

# Telefonica

JANUARY - DECEMBER 2016 RESULTS

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## DISCLAIMER

The financial information related to the fourth 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-December 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (674 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) FTTx and cable 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: FTTx and cable accesses (T. Brasil, T. Hispanoamérica and T. Perú); FTTx (T. Deutschland and T. Chile)
  - 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
  - iv) Detailed Income Statement for Telefónica de España, including DTS in the consolidation perimeter from January 2015
- 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.

In addition, in October 2015, the European Securities Markets Authority (ESMA) published guidelines on Alternative Performance Measures (APM), applicable to the regulated information published from July 3, 2016. Information and disclosure related to APM used in the present document are included in the Appendix. Moreover, recipients of this document are invited to read our consolidated financial statements and consolidated management report for 2016 submitted to the Spanish National Securities Market Commission.

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TELEFÓNICA  
SELECTED FINANCIAL DATA  
Unaudited figures (Euros in millions)

	Jan-Dec	% Chg		Oct-Dec	% Chg	
	2016	Reported	Organic	2016	Reported	Organic
Revenues	52,036	(5.2)	1.3	13,721	(1.0)	2.7
Telefónica España (1)	12,713	2.5	(0.1)	3,216	(0.1)	(0.1)
Telefónica Deutschland	7,503	(4.9)	(4.9)	1,936	(6.0)	(6.0)
Telefónica UK	6,861	(12.5)	(1.5)	1,721	(14.4)	2.4
Telefónica Brasil (2)	11,097	0.3	0.9	3,058	18.2	1.1
Telefónica Hispanoamerica	12,579	(12.6)	7.5	3,436	(5.2)	10.9
Other companies & eliminations (3)	1,284	(4.3)		356	(2.2)	
<b>OIBDA</b>	<b>15,118</b>	<b>14.3</b>	<b>4.7</b>	<b>3,187</b>	<b>n.m.</b>	<b>9.4</b>
Telefónica España (1)	4,467	91.2	1.4	512	c.s.	3.4
Telefónica Deutschland	1,794	(3.4)	2.9	481	(18.0)	3.8
Telefónica UK	1,709	(11.4)	1.7	334	(21.7)	4.1
Telefónica Brasil (2)	3,714	3.9	5.3	1,085	10.3	(0.9)
Telefónica Hispanoamerica	3,477	(20.2)	3.9	805	(28.4)	11.5
Other companies & eliminations (3)	(43)	(94.7)		(30)	(96.1)	
<b>OIBDA margin</b>	<b>29.1%</b>	<b>5.0 p.p.</b>	<b>1.0 p.p.</b>	<b>23.2%</b>	<b>18.0 p.p.</b>	<b>2.0 p.p.</b>
Telefónica España (1)	35.1%	16.3 p.p.	0.6 p.p.	15.9%	n.m.	1.4 p.p.
Telefónica Deutschland	23.9%	0.4 p.p.	1.9 p.p.	24.8%	(3.6 p.p.)	2.5 p.p.
Telefónica UK	24.9%	0.3 p.p.	0.8 p.p.	19.4%	(1.8 p.p.)	0.4 p.p.
Telefónica Brasil (2)	33.5%	1.2 p.p.	1.4 p.p.	35.5%	(2.5 p.p.)	(0.7 p.p.)
Telefónica Hispanoamerica	27.6%	(2.6 p.p.)	(1.0 p.p.)	23.4%	(7.6 p.p.)	0.2 p.p.
<b>Operating Income (OI)</b>	<b>5,469</b>	<b>55.2</b>	<b>8.3</b>	<b>669</b>	<b>c.s.</b>	<b>25.3</b>
<b>Net income</b>	<b>2,369</b>	<b>n.m.</b>		<b>145</b>	<b>c.s.</b>	
<b>Basic earnings per share (euros)</b>	<b>0.42</b>	<b>n.m.</b>		<b>0.01</b>	<b>c.s.</b>	
<b>CapEx</b>	<b>8,928</b>	<b>(14.7)</b>	<b>3.9</b>	<b>2,912</b>	<b>7.5</b>	<b>11.6</b>
Telefónica España (1)	1,847	1.1	3.0	564	11.6	11.6
Telefónica Deutschland	1,108	(50.3)	6.8	360	9.0	9.2
Telefónica UK	931	5.5	18.7	278	20.2	42.1
Telefónica Brasil (2)	2,138	1.6	(2.9)	769	27.2	14.6
Telefónica Hispanoamerica	2,613	(14.6)	6.5	815	(4.9)	8.1
Other companies & eliminations (3)	292	(18.1)		127	(29.4)	
<b>Spectrum</b>	<b>345</b>	<b>(78.2)</b>	<b>(77.0)</b>	<b>5</b>	<b>c.s.</b>	<b>69.9</b>
Telefónica España (1)	7	(85.0)	(85.0)	-	-	-
Telefónica Deutschland	6	(99.5)	(99.5)	1	(11.5)	(11.5)
Telefónica UK	-	-	-	-	-	-
Telefónica Brasil (2)	48	n.m.	n.m.	1	n.m.	n.m.
Telefónica Hispanoamerica	284	(16.0)	(11.2)	2	c.s.	(23.3)
<b>OpCF (OIBDA-CapEx)</b>	<b>6,190</b>	<b>123.6</b>	<b>5.6</b>	<b>275</b>	<b>c.s.</b>	<b>5.4</b>
Telefónica España (1)	2,621	n.m.	0.6	(52)	n.m.	(1.8)
Telefónica Deutschland	686	c.s.	(2.1)	121	(52.9)	(6.9)
Telefónica UK	778	(25.6)	(12.7)	56	(71.3)	(39.9)
Telefónica Brasil (2)	1,576	7.3	17.8	316	(16.6)	(25.6)
Telefónica Hispanoamerica	864	(33.3)	(0.3)	(10)	c.s.	22.0
Other companies & eliminations (3)	(335)	(71.6)		(157)	n.m.	

Notes:

- Since the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation, 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 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.

(3) Telefé has been deconsolidated since 1 November 2016.

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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	344,671.1
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	38,280.1
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	21,652.1
Broadband	17,724.6	20,775.2	20,966.8	20,971.3	21,097.2	21,195.9	21,266.5	21,194.9
FTTx / Cable	2,878.7	6,386.4	6,935.1	7,393.1	7,915.1	8,362.0	8,705.1	9,162.9
Mobile accesses	277,371.0	278,414.0	276,423.5	272,103.9	271,783.2	272,596.8	274,883.7	276,450.0
Prepay	177,579.8	177,429.1	173,699.9	167,845.1	166,005.2	165,619.6	165,912.1	165,663.2
Contract	99,791.2	100,984.8	102,723.5	104,258.8	105,778.0	106,977.2	108,971.6	110,786.8
M2M	10,230.1	10,681.6	11,050.1	11,526.3	12,583.9	12,988.2	13,591.7	14,002.0
Pay TV	5,466.5	8,030.3	8,154.3	8,271.6	8,365.4	8,422.0	8,396.7	8,289.0
Wholesale Accesses	6,475.7	6,401.0	6,271.7	6,062.8	5,826.7	5,591.7	5,480.7	5,300.9
<b>Total Accesses</b>	<b>343,980.7</b>	<b>354,494.8</b>	<b>352,498.5</b>	<b>347,538.4</b>	<b>347,089.4</b>	<b>347,514.0</b>	<b>349,413.5</b>	<b>349,972.1</b>

*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%	59.9%
Contract percentage (%)	36.0%	36.3%	37.2%	38.3%	38.9%	39.2%	39.6%	40.1%
Smartphones ('000)	102,215.8	110,156.4	120,003.6	126,178.9	128,326.0	130,058.4	144,588.9	147,161.8
Prepay	49,712.4	54,510.2	59,961.6	62,823.1	64,140.1	64,957.4	73,339.7	70,921.3
Contract	52,503.4	55,646.2	60,041.9	63,355.8	64,185.9	65,101.0	71,249.2	76,240.5
Smartphone penetration (%)	39.2%	42.1%	46.3%	49.5%	50.6%	51.1%	56.4%	57.1%
Prepay (%)	28.2%	31.0%	34.8%	37.7%	38.9%	39.5%	44.5%	43.1%
Contract (%)	62.1%	65.2%	69.1%	71.9%	72.2%	72.3%	77.7%	81.8%
LTE smartphones ('000)	18,965.4	24,341.5	30,209.6	37,375.0	43,870.2	50,077.3	57,342.4	66,295.7
LTE penetration (%)	7.1%	9.1%	11.4%	15.7%	16.9%	19.3%	22.1%	25.3%

*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.

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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	13,721	52,036
Internal exp. capitalized in fixed assets	205	231	233	277	946	213	214	208	231	867
Operating expenses	(9,578)	(9,865)	(9,935)	(13,697)	(43,075)	(8,943)	(9,067)	(9,181)	(10,852)	(38,043)
Supplies	(3,936)	(4,124)	(4,152)	(4,334)	(16,547)	(3,675)	(3,748)	(3,685)	(4,134)	(15,242)
Personnel expenses	(1,762)	(1,818)	(1,814)	(4,955)	(10,349)	(1,749)	(1,687)	(1,704)	(2,958)	(8,098)
Other operating expenses	(3,880)	(3,923)	(3,969)	(4,408)	(16,179)	(3,519)	(3,632)	(3,791)	(3,760)	(14,703)
Other net income (expense)	23	32	(10)	225	270	49	49	49	39	186
Gain (loss) on sale of fixed assets	61	31	28	159	279	6	2	22	266	296
Impairment of goodwill and other assets	(1)	0	0	(105)	(106)	1	(3)	(3)	(219)	(224)
Underlying operating income before D&A (OIBDA)	4,032	4,323	4,286	4,210	16,851	3,859	3,965	4,232	4,464	16,519
Operating income before D&A (OIBDA)	4,071	4,218	4,219	721	13,229	3,838	3,918	4,175	3,187	15,118
OIBDA Margin	30.5%	30.6%	30.3%	5.2%	24.1%	30.7%	30.8%	31.9%	23.2%	29.1%
Depreciation and amortisation	(2,393)	(2,438)	(2,401)	(2,472)	(9,704)	(2,322)	(2,351)	(2,458)	(2,518)	(9,649)
Operating income (OI)	1,678	1,780	1,818	(1,751)	3,525	1,516	1,567	1,718	669	5,469
Share of profit (loss) of investments accounted for by the equity method	(6)	(3)	(1)	(1)	(10)	(3)	0	1	(2)	(5)
Net financial income (expense)	(654)	(492)	(777)	(687)	(2,609)	(659)	(660)	(531)	(369)	(2,219)
Profit before taxes	1,018	1,286	1,040	(2,438)	906	853	907	1,187	298	3,245
Corporate income tax	(420)	270	(301)	297	(155)	(298)	(251)	(193)	(105)	(846)
Profit for the period	598	1,556	739	(2,142)	751	555	656	995	193	2,399
Non-controlling interests	19	(31)	(29)	(95)	(135)	(7)	37	(11)	(49)	(30)
Net Income	617	1,525	710	(2,236)	616	548	693	983	145	2,369
Weighted average number of ordinary shares outstanding during the period (millions)	4,891	5,117	5,147	5,118	5,071	5,073	5,053	5,052	5,053	5,061
Basic earnings per share (euros)	0.11	0.28	0.13	(0.45)	0.07	0.12	0.13	0.18	0.01	0.42
Underlying basic earnings per share (euros)	0.13	0.34	0.15	0.09	0.71	0.09	0.16	0.23	0.23	0.75

Notes:

- From the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations 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-December 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (674 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 and 2016, have 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.
- Telefé has been deconsolidated from Telefónica Group consolidated results since 1 November 2016.

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TELEFÓNICA  
CONSOLIDATED REVENUES 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	13,721	52,036
Voice & access	5,877	6,632	6,549	6,156	26,160	5,594	5,494	5,569	5,557	22,214
Broadband Connectivity	3,532	4,231	4,344	4,369	16,932	4,236	4,451	4,604	4,789	18,081
Services over Connectivity (SoC)	974	1,333	1,434	1,551	5,397	1,388	1,467	1,752	1,660	6,267
Others	1,160	1,593	1,576	1,786	6,427	1,293	1,312	1,156	1,714	5,475

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TELEFÓNICA  
REVENUES 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
<b>T. ESPAÑA (1)</b>	<b>2,878</b>	<b>3,124</b>	<b>3,180</b>	<b>3,220</b>	<b>12,402</b>	<b>3,126</b>	<b>3,202</b>	<b>3,169</b>	<b>3,216</b>	<b>12,713</b>
<b>T. DEUTSCHLAND</b>	<b>1,901</b>	<b>1,949</b>	<b>1,979</b>	<b>2,059</b>	<b>7,888</b>	<b>1,858</b>	<b>1,834</b>	<b>1,876</b>	<b>1,936</b>	<b>7,503</b>
<b>T. UK</b>	<b>1,851</b>	<b>1,953</b>	<b>2,023</b>	<b>2,011</b>	<b>7,837</b>	<b>1,752</b>	<b>1,712</b>	<b>1,676</b>	<b>1,721</b>	<b>6,861</b>
<b>T. BRASIL (2)</b>	<b>2,794</b>	<b>2,943</b>	<b>2,736</b>	<b>2,587</b>	<b>11,060</b>	<b>2,431</b>	<b>2,656</b>	<b>2,952</b>	<b>3,058</b>	<b>11,097</b>
<b>T. HISPANOAMÉRICA</b>	<b>3,665</b>	<b>3,467</b>	<b>3,634</b>	<b>3,622</b>	<b>14,387</b>	<b>3,054</b>	<b>2,961</b>	<b>3,129</b>	<b>3,435</b>	<b>12,579</b>
T. ARGENTINA	935	981	1,016	983	3,915	689	709	750	852	3,000
T. CHILE	565	590	528	536	2,220	511	524	537	591	2,163
T. PERU	692	684	695	695	2,766	624	620	619	635	2,499
T. COLOMBIA	398	400	352	358	1,508	323	347	364	375	1,409
T. MEXICO	444	458	453	427	1,783	409	337	316	347	1,410
T. VENEZUELA (4)	212	(71)	165	175	481	77	21	138	196	432
T. CENTRAL AMERICA (5)	214	221	223	240	898	227	220	221	244	912
T. ECUADOR	149	149	150	157	605	145	135	132	139	551
T. URUGUAY	65	61	56	58	240	54	52	57	63	226
Other companies & eliminations (3)	(9)	(6)	(5)	(6)	(29)	(6)	(5)	(6)	(7)	(23)
Other companies and eliminations	273	353	351	363	1,342	290	358	279	355	1,284
<b>TOTAL GROUP</b>	<b>13,362</b>	<b>13,789</b>	<b>13,903</b>	<b>13,862</b>	<b>54,916</b>	<b>12,511</b>	<b>12,723</b>	<b>13,080</b>	<b>13,721</b>	<b>52,036</b>

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) Telefé has been deconsolidated since 1 November 2016.

