	5.7	5.3	4.6	
Contract (1)	24.5	24.6	24.3	24.3	24.2	23.5	22.0	
Data ARPU (EUR)	3.0	3.3	3.4	3.6	4.2	4.1	3.8	
% non-SMS over data revenues	82.5%	83.9%	84.5%	85.5%	88.7%	89.0%	89.8%	
Churn	5.7%	5.2%	5.2%	5.1%	4.4%	4.2%	4.2%	
Contract (1)	1.6%	1.6%	1.5%	1.5%	1.9%	1.3%	1.1%	

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

TELEFÓNICA URUGUAY
ACCESSES
Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Mobile accesses	1,912.5	1,844.1	1,786.1	1,752.3	1,727.7	1,709.2	1,723.0	
Prepay	1,305.3	1,228.4	1,148.7	1,092.3	1,051.2	1,032.7	1,039.7	
Contract	607.1	615.7	637.4	660.0	676.5	676.5	683.3	
M2M	43.7	47.8	52.3	53.7	56.9	65.0	67.9	
Total Accesses	1,912.5	1,844.1	1,786.1	1,752.3	1,727.7	1,709.2	1,723.0	

SELECTED MOBILE OPERATIONAL DATA
Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	1,242	1,140	1,167	1,175	1,068	1,082	1,063	
Data traffic (TB)	1,704	1,937	2,345	2,682	3,233	3,530	4,160	
ARPU (EUR)	10.0	9.8	9.5	9.8	9.3	9.2	9.6	
Prepay	4.5	4.6	4.4	4.6	4.3	4.1	3.0	
Contract (1)	23.2	22.2	20.8	20.2	18.8	18.7	19.6	
Data ARPU (EUR)	4.5	4.5	4.4	4.6	4.8	5.1	4.7	
% non-SMS over data revenues	67.3%	67.5%	70.0%	69.0%	78.0%	81.3%	83.1%	
Churn	1.4%	3.0%	3.0%	2.7%	2.5%	2.1%	1.4%	
Contract (1)	0.7%	0.7%	0.9%	0.7%	0.7%	1.5%	0.8%	
	Jan-Mar	Jan-Jun	Jan-Sep	Jan-Dec	Jan-Mar	Jan-Jun	Jan-Sep	Jan-Dec
Voice traffic (Million minutes)	1,242	2,383	3,550	4,725	1,068	2,149	3,212	
Data traffic (TB)	1,704	3,641	5,986	8,668	3,233	6,763	10,923	
ARPU (EUR)	10.0	9.9	9.8	9.8	9.3	9.3	9.5	
Prepay	4.5	4.6	4.5	4.5	4.3	4.2	4.3	
Contract (1)	23.2	22.7	22.1	21.6	18.8	18.8	19.3	
Data ARPU (EUR)	4.5	4.5	4.5	4.5	4.8	4.9	4.5	
% non-SMS over data revenues	67.3%	67.4%	68.3%	68.5%	78.0%	79.7%	80.8%	
Churn	1.4%	2.2%	2.5%	2.5%	2.5%	2.3%	2.0%	
Contract (1)	0.7%	0.7%	0.8%	0.7%	0.7%	1.1%	0.8%	

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

ADDENDA

The financial information contained in the addenda has been prepared under International Financial Reporting Standards (IFRS). This financial information is unaudited.

The following Addenda are included: i) the Consolidated Statement of Cash Flow, in conformity with International Financial Reporting Standards; ii) the detailed Income Statement for Telefónica España, including DTS in the consolidation perimeter from January 2015.

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TELEFÓNICA
CONSOLIDATED CASH FLOW STATEMENT
Unaudited figures (Euros in millions)