(4) 2015 and 2016 reported figures include hyperinflationary adjustments in Venezuela.

(5) 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
<b>T. ESPAÑA (1)</b>	<b>1,282</b>	<b>1,305</b>	<b>1,381</b>	<b>(1,631)</b>	<b>2,336</b>	<b>1,266</b>	<b>1,317</b>	<b>1,372</b>	<b>512</b>	<b>4,467</b>
<b>T. DEUTSCHLAND</b>	<b>408</b>	<b>461</b>	<b>403</b>	<b>586</b>	<b>1,858</b>	<b>392</b>	<b>458</b>	<b>464</b>	<b>481</b>	<b>1,794</b>
<b>T. UK</b>	<b>453</b>	<b>517</b>	<b>532</b>	<b>426</b>	<b>1,929</b>	<b>461</b>	<b>456</b>	<b>458</b>	<b>334</b>	<b>1,709</b>
<b>T. BRASIL (2)</b>	<b>840</b>	<b>919</b>	<b>831</b>	<b>983</b>	<b>3,573</b>	<b>805</b>	<b>842</b>	<b>982</b>	<b>1,085</b>	<b>3,714</b>
<b>T. HISPANOAMÉRICA</b>	<b>1,127</b>	<b>1,025</b>	<b>1,080</b>	<b>1,124</b>	<b>4,356</b>	<b>866</b>	<b>836</b>	<b>970</b>	<b>805</b>	<b>3,477</b>
T. ARGENTINA	273	266	242	224	1,006	149	165	211	272	797
T. CHILE	176	203	187	194	760	176	168	180	180	704
T. PERU	238	212	240	253	943	187	204	216	175	782
T. COLOMBIA	150	146	121	130	547	107	108	123	126	464
T. MEXICO	109	105	134	133	481	106	62	81	60	309
T. VENEZUELA (4)	53	(26)	26	46	99	22	4	35	51	111
T. CENTRAL AMERICA (5)	53	56	60	75	243	53	57	62	82	254
T. ECUADOR	52	45	47	49	194	45	38	42	52	177
T. URUGUAY	24	20	19	23	86	20	17	20	23	80
Other companies & eliminations (3)	0	(2)	4	(3)	(3)	0	12	0	(215)	(203)
Other companies and eliminations	(39)	(9)	(8)	(767)	(823)	48	10	(71)	(30)	(43)
<b>TOTAL GROUP</b>	<b>4,071</b>	<b>4,218</b>	<b>4,219</b>	<b>721</b>	<b>13,229</b>	<b>3,838</b>	<b>3,918</b>	<b>4,175</b>	<b>3,187</b>	<b>15,118</b>

## 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.

- 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) Telefé has been deconsolidated since 1 November 2016.

(4) 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela.

(5) 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	564	1,847
T. DEUTSCHLAND	221	1,437	242	330	2,230	220	213	316	360	1,108
T. UK	212	203	236	231	883	192	223	238	278	931
T. BRASIL (2)	395	566	540	604	2,105	348	445	577	769	2,138
T. HISPANOAMÉRICA	622	852	729	857	3,060	459	556	782	815	2,613
T. ARGENTINA	146	363	229	199	938	159	152	136	130	577
T. CHILE	123	115	105	90	433	114	101	70	121	406
T. PERU	63	118	110	200	491	55	94	361	207	717
T. COLOMBIA	48	111	95	88	342	33	83	98	116	330
T. MEXICO	47	63	55	101	266	42	54	34	88	219
T. VENEZUELA (4)	21	1	32	85	139	9	13	27	42	91
T. CENTRAL AMERICA (5)	20	46	59	52	177	32	35	25	48	139
T. ECUADOR	146	28	38	30	241	12	18	24	45	99
T. URUGUAY	8	6	7	12	33	3	6	7	18	34
Other companies and eliminations (3)	31	81	63	180	356	49	59	56	127	291
<b>TOTAL GROUP</b>	<b>1,894</b>	<b>3,616</b>	<b>2,243</b>	<b>2,708</b>	<b>10,461</b>	<b>1,695</b>	<b>1,959</b>	<b>2,362</b>	<b>2,912</b>	<b>8,928</b>
Spectrum	161	1,427	(2)	(2)	1,585	2	8	331	5	345

## 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) Telefé has been deconsolidated since 1 November 2016.

(4) 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela.

(5) 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	103,667
Intangible assets	21,884	23,718	21,378	21,149	20,563	20,789	20,449	20,518
Goodwill	25,624	29,922	27,042	27,395	27,320	28,517	28,123	28,686
Property, plant and equipment and Investment properties	33,856	35,798	33,567	33,910	33,688	34,727	34,549	36,393
Investments accounted for by the equity method	787	82	90	80	68	71	71	76
Non-current financial assets	13,550	11,319	10,424	10,405	9,778	11,078	9,693	9,765
Deferred tax assets	6,715	8,020	7,898	8,675	8,762	8,671	8,303	8,229
Current assets	21,276	20,261	20,875	18,715	18,974	19,153	19,478	19,974
Inventories	1,097	1,302	1,651	1,456	1,348	1,123	1,153	1,055
Trade and other receivables	10,982	11,502	10,986	10,226	10,533	11,172	10,749	10,675
Current financial assets	3,901	2,151	3,827	3,053	3,094	2,608	3,094	2,954
Tax receivables	1,296	1,436	1,331	1,341	1,177	1,341	1,304	1,533
Cash and cash equivalents	3,971	3,863	3,063	2,615	2,813	2,884	3,154	3,736
Non-current assets and disposal groups classified as held for sale	29	7	18	24	9	25	25	21
<b>Total Assets = Total Equity and Liabilities</b>	<b>123,692</b>	<b>129,120</b>	<b>121,274</b>	<b>120,329</b>	<b>119,152</b>	<b>123,006</b>	<b>120,667</b>	<b>123,641</b>
Equity	31,549	34,055	27,997	25,436	25,484	26,225	27,093	28,385
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	18,157
Non-controlling interests	8,784	11,498	9,498	9,665	9,835	10,088	9,926	10,228
Non-current liabilities	60,358	59,202	57,522	60,509	62,924	64,795	59,064	59,805
Non-current financial liabilities	48,753	47,799	46,703	47,117	49,580	51,243	45,701	45,612
Non-current trade and other payables	2,330	2,488	2,444	2,388	2,156	2,122	1,973	1,925
Deferred tax liabilities	2,561	2,556	2,532	2,550	2,512	2,498	2,303	2,395
Non-current provisions	6,714	6,359	5,843	8,454	8,676	8,932	9,087	9,873
Current liabilities	31,785	35,863	35,755	34,384	30,744	31,986	34,510	35,451
Current financial liabilities	11,628	14,474	14,774	12,970	11,283	12,469	15,470	14,749
Current trade and other payables	16,444	17,210	16,808	17,134	14,985	15,359	14,948	16,150
Current tax payables	2,284	2,291	2,256	2,241	2,383	2,202	2,199	2,332
Current provisions	1,429	1,888	1,917	2,022	2,093	1,956	1,893	2,220
Liabilities associated with non-current assets and disposals groups held for sale	-	-	-	17	-	-	-	-
<b>Financial Data</b>								
Net Financial Debt (1)	45,036	50,602	48,879	49,161	50,099	52,193	49,593	48,595
Net Financial Debt / OIBDA	2.70x	2.89x	2.80x	2.87x	2.99x	3.18x	3.03x	2.95x

Notes:

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

(1) Financial assets as of Dec 2016 included 418 million euros corresponding to the "O2 Refresh" product portfolio in the UK, which generated the associated financial interests. Net financial debt for the comparative periods has been restated with the same criteria.

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	16,130
II	Net interest payment (1)	(919)	(1,423)	(1,863)	(2,445)	(887)	(1,377)	(1,746)	(2,143)
III	Payment for income tax	120	(157)	(398)	(689)	12	(228)	(365)	(649)
A=I+II+III	Net cash provided by operating activities	2,681	5,765	9,264	13,623	2,207	5,391	9,302	13,338
B	Net payment for investment in fixed and intangible assets	(2,559)	(5,976)	(8,217)	(10,293)	(2,279)	(4,644)	(7,230)	(9,195)
	Spectrum (2)	(94)	(1,307)	(1,306)	(1,309)	(3)	(13)	(343)	(349)
C=A+B	Net free cash flow after CapEx	122	(211)	1,047	3,330	(72)	747	2,071	4,143
D	Net Cash received from sale of Real Estate	1	2	8	36	0	1	2	8
E	Net payment for financial investment	(140)	(797)	(697)	(1,016)	170	244	645	927
F	Net payment for operations with minority shareholders and treasury stock (3)	(63)	371	(365)	(1,303)	(756)	(2,970)	(2,209)	(2,899)
G=C+D+E+F	Free cash flow after dividends	(80)	(635)	(8)	1,047	(658)	(1,978)	510	2,178
H	Effects of exchange rate changes on net financial debt	497	460	(835)	(611)	(521)	(165)	(328)	(91)
I	Effects on net financial debt of changes in consolid. and others	(628)	4,421	4,620	5,731	801	1,220	1,270	1,703
J	Net financial debt at beginning of period	45,087	45,087	45,087	45,087	49,161	49,161	49,161	49,161
K=J-G+H+I	Net financial debt at end of period	45,036	50,602	48,879	49,161	50,099	52,193	49,593	48,595

Notes:

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- 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: 283 in Peru, 48 in Brazil, 5 in Colombia, 5 in UK, 4 in Spain, 4 in Germany. In 2015: 978 in Germany, 196 in Argentina, 68 in Ecuador, 49 in Spain, 6 in Chile, 8 in Colombia, 2 in UK and 2 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	15,118
- CapEx accrued during the period	(1,894)	(5,509)	(7,753)	(10,461)	(1,695)	(3,654)	(6,016)	(8,928)
- Payments related to cancellation of commitments	(266)	(417)	(572)	(721)	(141)	(332)	(598)	(738)
- Net interest payment	(919)	(1,423)	(1,863)	(2,445)	(887)	(1,377)	(1,746)	(2,143)
- Payment for tax	120	(157)	(398)	(689)	12	(228)	(365)	(649)
- Gain (loss) on sale of fixed assets and impairment of goodwill and other assets	(59)	(91)	(119)	(173)	(6)	(6)	(25)	16
- Investment in working cap. and other deferred income and expenses (1)	(930)	(903)	(756)	4,590	(1,192)	(1,412)	(1,111)	1,467
= Net Free Cash Flow after CapEx	122	(211)	1,047	3,330	(72)	747	2,071	4,143
+ Payments related to cancellation of commitments	266	417	572	721	141	332	598	738
- Dividends paid to minority shareholders	(26)	(400)	(412)	(537)	0	(264)	(354)	(511)
= Free Cash Flow	363	(194)	1,206	3,514	69	815	2,315	4,370
Weighted average number of ordinary shares outstanding during the period (millions)	4,891	5,006	5,054	5,071	5,073	5,066	5,061	5,061
= Free Cash Flow per share	0.07	(0.04)	0.24	0.69	0.01	0.16	0.46	0.86

Notes:

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- 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) Other deferred expenses in January-December include 3,019 million euros in 2015 and 1,084 million euros in 2016 related to commitments associated with long-term restructuring plans, mainly in Spain.

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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
Cash received from operations	16,877	33,453	50,030	67,582	15,469	30,670	46,799	63,514
Cash paid from operations	(13,403)	(26,114)	(38,511)	(50,833)	(12,387)	(23,673)	(35,386)	(47,384)
Net payments of interest and other financial expenses net of dividends received	(919)	(1,423)	(1,863)	(2,445)	(887)	(1,377)	(1,746)	(2,143)
Taxes paid	120	(157)	(398)	(689)	12	(228)	(365)	(649)
Net cash flow provided by operating activities	2,675	5,759	9,258	13,615	2,207	5,392	9,302	13,338
(Payments)/proceeds on investments in property, plant and equipment and intangible assets:	(2,559)	(5,974)	(8,210)	(10,256)	(2,279)	(4,643)	(7,229)	(9,187)
Proceeds on disposals of companies, net of cash and cash equivalents disposed	107	22	69	354	246	450	482	767
Payments on investments in companies, net of cash and cash equivalents acquired	(133)	(2,708)	(2,667)	(3,181)	(29)	(103)	(70)	(54)
Proceeds on financial investments not included under cash equivalents	15	1,062	1,124	1,142	33	34	431	489
Payments on financial investments not included under cash equivalents	(130)	(331)	(344)	(426)	(79)	(128)	(187)	(265)
(Payments)/proceeds on placements of cash surpluses not included under cash equivalents	(380)	(425)	(473)	(557)	40	(40)	19	42
Government grants received	7	7	6	7	-	-	-	-
Net cash flow used in investing activities	(3,073)	(8,347)	(10,495)	(12,917)	(2,068)	(4,430)	(6,554)	(8,208)
Dividends paid	(31)	(2,343)	(2,355)	(2,775)	(41)	(2,211)	(2,302)	(2,906)
Proceeds from issue of share capital increase (1)	(5)	4,202	4,202	4,255	1	-	1	-
(Payments)/proceeds of treasury shares and other operations with shareholders	(387)	(690)	(1,285)	(1,772)	(602)	(651)	(655)	(660)
Operations with other equity holders (2)	360	360	193	83	(114)	(118)	737	656
Proceeds on issue of debentures and bonds, and other debts	0	300	1,509	1,602	596	3,415	3,541	5,693
Proceeds on loans, borrowings and promissory notes	2,769	6,821	7,803	8,784	6,168	10,445	10,996	10,332
Cancellation of debentures and bonds, and other debts	(2,021)	(3,234)	(3,304)	(3,805)	(3,872)	(6,534)	(6,685)	(6,873)
Repayments of loans, borrowings and promissory notes	(2,910)	(4,842)	(7,688)	(9,858)	(1,261)	(3,728)	(6,021)	(8,506)
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(39)	(152)	(147)	(126)	(783)	(1,457)	(1,912)	(1,956)
Net cash used in financing activities	(2,264)	422	(1,072)	(3,612)	92	(839)	(2,300)	(4,220)
Effect of changes in exchange rates	104	(522)	(1,178)	(1,000)	(28)	151	98	185
Effect of changes in consolidation methods and others	-	22	21	-	(5)	(5)	(7)	26
Net increase (decrease) in cash and cash equivalents during the year	(2,558)	(2,666)	(3,466)	(3,914)	198	269	539	1,121
Cash and cash equivalents at the beginning of the period	6,529	6,529	6,529	6,529	2,615	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	3,736

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-December 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (674 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.

## TELEFÓNICA

## EXCHANGE RATES APPLIED TO P&amp;L AND CAPEX

Currency units per Euro	2015				2016			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
USA (US Dollar)	1.126	1.115	1.114	1.109	1.102	1.115	1.116	1.106
United Kingdom (Sterling)	0.743	0.732	0.727	0.726	0.770	0.778	0.801	0.817
Argentina (Argentine Peso)	9.788	9.836	9.981	10.220	15.894	15.968	16.202	16.314
Brazil (Brazilian Real)	3.215	3.302	3.485	3.643	4.290	4.118	3.937	3.833
Chile (Chilean Peso)	703.349	692.458	711.288	723.914	772.332	768.533	758.104	747.496
Colombia (Colombian Peso)	2,784.003	2,771.265	2,919.350	3,016.491	3,577.459	3,474.913	3,409.955	3,369.057
Costa Rica (Colon)	610.128	602.773	602.410	599.520	597.729	606.796	611.621	609.385
Guatemala (Quetzal)	8.599	8.537	8.530	8.489	8.459	8.561	8.518	8.406
Mexico (Mexican Peso)	16.844	16.882	17.320	17.569	19.850	20.137	20.396	20.629
Nicaragua (Cordoba)	30.140	30.024	30.175	30.229	30.966	31.532	31.736	31.657
Peru (Peruvian Nuevo Sol)	3.444	3.457	3.495	3.530	3.799	3.772	3.758	3.733
Uruguay (Uruguayan Peso)	27.880	28.590	29.511	30.181	34.755	35.012	34.175	33.266
Venezuela (Bolivar Fuerte) (1)	56.057	220.751	223.414	216.310	310.752	697.350	735.294	710.227

## 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

Currency units per Euro	2015				2016			
	March	June	September	December	March	June	September	December
USA (US Dollar)	1.076	1.119	1.120	1.089	1.138	1.110	1.116	1.054
United Kingdom (Sterling)	0.727	0.711	0.739	0.734	0.792	0.827	0.862	0.855
Argentina (Argentine Peso)	9.492	10.169	10.555	14.197	16.601	16.564	17.038	16.706
Brazil (Brazilian Real)	3.451	3.471	4.451	4.251	4.052	3.564	3.624	3.435
Chile (Chilean Peso)	674.136	715.021	782.779	773.150	762.567	734.252	734.549	705.622
Colombia (Colombian Peso)	2,795.576	2,907.661	3,458.090	3,428.826	3,416.211	3,240.682	3,215.031	3,162.745
Costa Rica (Colon)	580.046	605.327	606.061	593.120	617.284	615.385	623.830	591.366
Guatemala (Quetzal)	8.225	8.531	8.599	8.309	8.779	8.479	8.395	7.928
Mexico (Mexican Peso)	16.423	17.550	18.939	18.779	19.624	20.499	21.631	21.733
Nicaragua (Cordoba)	28.964	30.490	30.906	30.405	32.184	31.768	32.336	30.904
Peru (Peruvian Nuevo Sol)	3.332	3.554	3.609	3.713	3.786	3.651	3.795	3.537
Uruguay (Uruguayan Peso)	27.626	30.289	32.630	32.604	36.138	33.991	31.744	30.924
Venezuela (Bolivar Fuerte) (1)	56.057	220.751	223.414	216.310	310.752	697.350	735.294	710.227

## Notes:

- Exchange rates as of the end of the period.

- After considering Venezuela as an hyperinflationary country, P&L and CapEx from the operations in the country are to be accounted at the closing exchange rate Bolivar Fuerte/Euro. The January-December 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (674 Venezuelan bolivars fuertes per dollar).

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TELEFÓNICA  
2016/2017 MAIN FINANCING OPERATIONS  
Unaudited figures

	Issue date	Amount (m)	Currency	Issuer	Coupon	Maturity date	ISIN code
<b>DEBENTURES AND BONDS</b>							
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 <sup>(1)</sup>
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
Eurobond	28-Dec-16	150	EUR	Telefónica Emisiones, S.A.U.	4.000%	28-Dec-51	XS1542177545
Eurobond	17-Jan-17	1,250	EUR	Telefónica Emisiones, S.A.U.	1.528%	17-Jan-25	XS1550951211
Eurobond	17-Jan-17	500	EUR	Telefónica Emisiones, S.A.U.	2.318%	17-Oct-28	XS1550951138
Bond	19-Jan-17	48,000	CLP	Telefónica Chile	4.900%	5-Jul-23	BCTCH-T <sup>(1)</sup>
Eurobond	25-Jan-17	150	EUR	Telefónica Emisiones, S.A.U.	3M Euribor +0.40%	25-Jan-19	XS1555704078
Debenture	8-Feb-17	2,000	BRL	Telefónica Brasil S.A.	108,25% CDI	8-Feb-22	BRVIVTDBS069

	Issue date	Amount (m)	Currency	Issuer	Coupon	First Call date	ISIN code
<b>UNDATED DEEPLY SUBORDINATED RESET RATE SECURITIES</b>							
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
<b>FINANCIAL LIABILITIES</b>					
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 <sup>(2)</sup>
Loan on supplies	28-Nov-16	1,500	EUR	Telefonica Europe, B.V.	28-Nov-24

<sup>(1)</sup> Santiago exchange code

<sup>(2)</sup> Maximum maturity date

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TELEFÓNICA  
 RECONCILIATION REPORTED VS BASIS FOR GUIDANCE 2017  
 Unaudited figures (Euros in millions)

	Base 2016
REVENUES	Jan - Dec
<b>TELEFÓNICA</b>	
REPORTED DATA	52,036
Hyperinflation in Venezuela	(145)
Changes in the consolidation perimeter	(158)
<b>TELEFÓNICA TOTAL REVENUES BASIS FOR GUIDANCE</b>	<b>51,734</b>

	Base 2016
OIBDA	Jan - Dec
<b>TELEFÓNICA</b>	
REPORTED DATA	15,118
Hyperinflation in Venezuela	(25)
Changes in the consolidation perimeter	(29)
Tower sales	(1)
Restructuring charges	1,399
Impairments	215
Capital gains/losses on sale of companies	(212)
<b>TELEFÓNICA TOTAL OIBDA BASIS FOR GUIDANCE</b>	<b>16,465</b>
<b>OIBDA MARGIN AS PER GUIDANCE</b>	<b>31.8%</b>

	Base 2016
CAPEX	Jan - Dec
<b>TELEFÓNICA</b>	
REPORTED DATA	8,928
Hyperinflation in Venezuela	(21)
Changes in the consolidation perimeter	(11)
Spectrum acquisition	(345)
<b>TELEFÓNICA TOTAL CAPEX BASIS FOR GUIDANCE</b>	<b>8,552</b>
<b>CAPEX/SALES AS PER GUIDANCE</b>	<b>16.5%</b>

Notes:

- **2017 criteria for guidance basis:** Assumes constant exchange rates of 2016 (average of 2016), excluding the impact of hyperinflationary adjustments in Venezuela in both years, and constant perimeter of consolidation. OIBDA excludes additionally write-downs, capital gains/losses from the sale of companies, tower sales, material non-recurrent impacts and restructuring costs. CapEx excludes additionally spectrum acquisition.

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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	3,216	12,713
Mobile handset revenues	142	156	147	202	648	117	121	117	142	497
Revenues ex-mobile handset revenues	2,979	3,048	3,033	3,018	12,078	3,009	3,081	3,052	3,074	12,216
Consumer (1)	1,597	1,621	1,625	1,576	6,419	1,626	1,636	1,644	1,631	6,536
Fusión	776	827	870	895	3,368	979	1,015	1,049	1,053	4,095
Non-Fusión	822	793	754	681	3,051	647	621	595	578	2,441
Business	860	871	873	869	3,472	836	876	830	881	3,423
Communications	715	705	697	681	2,799	677	690	665	675	2,708
IT	145	166	175	187	674	158	186	165	206	716
Other (2)	521	557	536	573	2,186	548	568	578	563	2,257
Internal expenditure capitalized in fixed assets	88	82	80	100	350	87	82	76	83	327
Operating expenses	(1,981)	(2,005)	(1,916)	(4,952)	(10,854)	(1,954)	(1,966)	(1,910)	(2,821)	(8,652)
Supplies	(779)	(827)	(758)	(867)	(3,231)	(781)	(869)	(827)	(899)	(3,375)
Personnel expenses	(576)	(571)	(574)	(3,477)	(5,198)	(593)	(524)	(523)	(1,357)	(2,997)
Other operating expenses	(625)	(607)	(584)	(608)	(2,424)	(580)	(574)	(560)	(566)	(2,280)
Other net income (expense)	6	(5)	1	(29)	(28)	5	(7)	2	(28)	(29)
Gain (loss) on sale of fixed assets	46	26	37	27	136	4	6	37	64	111
Impairment of goodwill and other assets	0	0	(1)	4	2	(1)	(1)	(1)	(2)	(4)
Operating income before D&A (OIBDA)	1,280	1,303	1,381	(1,631)	2,332	1,266	1,317	1,372	512	4,467
OIBDA Margin	41.0%	40.7%	43.4%	n.m.	18.3%	40.5%	41.1%	43.3%	15.9%	35.1%
CapEx	420	477	433	505	1,835	427	463	393	564	1,847
Spectrum	22	27	-	-	49	-	7	-	-	7
OpCF (OIBDA-CapEx)	860	826	948	(2,136)	498	840	854	979	(52)	2,621

- 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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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	3,216	12,713
Mobile handset revenues	142	156	147	202	648	117	121	117	142	497
Revenues ex-mobile handset revenues	2,736	2,968	3,033	3,018	11,754	3,009	3,081	3,052	3,074	12,216
Consumer (1)	1,380	1,549	1,625	1,576	6,129	1,626	1,636	1,644	1,631	6,536
Fusión	776	827	870	895	3,368	979	1,015	1,049	1,053	4,095
Non-Fusión	604	721	754	681	2,761	647	621	595	578	2,441
Business	860	871	873	869	3,473	836	876	830	881	3,423
Communications	715	705	697	681	2,799	677	690	665	675	2,708
IT	145	166	175	187	674	158	186	165	206	716
Other (2)	496	548	536	573	2,152	548	568	578	563	2,257
Internal expenditure capitalized in fixed assets	88	82	80	100	350	87	82	76	83	327
Operating expenses	(1,735)	(1,922)	(1,916)	(4,952)	(10,526)	(1,954)	(1,966)	(1,910)	(2,821)	(8,652)
Supplies	(604)	(767)	(758)	(867)	(2,996)	(781)	(869)	(827)	(899)	(3,375)
Personnel expenses	(557)	(565)	(574)	(3,477)	(5,173)	(593)	(524)	(523)	(1,357)	(2,997)
Other operating expenses	(573)	(591)	(584)	(608)	(2,356)	(580)	(574)	(560)	(566)	(2,280)
Other net income (expense)	5	(5)	1	(29)	(29)	5	(7)	2	(28)	(29)
Gain (loss) on sale of fixed assets	46	26	37	27	136	4	6	37	64	111
Impairment of goodwill and other assets	0	0	(1)	4	2	(1)	(1)	(1)	(2)	(4)
Operating income before D&A (OIBDA)	1,282	1,305	1,381	(1,631)	2,336	1,266	1,317	1,372	512	4,467
OIBDA Margin	44.5%	41.8%	43.4%	n.m.	18.8%	40.5%	41.1%	43.3%	15.9%	35.1%
CapEx	414	476	433	505	1,827	427	463	393	564	1,847
Spectrum	22	27	-	-	49	-	7	-	-	7
OpCF (OIBDA-CapEx)	868	829	948	(2,136)	509	840	854	979	(52)	2,621

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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	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	36,709.4
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	9,720.2
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	6,094.5
Broadband	5,928.3	5,861.0	5,906.1	5,962.0	5,978.6	6,030.2	6,045.3	6,067.3
Fibre	1,560.3	1,720.7	1,950.5	2,223.0	2,458.3	2,675.7	2,830.7	2,998.3
Mobile accesses	17,448.6	17,330.7	17,272.0	17,258.5	17,140.1	17,094.4	17,198.2	17,237.7
Prepay	3,122.6	2,989.1	2,881.1	2,777.1	2,675.7	2,579.7	2,466.1	2,329.3
Contract	14,325.9	14,341.6	14,390.9	14,481.4	14,464.5	14,514.7	14,732.1	14,908.4
M2M	1,662.4	1,726.5	1,705.6	1,778.8	1,827.2	1,890.5	1,968.8	2,006.3
Pay TV (2)	2,139.5	3,595.7	3,583.4	3,671.5	3,727.8	3,755.0	3,711.4	3,657.0
Wholesale Accesses	5,333.6	5,286.7	5,200.4	5,037.7	4,866.9	4,693.3	4,589.3	4,525.5
Fibre	66.5	97.9	124.4	144.7	176.6	210.3	259.7	324.9
<b>Total Accesses</b>	<b>41,216.2</b>	<b>42,244.9</b>	<b>42,068.4</b>	<b>41,973.3</b>	<b>41,658.2</b>	<b>41,458.6</b>	<b>41,359.2</b>	<b>41,234.9</b>

(1) Includes fixed wireless and VoIP accesses.