	2015				2016			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan -Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Net cash flow provided by operating activities	2,675	5,759	9,258	13,615	2,207	5,392	9,302	
Net cash flow used in investing activities	(3,073)	(8,347)	(10,495)	(12,917)	(2,068)	(4,430)	(6,554)	
Dividends paid	(31)	(2,343)	(2,355)	(2,775)	(41)	(2,211)	(2,302)	
Proceeds from issue of share capital increase (1)	(5)	4,202	4,202	4,255	1	0	1	
(Payments)/proceeds of treasury shares and other operations with shareholders	(387)	(690)	(1,285)	(1,772)	(602)	(651)	(655)	
Operations with other equity holders (2)	360	360	193	83	(114)	(118)	737	
Proceeds on issue of debentures and bonds, and other debts	0	300	1,509	1,602	596	3,415	3,541	
Proceeds on loans, borrowings and promissory notes	2,769	6,821	7,803	8,784	6,168	10,445	10,996	
Cancellation of debentures and bonds, and other debts	(2,021)	(3,234)	(3,304)	(3,805)	(3,872)	(6,534)	(6,685)	
Repayments of loans, borrowings and promissory notes	(2,910)	(4,842)	(7,688)	(9,858)	(1,261)	(3,728)	(6,021)	
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(39)	(152)	(147)	(126)	(783)	(1,457)	(1,912)	
Net cash used in financing activities	(2,264)	422	(1,072)	(3,612)	92	(839)	(2,300)	
Effect of changes in exchange rates	104	(522)	(1,178)	(999)	(28)	151	98	
Effect of changes in consolidation methods and others	0	22	21	(1)	(5)	(5)	(7)	
Net increase (decrease) in cash and cash equivalents during the year	(2,558)	(2,666)	(3,466)	(3,914)	198	269	539	
Cash and cash equivalents at the beginning of the period	6,529	6,529	6,529	6,529	2,615	2,615	2,615	
Cash and cash equivalents at the end of the period	3,971	3,863	3,063	2,615	2,813	2,884	3,154	

Notes:

- Since the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Grupo Telefónica of 2015 and the first quarter of 2016 are reported following the same criteria.

- The January-September 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (659 Venezuelan bolivars fuertes per dollar).

- 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela in both years.

1) Includes in 2015 the contribution of minorities in the share capital increase of T. Brasil.

2) Includes issuance and coupons of undated deeply subordinated securities.

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TELEFÓNICA ESPAÑA
Including DTS from 1 January 2015
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	3,121	3,205	3,180	3,220	12,726	3,126	3,202	3,169		
Mobile handset revenues	142	156	147	202	648	117	121	117		
Revenues ex-mobile handset revenues	2,979	3,048	3,033	3,018	12,078	3,009	3,081	3,052		
Consumer (1)	1,597	1,621	1,625	1,576	6,419	1,626	1,636	1,644		
Fusión	776	827	870	895	3,368	979	1,015	1,049		
Non-Fusión	822	793	754	681	3,051	647	621	595		
Business	860	871	873	869	3,472	836	876	830		
Communications	715	705	697	681	2,799	677	690	665		
IT	145	166	175	187	674	158	186	165		
Other (2)	521	557	536	573	2,186	548	568	578		
Internal expenditure capitalized in fixed assets	88	82	80	100	350	87	82	76		
Operating expenses	(1,981)	(2,005)	(1,916)	(4,952)	(10,854)	(1,954)	(1,966)	(1,910)		
Supplies	(779)	(827)	(758)	(867)	(3,231)	(781)	(869)	(827)		
Personnel expenses	(576)	(571)	(574)	(3,477)	(5,198)	(593)	(524)	(523)		
Other operating expenses	(625)	(607)	(584)	(608)	(2,424)	(580)	(574)	(560)		
Other net income (expense)	6	(5)	1	(29)	(28)	5	(7)	2		
Gain (loss) on sale of fixed assets	46	26	37	27	136	4	6	37		
Impairment of goodwill and other assets	0	0	(1)	4	2	(1)	(1)	(1)		
Operating income before D&A (OIBDA)	1,280	1,303	1,381	(1,631)	2,332	1,266	1,317	1,372		
OIBDA Margin	41.0%	40.7%	43.4%	n.m.	18.3%	40.5%	41.1%	43.3%		
CapEx	420	477	433	505	1,835	427	463	393		
Spectrum	22	27	-	-	49	-	7	-		
OpCF (OIBDA-CapEx)	860	826	948	(2,136)	498	840	854	979		

- Notes:
- The reported figures include DTS in Telefónica España's consolidation perimeter from 1 January 2015 for illustrative purposes only.
 - OIBDA before management and brand fees.
 - Mobile handset revenues have been restated from 1 January 2015 including all the business of Telefónica España (previously only Telefónica Móviles España).
 - (1) Consumer revenues include residential and SOHO revenues.
 - (2) Other revenues include wholesale, subsidiaries and other revenues.

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