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

CONSUMER ACCESSES (Fusión + non-Fusión)  
Unaudited figures (thousands)

	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	7,260.4
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	5,207.8
Mobile accesses	12,240.0	12,049.3	12,001.3	11,920.1	11,759.7	11,676.5	11,691.5	11,732.3
Prepay	3,122.6	2,989.2	2,881.1	2,777.1	2,675.7	2,579.7	2,466.1	2,329.3
Contract	9,117.3	9,060.0	9,120.2	9,143.0	9,084.0	9,096.8	9,225.4	9,403.0
Pay TV	2,139.5	3,595.7	3,583.4	3,671.5	3,727.8	3,755.0	3,711.4	3,657.0
<b>Total Consumer Accesses</b>	<b>27,280.6</b>	<b>28,304.5</b>	<b>28,233.5</b>	<b>28,237.2</b>	<b>28,061.4</b>	<b>28,000.0</b>	<b>27,917.4</b>	<b>27,857.6</b>

TOTAL MOBILE ACCESSES  
Unaudited figures (thousands)

	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%	13.5%
Contract percentage (%)	82.1%	82.8%	83.3%	83.9%	84.4%	84.9%	85.7%	86.5%
Smartphones ('000)	9,801.4	9,877.2	10,052.6	10,169.0	10,200.2	10,295.8	10,500.3	10,715.8
Prepay	365.7	351.4	348.8	383.5	366.3	390.2	379.1	342.4
Contract	9,435.7	9,525.8	9,703.8	9,785.5	9,833.9	9,905.6	10,121.2	10,373.4
Smartphone penetration (%)	62.8%	64.0%	65.2%	66.3%	67.2%	68.3%	69.5%	70.9%
Prepay (%)	11.7%	11.8%	12.1%	13.8%	13.7%	15.1%	15.4%	14.7%
Contract (%)	75.6%	76.5%	77.4%	77.9%	78.7%	79.2%	80.0%	81.1%
LTE ('000)	2,159.0	2,554.0	2,996.0	3,293.0	4,520.7	5,050.0	5,444.0	6,073.0
LTE penetration (%)	13.7%	16.4%	19.2%	21.3%	29.5%	33.2%	35.7%	39.9%

CONSUMER FUSIÓN  
Unaudited figures (thousands)

	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	4,333.2
Fibre 100/300	891.8	957.1	1,064.4	1,188.1	1,267.4	1,345.9	1,491.0	1,593.5
IPTV/ Satellite	1,926.6	2,035.7	2,339.1	2,600.2	2,768.6	2,873.6	2,914.9	2,943.1
Mobile add-ons	1,870.5	1,915.2	1,969.1	2,016.5	2,023.3	2,084.1	2,302.7	2,542.0

CONSUMER FUSIÓN  
Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fusión ARPU (EUR)	68.6	71.3	73.8	73.2	78.2	79.8	81.8	81.6
Fusión churn	0.9%	1.4%	1.1%	1.1%	1.3%	1.1%	1.3%	1.4%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic
Fusión ARPU (EUR)	68.6	70.0	71.3	71.8	78.2	79.0	79.9	80.4
Fusión churn	0.9%	1.2%	1.2%	1.2%	1.3%	1.2%	1.2%	1.3%

SELECTED OPERATIONAL DATA  
Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	42,519	41,500	38,950	38,963	38,139	39,876	37,214	38,259
Fixed voice traffic	23,895	22,866	20,958	20,863	20,456	20,903	18,927	19,708
Mobile voice traffic	18,624	18,634	17,993	18,100	17,683	18,973	18,287	18,551
Total data traffic (TB)	1,007,617	946,695	1,075,921	1,237,898	1,333,989	1,363,624	1,442,518	1,550,009
Fixed data traffic	982,743	916,869	1,037,339	1,200,768	1,291,860	1,319,042	1,380,891	1,487,583
Mobile data traffic	24,874	29,826	38,582	37,129	42,129	44,583	61,627	62,427
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	42,519	84,018	122,969	161,932	38,139	78,015	115,229	153,488
Fixed voice traffic	23,895	46,761	67,718	88,582	20,456	41,359	60,286	79,994
Mobile voice traffic	18,624	37,258	55,250	73,351	17,683	36,656	54,943	73,494
Total data traffic (TB)	1,007,617	1,954,312	3,030,233	4,268,131	1,333,989	2,697,613	4,140,131	5,690,140
Fixed data traffic	982,743	1,899,612	2,936,951	4,137,720	1,291,860	2,610,901	3,991,793	5,479,375
Mobile data traffic	24,874	54,700	93,282	130,411	42,129	86,712	148,338	210,765

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 = 10<sup>12</sup> 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	1,936	7,503
Mobile Business	1,636	1,685	1,720	1,791	6,832	1,603	1,584	1,621	1,690	6,498
Mobile service revenues	1,354	1,382	1,419	1,378	5,532	1,336	1,358	1,394	1,349	5,437
Data revenues	692	707	728	712	2,840	729	749	767	746	2,992
Handset revenues	282	303	301	413	1,300	267	226	227	341	1,061
Fixed Business	261	260	256	266	1,043	253	245	245	238	981
FBB and new services revenues (1)	198	203	203	199	803	192	187	187	182	748
Voice & access revenues	63	58	53	66	240	61	58	59	56	233
Internal expenditure capitalized in fixed assets	23	26	33	30	113	25	26	28	25	104
Operating expenses	(1,543)	(1,504)	(1,548)	(1,631)	(6,226)	(1,483)	(1,435)	(1,434)	(1,492)	(5,844)
Supplies	(659)	(646)	(660)	(747)	(2,712)	(629)	(578)	(572)	(674)	(2,452)
Personnel expenses	(179)	(166)	(155)	(155)	(655)	(173)	(160)	(155)	(157)	(646)
Other operating expenses	(705)	(692)	(733)	(729)	(2,859)	(681)	(697)	(707)	(661)	(2,747)
Other net income (expense)	10	(10)	(58)	128	70	(7)	33	(6)	12	32
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	481	1,794
OIBDA Margin	21.5%	23.6%	20.4%	28.5%	23.6%	21.1%	25.0%	24.7%	24.8%	23.9%
CapEx	221	1,437	242	330	2,230	220	213	316	360	1,108
Spectrum	-	1,195	1	2	1,198	2	1	2	1	6
OpCF (OIBDA-CapEx)	187	(976)	161	256	(372)	173	245	148	121	686

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	48,655.5
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	2,010.3
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	2,324.5
Broadband	2,128.3	2,115.2	2,102.7	2,098.0	2,101.5	2,103.9	2,101.6	2,104.0
VDSL	322.2	379.8	444.0	516.8	593.0	669.3	731.8	805.5
Mobile accesses	42,179.2	42,617.0	43,288.6	43,062.8	43,008.0	43,417.8	44,073.5	44,320.7
Prepay	23,264.2	23,500.9	24,003.7	23,979.4	23,743.5	23,814.2	23,872.8	23,784.0
Contract (2)	18,915.0	19,116.1	19,284.9	19,083.4	19,264.4	19,603.6	20,200.7	20,536.6
M2M	443.4	506.2	570.7	632.0	682.2	704.3	748.0	787.8
Wholesale Accesses	1,085.3	1,059.3	1,017.5	972.0	910.5	850.1	790.8	691.0
<b>Total Accesses</b>	<b>47,658.1</b>	<b>48,040.7</b>	<b>48,644.7</b>	<b>48,363.2</b>	<b>48,252.2</b>	<b>48,605.0</b>	<b>49,195.6</b>	<b>49,346.4</b>

(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%	53.7%
Contract percentage (%)	44.8%	44.9%	44.5%	44.3%	44.8%	45.2%	45.8%	46.3%
Smartphones ('000)	20,364.1	21,153.4	22,145.5	22,594.3	23,083.0	23,707.1	25,353.5	25,623.1
Prepay	9,086.7	9,538.8	10,097.5	10,279.7	10,678.9	10,805.8	11,223.0	11,182.4
Contract	11,277.4	11,614.6	12,048.0	12,314.6	12,404.1	12,901.3	14,130.5	14,440.7
Smartphone penetration (%)	49.8%	51.3%	52.9%	54.2%	55.4%	56.2%	59.2%	59.5%
Prepay (%)	39.6%	41.1%	42.6%	43.3%	45.4%	45.7%	47.4%	47.3%
Contract (%)	63.0%	64.4%	66.4%	68.7%	68.6%	69.6%	73.8%	74.2%
LTE ('000)	5,146.0	6,093.0	7,002.2	7,883.5	8,690.5	9,399.8	10,566.3	12,063.1
LTE penetration (%)	12.3%	14.5%	16.4%	18.6%	20.5%	22.0%	24.4%	27.7%

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	28,344
Fixed voice traffic	6,533	5,686	4,915	5,067	5,214	4,652	4,026	3,790
Mobile voice traffic	24,236	23,647	23,409	24,383	23,696	24,689	23,275	24,553
Data traffic (TB)	485,180	497,059	514,154	603,296	664,202	665,593	669,777	788,300
Fixed data traffic	445,008	454,804	468,256	552,795	612,603	603,867	595,416	706,659
Mobile data traffic	40,172	42,255	45,898	50,501	51,599	61,726	74,361	81,641
Mobile ARPU (EUR)	10.6	10.8	10.9	10.5	10.3	10.4	10.5	10.1
Prepay	5.6	5.9	6.0	5.8	5.7	5.7	5.9	5.6
Contract (1)	17.2	17.2	17.4	16.9	16.6	16.6	16.6	16.0
Data ARPU (EUR)	5.5	5.6	5.6	5.5	5.6	5.8	5.8	5.6
% non-SMS over data revenues	70.5%	71.5%	71.9%	72.5%	75.4%	76.7%	77.2%	78.2%
Churn	2.4%	2.1%	2.1%	2.8%	2.5%	2.1%	2.1%	2.3%
Contract (1)	1.7%	1.7%	1.7%	2.4%	1.8%	1.6%	1.5%	1.6%
	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	113,896
Fixed voice traffic	6,533	12,219	17,134	22,201	5,214	9,865	13,892	17,682
Mobile voice traffic	24,236	47,883	71,293	95,676	23,696	48,386	71,661	96,214
Data traffic (TB)	485,180	982,239	1,496,393	2,099,689	664,202	1,329,794	1,999,572	2,787,871
Fixed data traffic	445,008	899,812	1,368,068	1,920,863	612,603	1,216,470	1,811,886	2,518,545
Mobile data traffic	40,172	82,427	128,325	178,826	51,599	113,324	187,685	269,326
Mobile ARPU (EUR)	10.6	10.7	10.8	10.7	10.3	10.3	10.4	10.3
Prepay	5.6	5.8	5.8	5.8	5.7	5.7	5.8	5.7
Contract (2)	17.2	17.2	17.3	17.2	16.6	16.6	16.6	16.5
Data ARPU (EUR)	5.5	5.5	5.6	5.5	5.6	5.7	5.8	5.7
% non-SMS over data revenues	70.5%	71.0%	71.3%	71.6%	75.4%	76.1%	76.5%	76.9%
Churn	2.4%	2.3%	2.2%	2.4%	2.5%	2.3%	2.2%	2.3%
Contract (1)	1.7%	1.7%	1.7%	1.9%	1.8%	1.7%	1.5%	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 = 10<sup>12</sup> 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	1,721	6,861
Mobile service revenues	1,379	1,455	1,498	1,447	5,778	1,325	1,308	1,268	1,220	5,121
Data revenues	804	845	871	848	3,369	787	790	779	738	3,094
Handset revenues and other	472	498	525	564	2,059	427	404	408	500	1,739
Internal expenditure capitalized in fixed assets	35	42	42	43	162	34	36	37	34	141
Operating expenses	(1,425)	(1,479)	(1,534)	(1,636)	(6,074)	(1,317)	(1,285)	(1,253)	(1,421)	(5,276)
Supplies	(909)	(929)	(939)	(992)	(3,769)	(806)	(787)	(774)	(858)	(3,226)
Personnel expenses	(129)	(136)	(140)	(144)	(549)	(132)	(135)	(116)	(145)	(528)
Other operating expenses	(387)	(414)	(456)	(499)	(1,756)	(379)	(362)	(363)	(418)	(1,522)
Other net income (expense)	(7)	(1)	1	(7)	(14)	(8)	(4)	(1)	(2)	(16)
Gain (loss) on sale of fixed assets	-	3	0	1	3	0	(2)	0	1	(1)
Impairment of goodwill and other assets	-	-	-	15	15	-	-	-	-	-
Operating income before D&A (OIBDA)	453	517	532	426	1,929	461	456	458	334	1,709
<i>OIBDA Margin</i>	<i>24.5%</i>	<i>26.5%</i>	<i>26.3%</i>	<i>21.2%</i>	<i>24.6%</i>	<i>26.3%</i>	<i>26.6%</i>	<i>27.3%</i>	<i>19.4%</i>	<i>24.9%</i>
CapEx	212	203	236	231	883	192	223	238	278	931
Spectrum	-	-	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	241	314	296	196	1,046	269	233	219	56	778

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	25,759.0
Fixed telephony accesses (1)	232.1	235.4	241.2	247.1	249.8	257.7	264.7	272.6
Internet and data accesses	19.9	20.4	20.5	21.0	21.5	22.3	23.1	23.7
Broadband	19.9	20.4	20.5	21.0	21.5	22.3	23.1	23.7
Mobile accesses	24,617.1	24,816.5	25,040.7	25,018.8	24,933.0	25,172.5	25,404.2	25,462.7
Prepay (2)	10,766.1	10,793.1	10,823.2	10,561.4	9,640.1	9,745.8	9,778.0	9,701.4
Contract	13,851.1	14,023.4	14,217.6	14,457.4	15,292.8	15,426.7	15,626.2	15,761.3
M2M (3)	2,201.1	2,234.2	2,289.9	2,383.9	3,143.4	3,176.8	3,250.9	3,266.9
<b>Total Accesses</b>	<b>24,869.2</b>	<b>25,072.2</b>	<b>25,302.4</b>	<b>25,286.9</b>	<b>25,204.2</b>	<b>25,452.6</b>	<b>25,692.0</b>	<b>25,759.0</b>

(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%	38.1%
Contract percentage (%)	56.3%	56.5%	56.8%	57.8%	61.3%	61.3%	61.5%	61.9%
Smartphones ('000)	10,784.8	10,972.4	11,202.4	13,274.4	13,267.7	13,301.8	14,130.8	14,680.8
Prepay	3,343.9	3,370.8	3,451.1	4,275.5	4,358.7	4,494.0	4,600.9	4,966.3
Contract	7,440.9	7,601.6	7,751.3	8,998.9	8,909.0	8,807.8	9,529.9	9,714.6
Smartphone penetration (%)	49.3%	49.9%	50.6%	60.4%	62.8%	62.4%	65.9%	68.4%
Prepay (%)	31.4%	31.6%	32.2%	40.9%	45.6%	46.5%	47.5%	51.6%
Contract (%)	66.4%	67.2%	67.9%	78.1%	77.0%	75.6%	81.1%	82.1%
LTE ('000)	4,906.0	5,769.9	6,631.7	7,661.8	8,300.8	9,489.0	10,038.2	10,425.3
LTE penetration (%)	22.4%	26.2%	30.0%	34.9%	38.1%	43.1%	45.3%	47.0%

## 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	23,697
Data traffic (TB)	30,928	35,478	39,873	45,257	49,648	55,720	65,609	73,980
ARPU (EUR)	18.8	19.6	19.9	19.3	17.9	17.5	16.6	16.2
Prepay	7.4	7.6	7.8	7.8	7.8	7.7	7.1	7.2
Contract (1)	32.7	34.0	34.6	33.0	30.1	29.6	28.3	27.1
Data ARPU (EUR)	10.9	11.4	11.6	11.3	10.6	10.5	10.2	9.8
% non-SMS over data revenues	58.6%	59.2%	60.2%	59.5%	59.9%	61.0%	62.4%	62.2%
Churn	1.7%	1.6%	1.8%	2.2%	2.0%	1.5%	1.8%	2.1%
Contract (1)	1.0%	0.9%	0.9%	1.0%	0.9%	0.8%	0.9%	1.0%
	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	93,306
Data traffic (TB)	30,928	66,406	106,279	151,536	49,648	105,368	170,977	244,957
ARPU (EUR)	18.8	19.2	19.4	19.4	17.9	17.7	17.3	17.0
Prepay	7.4	7.5	7.6	7.7	7.8	7.7	7.5	7.5
Contract (1)	32.7	33.3	33.8	33.5	30.1	29.9	29.3	28.8
Data ARPU (EUR)	10.9	11.2	11.3	11.3	10.6	10.6	10.4	10.3
% non-SMS over data revenues	58.6%	58.9%	59.4%	59.4%	59.9%	60.4%	61.1%	61.4%
Churn	1.7%	1.6%	1.7%	1.8%	2.0%	1.8%	1.8%	1.9%
Contract (1)	1.0%	1.0%	1.0%	1.0%	0.9%	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 used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and 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 excluded. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> 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	3,058	11,097
Mobile Business	1,942	1,831	1,606	1,526	6,905	1,448	1,583	1,784	1,853	6,669
Mobile service revenues	1,836	1,718	1,496	1,444	6,495	1,378	1,505	1,700	1,774	6,357
Data revenues	718	737	694	705	2,853	667	784	914	1,016	3,381
Handset revenues	105	113	110	82	410	70	78	85	79	312
Fixed Business	852	1,112	1,130	1,060	4,154	983	1,072	1,168	1,205	4,428
FBB and new services revenues (1)	310	404	401	386	1,502	352	402	468	473	1,695
Pay TV revenues	52	102	120	116	391	111	121	135	137	504
Voice & access revenues	489	605	608	559	2,262	520	549	564	595	2,229
Internal exp. capitalized in fixed assets	10	28	30	23	91	25	27	29	32	114
Operating expenses	(1,933)	(2,057)	(1,924)	(1,741)	(7,655)	(1,656)	(1,817)	(1,996)	(2,029)	(7,498)
Supplies	(665)	(671)	(639)	(593)	(2,568)	(524)	(535)	(590)	(600)	(2,249)
Personnel expenses	(220)	(280)	(280)	(262)	(1,042)	(249)	(290)	(302)	(326)	(1,167)
Other operating expenses	(1,048)	(1,106)	(1,005)	(885)	(4,044)	(883)	(992)	(1,103)	(1,103)	(4,082)
Other net income (expense)	(28)	4	(9)	108	75	2	(22)	(3)	23	1
Gain (loss) on sale of fixed assets	(2)	(2)	(1)	10	5	1	0	0	(2)	(1)
Impairment of goodwill and other assets	(1)	3	(2)	(3)	(3)	2	(2)	(1)	3	1
Operating income before D&A (OIBDA)	840	919	831	983	3,573	805	842	982	1,085	3,714
OIBDA Margin	30.1%	31.2%	30.4%	38.0%	32.3%	33.1%	31.7%	33.3%	35.5%	33.5%
CapEx	395	566	540	604	2,105	348	445	577	769	2,138
Spectrum	-	-	-	-	-	-	-	47	1	48
OpCF (OIBDA-CapEx)	445	354	291	379	1,468	457	398	405	316	1,576

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	97,204.2
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	14,338.4
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	7,383.2
Broadband	3,926.5	7,092.4	7,191.5	7,129.5	7,229.2	7,263.5	7,325.3	7,311.0
FTTx/cable	428.5	3,640.8	3,788.6	3,779.9	3,913.5	3,983.6	4,090.1	4,171.0
Mobile accesses	81,873.2	82,648.6	79,407.1	73,261.3	73,257.4	73,296.1	73,486.9	73,769.8
Prepay	52,972.3	53,068.7	48,978.8	42,194.4	42,011.5	41,669.4	40,995.6	40,387.2
Contract	28,900.8	29,580.0	30,428.3	31,066.9	31,245.8	31,626.7	32,491.3	33,382.6
M2M	3,687.5	3,935.2	4,105.7	4,234.7	4,390.0	4,590.3	4,770.4	5,005.1
Pay TV	790.9	1,785.9	1,829.2	1,787.9	1,786.7	1,761.4	1,762.2	1,712.7
Wholesale Accesses	25.4	23.6	22.9	22.3	21.0	20.7	18.7	17.9
<b>Total Accesses</b>	<b>97,365.2</b>	<b>106,551.7</b>	<b>103,455.5</b>	<b>96,921.5</b>	<b>97,304.7</b>	<b>97,142.1</b>	<b>97,295.4</b>	<b>97,222.2</b>
Terra Accesses	269.0	172.1	159.9	150.3	141.5	133.8	125.4	118.2

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%	54.7%
Contract percentage (%)	35.3%	35.8%	38.3%	42.4%	42.7%	43.1%	44.2%	45.3%
Smartphones ('000)	30,216.9	32,732.7	39,117.1	39,911.7	40,327.0	39,670.8	49,573.1	50,008.2
Prepay	18,710.6	19,372.1	22,945.3	22,376.4	22,977.1	22,689.1	29,317.2	26,273.4
Contract	11,506.3	13,360.6	16,171.8	17,535.4	17,349.9	16,981.7	20,255.9	23,734.8
Smartphone penetration (%)	40.3%	43.3%	54.2%	60.4%	61.0%	60.0%	74.8%	75.2%
Prepay (%)	35.5%	36.7%	47.1%	53.4%	55.1%	54.9%	72.2%	65.7%
Contract (%)	51.8%	58.8%	68.9%	72.7%	71.1%	68.4%	78.8%	89.5%
LTE ('000)	3,943.1	5,691.1	7,542.2	10,214.7	12,498.3	15,115.2	18,295.7	22,240.9
LTE penetration (%)	5.0%	7.2%	10.0%	14.8%	18.1%	22.0%	26.6%	32.3%

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	90,884
Fixed voice traffic	25,155	25,894	25,137	23,965	23,680	22,850	21,908	20,383
Mobile voice traffic	68,592	69,843	72,162	68,682	69,899	70,375	73,479	70,502
Data traffic (TB)	1,395,331	1,583,612	1,763,495	2,065,902	2,564,860	2,815,305	2,916,541	3,247,317
Fixed data traffic	1,330,287	1,514,813	1,695,219	1,995,403	2,485,715	2,729,649	2,815,740	3,133,379
Mobile data traffic	65,043	68,799	68,276	70,500	79,146	85,657	100,800	113,938
Mobile ARPU (EUR)	7.2	6.5	5.7	5.7	6.1	6.6	7.2	7.4
Prepay	3.8	3.3	2.8	2.9	3.2	3.4	3.7	3.6
Contract (1)	15.3	14.2	12.3	11.6	11.5	12.6	14.7	13.1
Data ARPU (EUR)	3.0	3.0	2.8	3.0	3.0	3.6	3.8	4.0
% non-SMS over data revenues	81.6%	82.5%	83.0%	84.5%	85.8%	87.1%	88.4%	90.2%
Fixed telephony ARPU (EUR)	15.0	14.5	13.2	12.0	11.3	12.1	12.9	12.4
Pay TV ARPU (EUR)	22.3	23.5	22.0	21.1	20.6	22.6	25.3	24.3
Broadband ARPU (EUR)	12.5	12.3	11.0	10.6	10.3	11.2	12.4	12.1
Churn	2.9%	3.2%	4.7%	6.1%	3.3%	3.1%	3.4%	3.5%
Contract (1)	1.8%	1.9%	1.9%	1.8%	1.8%	1.9%	1.8%	1.7%
	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	373,074
Fixed voice traffic	25,155	51,050	76,186	100,151	23,680	46,530	68,437	88,820
Mobile voice traffic	68,592	138,435	210,597	279,279	69,899	140,274	213,753	284,254
Data traffic (TB)	1,395,331	2,978,942	4,742,437	6,808,340	2,564,860	5,380,166	8,296,707	11,544,023
Fixed data traffic	1,330,287	2,845,100	4,540,319	6,535,722	2,485,715	5,215,363	8,031,104	11,164,483
Mobile data traffic	65,043	133,842	202,118	272,618	79,146	164,803	265,603	379,541
Mobile ARPU (EUR)	7.2	6.9	6.5	6.3	6.1	6.4	6.8	7.1
Prepay	3.8	3.5	3.3	3.2	3.2	3.3	3.5	3.4
Contract (1)	15.3	14.7	13.9	13.3	11.5	12.1	12.9	12.9
Data ARPU (EUR)	3.0	3.0	2.9	2.9	3.0	3.3	3.2	3.5
% non-SMS over data revenues	81.6%	82.1%	82.4%	82.9%	85.8%	86.5%	87.7%	88.4%
Fixed telephony ARPU (EUR)	15.0	14.7	14.1	13.5	11.3	11.7	12.2	12.3
Pay TV ARPU (EUR)	22.3	23.1	22.6	22.1	20.6	21.6	23.0	23.8
Broadband ARPU (EUR)	12.5	12.4	11.8	11.4	10.3	10.8	11.3	11.7
Churn	2.9%	3.0%	3.6%	4.2%	3.3%	3.2%	3.3%	3.4%
Contract (1)	1.8%	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 = 10<sup>12</sup> 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	3,435	12,579
Mobile Business	2,668	2,435	2,630	2,614	10,347	2,173	2,023	2,225	2,462	8,882
Mobile service revenues	2,367	2,158	2,328	2,309	9,161	1,949	1,813	1,993	2,156	7,918
Data revenues (1)	889	899	946	955	3,688	851	814	893	952	3,511
Handset revenues	302	278	302	306	1,188	224	210	216	304	953
Fixed Business	1,007	1,038	1,010	1,015	4,070	886	943	920	983	3,732
FBB and new services revenues (2)	503	528	512	521	2,064	468	511	490	535	2,003
Pay TV revenues	133	145	143	147	569	140	147	153	157	598
Voice & access revenues	370	365	355	346	1,436	278	285	277	290	1,131
Internal exp. capitalized in fixed assets	27	28	30	39	125	27	28	29	42	126
Operating expenses	(2,583)	(2,489)	(2,605)	(2,652)	(10,329)	(2,237)	(2,171)	(2,222)	(2,504)	(9,134)
Supplies	(1,030)	(1,012)	(1,075)	(1,060)	(4,176)	(912)	(894)	(907)	(991)	(3,704)
Personnel expenses	(418)	(408)	(415)	(445)	(1,686)	(379)	(364)	(359)	(482)	(1,584)
Other operating expenses	(1,135)	(1,069)	(1,115)	(1,147)	(4,466)	(946)	(913)	(956)	(1,032)	(3,847)
Other net income (expense)	17	15	17	23	72	21	18	36	28	103
Gain (loss) on sale of fixed assets	-	3	5	93	101	-	(1)	(2)	20	18
Impairment of goodwill and other assets (3)	-	-	-	-	-	-	-	-	(215)	(215)
Operating income before D&A (OIBDA)	1,127	1,025	1,080	1,124	4,356	866	836	970	805	3,477
OIBDA Margin	30.8%	29.6%	29.7%	31.0%	30.3%	28.3%	28.2%	31.0%	23.4%	27.6%
CapEx	622	852	729	857	3,060	459	556	782	815	2,613
Spectrum	139	205	(3)	(4)	338	-	-	282	2	284
OpCF (OIBDA-CapEx)	505	173	351	267	1,296	406	280	188	(10)	864

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-December 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (674 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.

(3) Includes goodwill impairments of 91 million euros in Mexico and 124 million euros in Venezuela in October-December 2016.

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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	135,850.3
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	11,938.6
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	5,707.9
Broadband	5,452.7	5,514.1	5,586.1	5,610.4	5,624.8	5,642.2	5,645.8	5,570.7
FTTx/cable	413.2	501.6	619.2	751.1	835.4	923.8	946.2	1,109.1
Mobile accesses	111,143.1	110,866.4	111,251.2	113,302.7	113,218.7	113,344.0	114,399.7	115,284.5
Prepay	87,454.6	87,077.4	87,013.2	88,332.8	87,934.3	87,810.5	88,799.5	89,461.2
Contract (2)	23,688.6	23,789.1	24,238.1	24,969.8	25,284.4	25,533.6	25,600.2	25,823.3
M2M	2,125.9	2,144.8	2,214.3	2,296.9	2,315.1	2,354.3	2,532.4	2,561.3
Pay TV	2,536.2	2,648.6	2,741.7	2,812.2	2,850.9	2,905.6	2,923.1	2,919.2
Wholesale Accesses	31.4	31.4	31.0	30.9	28.2	27.5	81.8	66.5
<b>Total Accesses</b>	<b>132,493.2</b>	<b>132,278.6</b>	<b>132,703.7</b>	<b>134,643.3</b>	<b>134,302.5</b>	<b>134,449.9</b>	<b>135,424.8</b>	<b>135,916.8</b>

(1) Includes fixed wireless and VoIP accesses.

(2) Since Q3 16, 55 thousand wholesale accesses have been reclassified from Mobile contract to Wholesale 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%	77.6%
Contract percentage (%)	21.3%	21.5%	21.8%	22.0%	22.3%	22.5%	22.4%	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	46,134.0
Prepay	18,205.6	21,877.1	23,118.9	25,508.0	25,759.1	26,578.2	27,819.5	28,157.0
Contract	12,843.1	13,543.6	14,367.1	14,721.5	15,689.0	16,504.5	17,211.8	17,977.0
Smartphone penetration (%)	28.9%	33.0%	34.8%	36.7%	37.8%	39.3%	40.7%	41.3%
Prepay (%)	21.0%	25.3%	26.8%	29.1%	29.5%	30.5%	31.5%	31.7%
Contract (%)	61.9%	64.9%	67.5%	67.0%	70.3%	73.3%	76.7%	79.4%
LTE ('000)	2,811.4	4,233.6	6,037.5	8,321.9	9,859.6	11,023.3	12,998.2	15,493.4
LTE penetration (%)	2.6%	3.9%	5.5%	7.5%	8.9%	9.9%	11.9%	13.8%

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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	852	3,000
Mobile Business	599	637	662	641	2,539	421	422	472	552	1,867
Mobile service revenues	529	557	565	543	2,194	371	373	417	466	1,628
Data revenues	201	287	267	246	1,000	172	181	209	235	797
Handset revenues	71	79	97	98	345	50	50	55	85	239
Fixed Business	336	344	354	342	1,376	268	287	278	300	1,133
FBB and new services revenues (1)	189	196	198	203	787	168	178	180	187	714
Voice & access revenues	146	148	156	139	589	99	109	98	113	419
OIBDA	273	266	242	224	1,006	149	165	211	272	797
OIBDA margin (2)	28.8%	26.8%	23.4%	22.6%	25.4%	21.4%	23.0%	27.9%	34.1%	27.0%
CapEx	146	363	229	199	938	159	152	136	130	577
Spectrum	-	204	(3)	(5)	196	-	-	-	-	-
OpCF (OIBDA-CapEx)	127	(97)	13	25	68	(10)	13	75	142	220

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	27,096.0
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	4,447.7
Fixed wireless	285.9	286.4	295.1	288.0	276.0	256.2	243.5	237.2
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	1,882.9
Broadband	1,871.8	1,869.9	1,877.5	1,881.2	1,880.6	1,878.5	1,875.6	1,851.5
Mobile accesses	19,744.6	19,688.9	19,829.4	20,389.2	19,919.2	19,781.5	20,344.4	20,765.4
Prepay	12,778.0	12,859.0	12,985.6	13,434.6	12,989.8	12,851.6	13,258.6	13,579.8
Contract	6,966.5	6,829.9	6,843.8	6,954.6	6,929.4	6,929.9	7,085.8	7,185.6
M2M	455.4	446.9	450.5	448.8	439.2	428.3	501.3	521.3
Wholesale Accesses	23.3	23.5	23.0	23.1	22.4	21.8	21.3	21.1
<b>Total Accesses</b>	<b>26,341.7</b>	<b>26,259.5</b>	<b>26,398.6</b>	<b>26,933.8</b>	<b>26,453.2</b>	<b>26,264.7</b>	<b>26,776.7</b>	<b>27,117.1</b>

(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)	21,707	22,167	21,969	20,605	19,914	20,223	19,904	20,718
Fixed voice traffic	11,857	12,442	12,380	10,991	11,098	10,977	10,546	11,257
Mobile voice traffic	9,851	9,725	9,590	9,614	8,816	9,246	9,358	9,461
Data traffic (TB)	153,855	163,384	192,687	215,560	227,404	273,847	309,730	327,476
Fixed data traffic (1)	143,786	151,893	178,151	196,525	203,887	245,424	274,333	287,966
Mobile data traffic	10,069	11,491	14,536	19,035	23,517	28,423	35,397	39,509
Mobile ARPU (EUR)	9.1	9.9	9.9	9.0	6.5	6.6	7.2	8.1
Prepay	2.7	2.9	2.9	2.7	1.9	2.0	2.1	2.2
Contract (2)	22.3	24.0	24.5	22.6	16.2	16.2	17.4	17.8
Data ARPU (EUR)	3.4	4.3	4.5	4.0	2.9	3.0	3.3	3.6
% non-SMS over data revenues	56.2%	78.1%	76.1%	79.2%	82.2%	90.4%	99.2%	95.4%
Fixed telephony ARPU (EUR)	9.9	9.8	10.4	9.1	6.6	7.5	10.0	9.4
Broadband ARPU (EUR)	21.3	21.9	22.5	21.6	17.6	18.5	18.7	19.6
Churn	3.1%	2.9%	2.7%	1.9%	3.3%	3.1%	2.7%	2.7%
Contract (2)	1.1%	1.5%	1.7%	1.3%	1.2%	1.4%	0.8%	1.3%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	21,707	43,874	65,844	86,449	19,914	40,137	60,041	80,759
Fixed voice traffic	11,857	24,299	36,678	47,669	11,098	22,075	32,621	43,878
Mobile voice traffic	9,851	19,576	29,166	38,780	8,816	18,062	27,420	36,881
Data traffic (TB)	153,855	317,239	509,926	725,486	227,404	501,251	810,981	1,138,457
Fixed data traffic (1)	143,786	295,679	473,830	670,355	203,887	449,311	723,644	1,011,610
Mobile data traffic	10,069	21,560	36,096	55,131	23,517	51,940	87,337	126,846
Mobile ARPU (EUR)	9.1	9.5	9.6	9.5	6.5	6.6	6.6	7.1
Prepay	2.7	2.8	2.9	2.8	1.9	2.0	1.9	1.9
Contract (2)	22.3	23.1	23.6	23.3	16.2	16.2	16.1	15.7
Data ARPU (EUR)	3.4	4.1	4.2	4.2	2.9	2.9	2.9	3.0
% non-SMS over data revenues	56.2%	68.8%	71.4%	73.5%	82.2%	86.4%	91.2%	92.3%
Fixed telephony ARPU (EUR)	9.9	9.8	10.0	9.8	6.6	7.1	9.2	8.5
Broadband ARPU (EUR)	21.3	21.6	21.9	21.8	17.6	18.1	22.0	18.4
Churn	3.1%	3.0%	2.9%	2.6%	3.3%	3.2%	3.1%	3.0%
Contract (2)	1.1%	1.3%	1.4%	1.4%	1.2%	1.3%	1.1%	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 = 10<sup>12</sup> 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	591	2,163
Mobile Business	339	347	305	301	1,292	297	294	307	339	1,238
Mobile service revenues	304	313	282	278	1,177	267	265	274	297	1,103
Data revenues	98	109	108	109	424	123	125	134	141	522
Handset revenues	35	34	23	23	115	30	29	33	42	135
Fixed Business	226	243	223	235	928	214	229	230	251	925
FBB and new services revenues (1)	95	106	98	106	405	97	108	108	126	438
Pay TV revenues	57	64	57	57	235	55	58	59	61	233
Voice & access revenues	74	73	67	72	287	63	64	64	63	254
OIBDA	176	203	187	194	760	176	168	180	180	704
OIBDA margin	31.1%	34.4%	35.4%	36.2%	34.2%	34.4%	32.1%	33.5%	30.5%	32.5%
CapEx	123	115	105	90	433	114	101	70	121	406
Spectrum	6	-	-	-	6	-	-	-	-	-
OpCF (OIBDA-CapEx)	53	88	82	104	327	62	66	110	59	298

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	12,301.3
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	1,406.5
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	1,140.5
Broadband	1,056.7	1,082.5	1,095.4	1,101.1	1,098.4	1,093.3	1,096.7	1,090.3
FTTx	192.2	216.3	240.7	256.7	268.9	290.2	312.2	324.3
Mobile accesses	10,619.5	10,345.1	10,129.6	9,915.6	9,527.9	9,235.1	9,199.8	9,093.9
Prepay	7,817.5	7,503.0	7,268.0	6,995.3	6,524.9	6,150.1	6,070.5	5,956.0
Contract	2,802.0	2,842.1	2,861.7	2,920.3	3,002.9	3,085.0	3,129.2	3,137.9
M2M	293.0	291.0	294.3	310.0	331.2	354.8	378.0	369.4
Pay TV	616.2	634.3	641.0	644.7	645.6	656.8	661.3	660.5
Wholesale Accesses	5.9	5.9	5.8	5.7	5.2	5.1	5.1	5.1
<b>Total Accesses</b>	<b>13,867.2</b>	<b>13,616.3</b>	<b>13,393.2</b>	<b>13,164.0</b>	<b>12,746.7</b>	<b>12,486.2</b>	<b>12,435.2</b>	<b>12,306.5</b>

(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	8,686
Fixed voice traffic	1,354	1,353	1,320	1,301	1,127	1,194	1,235	1,303
Mobile voice traffic	7,372	7,340	7,607	7,995	8,003	7,053	7,100	7,383
Data traffic (TB)	252,756	289,259	309,838	322,994	348,695	372,277	420,584	480,108
Fixed data traffic	238,140	269,957	288,230	296,880	321,246	344,595	384,783	439,960
Mobile data traffic	14,616	19,302	21,607	26,114	27,449	27,682	35,801	40,149
Mobile ARPU (EUR)	9.4	9.7	9.0	8.8	8.9	9.2	9.0	9.9
Prepay	3.8	3.8	3.3	3.1	3.0	2.9	2.7	2.5
Contract (1)	27.8	28.7	26.3	25.2	24.7	24.9	25.2	24.4
Data ARPU (EUR)	3.1	3.4	3.4	3.5	4.2	4.5	4.3	4.7
% non-SMS over data revenues	94.0%	93.5%	93.5%	93.7%	97.4%	97.8%	98.1%	98.1%
Fixed telephony ARPU (EUR)	14.1	14.1	13.6	14.8	13.1	13.4	14.1	15.0
Pay TV ARPU (EUR)	29.1	30.4	26.1	26.1	24.4	24.8	24.0	25.2
Broadband ARPU (EUR)	17.9	18.1	16.9	16.8	16.2	17.0	17.4	17.9
Churn	3.2%	3.7%	3.2%	3.4%	3.6%	3.7%	3.2%	3.6%
Contract (1)	1.9%	1.9%	2.3%	2.2%	2.0%	2.1%	2.2%	2.4%
	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	34,398
Fixed voice traffic	1,354	2,707	4,027	5,328	1,127	2,321	3,556	4,859
Mobile voice traffic	7,372	14,712	22,319	30,314	8,003	15,056	22,156	29,539
Data traffic (TB)	252,756	542,015	851,852	1,174,846	348,695	720,972	1,141,556	1,621,665
Fixed data traffic	238,140	508,097	796,327	1,093,208	321,246	665,841	1,050,624	1,490,584
Mobile data traffic	14,616	33,918	55,525	81,639	27,449	55,131	90,932	131,081
Mobile ARPU (EUR)	9.4	9.5	9.4	9.2	8.9	9.0	9.1	9.5
Prepay	3.8	3.8	3.6	3.5	3.0	3.0	2.9	2.6
Contract (1)	27.8	28.2	27.6	27.0	24.7	24.8	24.9	23.9
Data ARPU (EUR)	3.1	3.3	3.3	3.4	4.2	4.3	4.3	4.4
% non-SMS over data revenues	94.0%	93.7%	93.7%	93.7%	97.4%	97.6%	97.7%	97.8%
Fixed telephony ARPU (EUR)	14.1	14.1	13.9	14.1	13.1	13.3	14.8	14.5
Pay TV ARPU (EUR)	29.1	29.8	28.5	27.9	24.4	24.6	24.8	25.2
Broadband ARPU (EUR)	17.9	18.0	17.6	17.4	16.2	16.6	18.0	17.5
Churn	3.2%	3.4%	3.4%	3.4%	3.6%	3.7%	3.5%	3.6%
Contract (1)	1.9%	1.9%	2.0%	2.1%	2.0%	2.1%	2.3%	2.4%

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 = 10<sup>12</sup> 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 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	635	2,499
Mobile Business	394	385	396	391	1,566	345	332	352	344	1,373
Mobile service revenues (1)	354	342	350	344	1,390	308	293	311	294	1,206
Data revenues (2)	148	155	156	161	619	146	152	172	151	621
Handset revenues	40	43	47	47	176	38	39	41	50	167
Fixed Business	298	299	299	304	1,200	279	288	268	291	1,126
FBB and new services revenues (3)	151	155	149	146	602	138	150	128	151	568
Pay TV revenues	61	64	70	73	268	69	71	73	75	288
Voice & access revenues	87	79	80	84	330	72	67	67	65	271
OIBDA	238	212	240	253	943	187	204	216	175	782
OIBDA margin	34.4%	31.0%	34.6%	36.4%	34.1%	30.0%	32.9%	34.9%	27.5%	31.3%
CapEx	63	118	110	200	491	55	94	361	207	717
Spectrum	-	-	-	-	-	-	-	282	2	284
OpCF (OIBDA-CapEx)	175	93	130	53	452	133	110	(145)	(33)	65

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	20,909.8
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	2,445.1
Fixed wireless	191.2	229.8	208.5	191.9	127.7	117.6	95.5	72.3
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	1,691.1
Broadband	1,529.7	1,564.4	1,602.5	1,621.2	1,639.2	1,660.3	1,666.8	1,660.9
FTTx/cable	219.1	283.5	376.7	488.7	557.0	623.7	620.1	722.7
Mobile accesses	16,870.2	16,819.1	16,773.8	16,786.5	16,445.4	16,211.9	15,954.2	15,498.5
Prepay	11,645.3	11,450.4	11,255.3	11,013.3	10,530.0	10,228.5	10,214.7	9,807.8
Contract	5,224.8	5,368.7	5,518.5	5,773.1	5,915.5	5,983.4	5,739.5	5,690.7
M2M	118.0	98.4	99.8	103.3	81.7	79.7	90.1	85.1
Pay TV	1,014.5	1,090.1	1,147.7	1,200.8	1,229.6	1,250.3	1,261.3	1,275.1
Wholesale Accesses	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1
<b>Total Accesses</b>	<b>22,083.7</b>	<b>22,104.3</b>	<b>22,184.5</b>	<b>22,231.1</b>	<b>21,791.0</b>	<b>21,638.3</b>	<b>21,398.8</b>	<b>20,909.8</b>

(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	28,367
Fixed voice traffic	5,460	5,429	5,398	5,322	5,144	4,935	4,882	4,885
Mobile voice traffic	19,300	19,206	20,828	22,711	22,336	23,231	23,586	23,483
Data traffic (TB)	364,397	398,101	407,710	416,543	418,470	414,392	524,521	689,215
Fixed data traffic	359,357	391,712	399,478	405,927	407,019	402,357	508,248	651,109
Mobile data traffic	5,040	6,389	8,232	10,616	11,451	12,034	16,273	38,105
Mobile ARPU (EUR)	7.0	6.8	6.7	6.7	6.3	6.1	5.9	6.3
Prepay	4.2	3.9	3.7	3.6	2.8	3.2	2.3	2.3
Contract (1)	13.5	13.2	13.1	12.9	12.0	11.6	12.4	11.3
Data ARPU (EUR) (2)	2.9	3.1	3.1	3.2	2.9	3.1	3.0	3.1
% non-SMS over data revenues	94.1%	95.6%	96.2%	96.9%	99.1%	97.2%	97.0%	97.0%
Fixed telephony ARPU (EUR)	10.8	9.8	10.0	8.5	9.4	8.8	7.7	8.1
Pay TV ARPU (EUR)	19.4	18.7	18.1	17.4	16.6	15.9	18.1	18.1
Broadband ARPU (EUR)	19.5	18.9	18.5	18.0	16.4	16.0	15.7	15.1
Churn	4.0%	4.3%	4.4%	4.3%	4.8%	5.0%	5.2%	5.4%
Contract (1)	2.2%	2.0%	2.2%	1.8%	2.5%	2.6%	3.5%	3.1%
	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	112,481
Fixed voice traffic	5,460	10,889	16,287	21,608	5,144	10,078	14,960	19,845
Mobile voice traffic	19,300	38,506	59,334	82,045	22,336	45,567	69,153	92,635
Data traffic (TB)	364,397	762,498	1,170,209	1,586,752	418,470	832,862	1,357,383	2,046,597
Fixed data traffic	359,357	751,069	1,150,547	1,556,474	407,019	809,376	1,317,625	1,968,734
Mobile data traffic	5,040	11,429	19,662	30,278	11,451	23,486	39,758	77,864
Mobile ARPU (EUR)	7.0	6.9	6.8	6.8	6.3	6.2	6.1	6.3
Prepay	4.2	4.0	3.9	3.9	2.8	3.0	2.5	2.5
Contract (1)	13.5	13.3	13.3	13.2	12.0	11.8	12.5	11.3
Data ARPU (EUR) (2)	2.9	3.0	3.0	3.1	2.9	3.0	3.0	3.0
% non-SMS over data revenues	94.1%	94.9%	95.3%	95.8%	99.1%	98.1%	97.7%	97.6%
Fixed telephony ARPU (EUR)	10.8	10.3	10.2	9.8	9.4	9.1	7.6	8.3
Pay TV ARPU (EUR)	19.4	19.1	18.7	18.4	16.6	16.3	17.6	17.8
Broadband ARPU (EUR)	19.5	19.2	19.0	18.7	16.4	16.2	19.3	15.9
Churn	4.0%	4.1%	4.2%	4.3%	4.8%	4.9%	5.0%	5.1%
Contract (1)	2.2%	2.1%	2.2%	2.1%	2.5%	2.6%	3.1%	3.3%

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 = 10<sup>12</sup> 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	375	1,409
Mobile Business	251	249	219	224	942	198	209	220	234	861
Mobile service revenues	223	221	192	192	829	172	180	193	198	743
Data revenues	66	67	61	62	256	61	69	81	86	298
Handset revenues	28	27	27	31	113	26	29	27	37	118
Fixed Business	147	151	134	134	566	125	138	144	140	548
FBB and new services revenues (1)	68	70	66	66	270	64	74	75	70	284
Pay TV revenues	16	17	16	17	66	17	18	21	21	77
Voice & access revenues	63	64	52	51	230	44	46	48	49	187
OIBDA	150	146	121	130	547	107	108	123	126	464
OIBDA margin	37.6%	36.5%	34.3%	36.3%	36.2%	33.3%	31.0%	33.8%	33.7%	33.0%
CapEx	48	111	95	88	342	33	83	98	116	330
Spectrum	-	-	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	102	35	26	42	205	74	25	25	10	134

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	16,573.4
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	1,353.4
Internet and data accesses	997.3	999.8	1,012.8	1,008.7	1,008.4	1,011.6	1,025.1	977.2
Broadband	988.9	991.3	1,004.4	1,000.2	999.9	1,003.2	1,003.2	964.1
Mobile accesses	12,884.9	12,413.3	12,655.6	12,896.7	13,057.2	13,226.3	13,556.9	13,725.3
Prepay	9,633.2	9,158.6	9,341.8	9,510.9	9,625.1	9,730.2	10,019.0	10,136.8
Contract	3,251.7	3,254.7	3,313.7	3,385.8	3,432.1	3,496.1	3,537.9	3,588.5
M2M	438.7	444.4	456.4	467.5	471.0	464.3	481.3	478.7
Pay TV	429.4	444.2	471.0	488.6	497.4	520.4	531.7	517.5
Wholesale Accesses	1.9	1.9	1.9	1.9	0.6	0.6	0.6	0.5
<b>Total Accesses</b>	<b>15,779.4</b>	<b>15,310.1</b>	<b>15,589.5</b>	<b>15,826.5</b>	<b>15,977.8</b>	<b>16,161.6</b>	<b>16,503.7</b>	<b>16,573.9</b>

(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	15,858
Fixed voice traffic	3,598	3,227	3,304	3,068	3,234	3,049	3,023	3,280
Mobile voice traffic	10,101	10,009	10,707	11,133	11,139	11,835	12,342	12,579
Data traffic (TB)	59,658	69,725	76,320	81,966	84,731	94,467	101,271	105,417
Fixed data traffic (1)	49,142	58,338	64,088	68,446	70,654	79,143	84,328	85,675
Mobile data traffic	10,516	11,387	12,232	13,520	14,077	15,324	16,942	19,742
Mobile ARPU (EUR)	5.5	5.5	4.7	4.6	4.2	4.3	4.4	4.4
Prepay	1.4	1.4	1.3	1.3	1.1	1.2	1.2	1.0
Contract (2)	19.9	19.6	16.4	16.0	14.6	15.0	15.4	14.2
Data ARPU (EUR)	1.7	1.8	1.6	1.6	1.6	1.8	2.0	2.0
% non-SMS over data revenues	96.9%	97.3%	97.7%	98.2%	98.7%	98.9%	99.1%	99.1%
Fixed telephony ARPU (EUR)	13.8	13.9	11.5	11.3	9.8	10.4	10.8	10.8
Pay TV ARPU (EUR)	12.4	12.5	10.8	11.0	11.0	11.5	12.9	12.4
Broadband ARPU (EUR)	10.4	10.8	9.0	8.8	8.2	8.9	9.4	9.6
Mobile churn	3.0%	4.5%	3.4%	3.3%	3.2%	3.2%	2.9%	3.5%
Contract (2)	2.2%	2.3%	2.0%	1.8%	1.8%	1.7%	1.7%	1.6%
	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	60,481
Fixed voice traffic	3,598	6,825	10,129	13,196	3,234	6,283	9,307	12,586
Mobile voice traffic	10,101	20,111	30,818	41,951	11,139	22,973	35,316	47,894
Data traffic (TB)	59,658	129,382	205,702	287,668	84,731	179,197	280,468	385,885
Fixed data traffic (1)	49,142	107,480	171,568	240,014	70,654	149,797	234,125	319,800
Mobile data traffic	10,516	21,902	34,134	47,654	14,077	29,400	46,343	66,085
Mobile ARPU (EUR)	5.5	5.5	5.2	5.2	4.2	4.3	4.3	4.4
Prepay	1.4	1.4	1.4	1.4	1.1	1.2	1.1	1.0
Contract (2)	19.9	19.8	18.7	18.0	14.6	14.8	15.0	14.2
Data ARPU (EUR)	1.7	1.7	1.7	1.7	1.6	1.7	1.8	1.8
% non-SMS over data revenues	96.9%	97.1%	97.3%	97.6%	98.7%	98.8%	98.9%	98.9%
Fixed telephony ARPU (EUR)	13.8	13.9	13.1	12.6	9.8	10.1	10.7	10.7
Pay TV ARPU (EUR)	12.4	12.5	11.9	11.7	11.0	11.3	11.9	12.2
Broadband ARPU (EUR)	10.4	10.6	10.1	9.8	8.2	8.5	10.3	9.2
Mobile churn	3.0%	3.8%	3.6%	3.6%	3.2%	3.2%	3.1%	3.2%
Contract (2)	2.2%	2.2%	2.1%	2.1%	1.8%	1.8%	1.6%	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 = 10<sup>12</sup> 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	347	1,410
Mobile service revenues	376	391	399	374	1,539	360	303	286	298	1,246
Data revenues (1)	163	164	167	179	673	155	124	103	118	500
Handset revenues	69	68	55	53	244	50	33	30	50	164
OIBDA (2)	109	105	134	133	481	106	62	81	60	309
OIBDA margin	24.5%	22.9%	29.5%	31.1%	27.0%	25.9%	18.4%	25.6%	17.3%	21.9%
CapEx	47	63	55	101	266	42	54	34	88	219
Spectrum	-	-	-	8	8	-	-	-	-	-
OpCF (OIBDA-CapEx)	62	42	79	32	215	65	8	47	(28)	90

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.

(2) Goodwill impairment of 91 million euros in October-December 2016 not included in T. México results, but in T. Hispanoamérica.

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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	26,557.2
Prepay	21,056.6	21,553.9	21,779.8	23,102.0	23,803.2	24,069.1	24,081.0	24,620.1
Contract (1)	1,480.0	1,494.9	1,625.2	1,793.0	1,852.2	1,859.7	1,856.5	1,937.2
M2M	455.8	485.9	521.2	567.5	602.6	629.2	658.3	668.4
Fixed wireless	1,545.6	1,553.8	1,468.9	1,382.9	1,296.9	1,252.9	1,176.8	1,057.4
<b>Total Accesses</b>	<b>24,082.2</b>	<b>24,602.6</b>	<b>24,873.9</b>	<b>26,277.9</b>	<b>26,952.3</b>	<b>27,181.7</b>	<b>27,169.1</b>	<b>27,654.4</b>

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	20,513
Data traffic (TB)	7,891	7,967	8,991	11,791	17,192	20,177	22,719	26,227
ARPU (EUR)	4.9	4.9	4.7	4.4	3.8	3.2	3.1	3.1
Prepay	4.3	4.3	4.3	3.9	3.3	2.7	2.6	1.9
Contract (2)	19.0	19.2	17.1	15.7	14.6	13.9	13.7	12.3
Data ARPU (EUR) (3)	2.3	2.3	2.3	2.4	2.0	1.6	1.3	1.5
% non-SMS over data revenues	84.8%	86.0%	82.4%	89.2%	91.1%	91.5%	92.1%	91.4%
Churn	2.8%	3.4%	3.6%	3.4%	3.5%	3.3%	3.6%	3.7%
Contract (2)	1.7%	2.2%	1.6%	1.7%	1.7%	2.9%	1.7%	1.9%

  

	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	79,485
Data traffic (TB)	7,891	15,858	24,849	36,640	17,192	37,369	60,088	86,315
ARPU (EUR)	4.9	4.9	4.8	4.7	3.8	3.5	3.3	3.3
Prepay	4.3	4.3	4.3	4.2	3.3	3.0	2.8	2.1
Contract (2)	19.0	19.1	18.4	17.6	14.6	14.2	14.2	12.8
Data ARPU (EUR) (3)	2.3	2.3	2.3	2.3	2.0	1.8	1.5	1.5
% non-SMS over data revenues	84.8%	85.4%	84.4%	85.7%	91.1%	91.3%	91.5%	91.5%
Churn	2.8%	3.1%	3.3%	3.3%	3.5%	3.4%	3.5%	3.6%
Contract (2)	1.7%	1.9%	1.8%	1.8%	1.7%	2.4%	1.7%	1.4%

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 = 10<sup>12</sup> 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) Since Q3 16, 55 thousand wholesale accesses have been reclassified from Mobile contract to Wholesale accesses.

(2) Excludes M2M.

(3) 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	196	432
Mobile service revenues	184	(63)	143	159	423	75	21	134	191	420
Data revenues	71	(31)	28	37	105	32	-	20	30	82
Handset revenues	28	(8)	22	15	58	2	1	5	6	13
OIBDA (2)	53	(26)	26	46	99	22	4	35	51	111
OIBDA margin	24.9%	36.3%	15.9%	26.2%	20.6%	28.5%	18.5%	25.1%	25.8%	25.7%
CapEx	21	1	32	85	139	9	13	27	42	91
Spectrum	-	-	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	32	(27)	(6)	(40)	(40)	13	(9)	8	8	20

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-December 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (674 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) Goodwill impairment of 124 million euros in October-December 2016 not included in T. Venezuela results, but in T. Hispanoamérica.

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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	617.0
Internet and data accesses	8.2	8.3	8.5	8.5	8.3	8.1	7.1	7.1
Broadband	3.4	3.6	3.8	4.0	4.0	4.0	1.5	1.6
Mobile accesses	10,820.8	10,888.6	10,738.6	10,583.1	10,423.4	10,492.3	10,446.9	10,403.7
Prepay (2)	9,468.5	9,546.3	9,405.4	9,259.2	9,114.2	9,195.3	9,157.1	9,118.6
Contract	1,352.3	1,342.3	1,333.2	1,323.9	1,309.2	1,297.0	1,289.8	1,285.0
M2M	113.5	115.6	116.8	117.0	114.2	110.6	122.2	126.5
Pay TV	476.1	480.0	482.1	478.1	478.2	478.1	468.7	466.1
<b>Total Accesses</b>	<b>12,063.4</b>	<b>12,119.1</b>	<b>11,942.0</b>	<b>11,767.0</b>	<b>11,582.8</b>	<b>11,632.5</b>	<b>11,554.7</b>	<b>11,493.8</b>

(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	15,124
Data traffic (TB)	8,672	9,823	10,261	11,550	11,379	10,848	10,417	11,258
ARPU (EUR) (1)(2)	4.5	n.m.	2.0	2.3	2.5	1.8	2.3	2.7
Prepay	4.1	n.m.	1.8	2.1	2.3	1.5	2.1	2.2
Contract (3)	8.0	n.m.	3.5	4.0	4.2	3.7	4.0	3.7
Data ARPU (EUR) (1)(2)	2.1	n.m.	1.0	1.2	1.4	0.9	1.2	1.4
% non-SMS over data revenues	83.3%	n.m.	86.0%	87.0%	90.2%	91.8%	97.4%	95.3%
Churn	2.0%	2.2%	2.3%	2.2%	2.1%	2.0%	2.3%	2.1%
Contract (3)	0.8%	0.9%	0.9%	0.7%	0.8%	0.8%	1.1%	0.9%

  

	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	57,814
Data traffic (TB)	8,672	18,495	28,756	40,306	11,379	22,226	32,644	43,902
ARPU (EUR) (1)	4.5	2.2	2.1	2.2	2.5	2.1	1.9	2.0
Prepay	4.1	2.0	1.9	2.0	2.3	1.9	1.7	1.6
Contract (3)	8.0	3.8	3.7	3.8	4.2	4.0	3.5	2.8
Data ARPU (EUR) (1)	2.1	1.0	1.0	1.1	1.4	1.1	1.0	1.0
% non-SMS over data revenues	83.3%	84.0%	84.9%	85.6%	90.2%	91.1%	93.1%	93.7%
Churn	2.0%	2.1%	2.2%	2.2%	2.1%	2.0%	2.1%	2.1%
Contract (3)	0.8%	0.8%	0.9%	0.8%	0.8%	0.8%	1.0%	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 Bolívar Fuerte/Euro. The January-December 2016 consolidated financial statements use the exchange rate of the Venezuelan bolívar set at the denominated DICOM (674 Venezuelan bolívares 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 = 10<sup>12</sup> 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) For comparative purposes and in order to facilitate the interpretation of the year-on-year change versus 2015 results, the variation in local currency in Venezuela is reported excluding the impact of the hyperinflation adjustment.

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

(3) Excludes M2M.

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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	244	912
Mobile service revenues	202	207	208	221	838	213	206	212	231	868
Data revenues	71	71	85	82	309	85	85	89	98	357
Handset revenues	12	15	16	19	62	14	15	12	15	56
OIBDA	53	56	60	75	243	53	57	62	82	254
OIBDA margin	24.6%	25.3%	26.7%	31.2%	27.1%	23.6%	25.9%	28.1%	33.5%	27.9%
CapEx	20	46	59	52	177	32	35	25	48	139
Spectrum	-	-	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	32	10	1	23	66	22	22	38	34	116

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	576.6
Fixed wireless	335.2	336.0	343.1	334.9	355.6	354.8	315.9	316.8
Internet and data accesses	4.4	4.7	4.9	5.1	5.4	5.6	5.9	6.2
Broadband	2.2	2.4	2.6	2.7	2.7	2.9	1.3	1.4
Mobile accesses	11,078.8	11,273.2	11,577.6	12,083.4	12,453.4	12,584.8	12,723.7	12,973.5
Prepay (3)	10,204.4	10,396.8	10,692.7	11,186.5	11,536.6	11,666.5	11,748.7	11,969.6
Contract	874.5	876.3	884.9	896.9	916.7	918.3	975.0	1,004.0
M2M	34.4	32.1	31.5	32.7	34.3	35.8	40.1	42.9
<b>Total Accesses</b>	<b>11,639.7</b>	<b>11,833.5</b>	<b>12,143.8</b>	<b>12,656.3</b>	<b>13,025.7</b>	<b>13,163.9</b>	<b>13,311.9</b>	<b>13,556.5</b>

(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	7,002
Data traffic (TB)	5,628	6,648	7,587	9,948	10,960	12,295	13,694	16,814
ARPU (EUR)	5.8	5.9	6.0	5.7	5.6	5.3	5.5	5.9
Prepay	4.6	4.6	4.5	4.6	4.4	4.1	4.1	3.4
Contract (1)	21.1	21.8	24.2	20.1	22.4	22.8	23.4	20.0
Data ARPU (EUR)	2.1	2.1	2.5	2.3	2.3	2.2	2.0	2.1
% non-SMS over data revenues	76.5%	77.7%	80.5%	86.3%	84.3%	84.6%	89.8%	90.2%
Churn	3.2%	3.5%	3.4%	3.6%	3.2%	3.4%	3.8%	3.7%
Contract (1)	1.6%	1.6%	1.4%	1.5%	1.3%	1.2%	1.2%	1.4%
	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	27,976
Data traffic (TB)	5,628	12,276	19,863	29,812	10,960	23,256	36,950	53,764
ARPU (EUR)	5.8	5.9	5.9	5.8	5.6	5.5	5.5	5.6
Prepay	4.6	4.6	4.5	4.6	4.4	4.2	4.2	3.4
Contract (1)	21.1	21.4	22.4	21.8	22.4	22.9	22.5	19.9
Data ARPU (EUR)	2.1	2.1	2.2	2.2	2.3	2.3	1.9	2.0
% non-SMS over data revenues	76.5%	77.1%	78.4%	80.6%	84.3%	84.5%	86.7%	87.6%
Churn	3.2%	3.3%	3.3%	3.4%	3.2%	3.3%	3.5%	3.5%
Contract (1)	1.6%	1.6%	1.5%	1.5%	1.3%	1.3%	0.8%	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's customers, both upload and download (1TByte = 10<sup>12</sup> 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	139	551
Mobile service revenues	133	133	136	143	546	133	124	123	125	506
Data revenues	45	50	52	55	203	53	51	56	62	221
Handset revenues	15	16	14	14	59	11	11	10	14	45
OIBDA	52	45	47	49	194	45	38	42	52	177
OIBDA margin	35.0%	30.4%	31.5%	31.2%	32.0%	31.0%	28.3%	31.7%	37.4%	32.2%
CapEx	146	28	38	30	241	12	18	24	45	99
Spectrum	133	1	-	(8)	127	-	-	-	-	-
OpCF (OIBDA-CapEx)	(94)	17	10	19	(47)	33	20	18	7	78

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	63	226
Mobile service revenues	61	57	53	54	224	51	48	53	58	210
Data revenues	26	26	23	24	99	25	26	30	31	112
Handset revenues	4	4	3	5	16	4	4	4	5	16
OIBDA	24	20	19	23	86	20	17	20	23	80
OIBDA margin	37.2%	32.7%	33.5%	40.2%	35.9%	36.1%	33.4%	35.5%	36.1%	35.3%
CapEx	8	6	7	12	33	3	6	7	18	34
Spectrum	-	-	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	16	14	12	11	53	17	12	13	5	46

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	4,541.2
Prepay	3,545.6	3,380.8	3,135.8	2,738.8	2,759.3	2,886.4	3,210.2	3,240.8
Contract	1,129.7	1,164.6	1,219.7	1,262.2	1,249.8	1,287.7	1,303.3	1,300.4
M2M	173.3	182.7	191.5	196.4	184.2	186.5	193.3	197.8
Fixed Wireless	48.1	43.8	36.7	33.4	36.2	37.7	35.9	34.9
<b>Total Accesses</b>	<b>4,723.4</b>	<b>4,589.1</b>	<b>4,392.1</b>	<b>4,034.4</b>	<b>4,045.3</b>	<b>4,211.8</b>	<b>4,551.8</b>	<b>4,579.0</b>

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	3,267
Data traffic (TB)	1,786	2,213	2,950	3,857	4,303	4,902	5,620	6,255
ARPU (EUR)	8.3	8.9	9.3	10.1	10.4	9.5	8.8	8.6
Prepay	4.6	4.8	5.2	5.6	5.7	4.9	4.3	3.3
Contract (1)	24.5	24.6	23.8	24.1	24.2	22.9	21.8	19.5
Data ARPU (EUR)	3.0	3.6	3.8	4.3	4.2	4.0	3.9	3.9
% non-SMS over data revenues	82.5%	85.1%	85.8%	87.8%	88.7%	89.4%	91.2%	91.4%
Churn	5.7%	4.6%	5.3%	4.6%	4.4%	4.0%	4.2%	5.0%
Contract (1)	1.6%	1.5%	1.5%	1.5%	1.9%	1.1%	1.4%	1.7%
	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	12,460
Data traffic (TB)	1,786	3,999	6,949	10,806	4,303	9,205	14,825	21,080
ARPU (EUR)	8.3	8.6	8.8	9.1	10.4	10.0	9.1	9.3
Prepay	4.6	4.7	4.9	5.0	5.7	5.3	4.6	3.6
Contract (1)	24.5	24.6	24.3	24.3	24.2	23.5	22.0	19.9
Data ARPU (EUR)	3.0	3.3	3.4	3.6	4.2	4.1	3.8	3.8
% non-SMS over data revenues	82.5%	83.9%	84.5%	85.5%	88.7%	89.0%	89.8%	90.3%
Churn	5.7%	5.2%	5.2%	5.1%	4.4%	4.2%	4.2%	4.5%
Contract (1)	1.6%	1.6%	1.5%	1.5%	1.9%	1.3%	1.1%	1.3%

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 = 10<sup>12</sup> 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	1,725.9
Prepay	1,305.3	1,228.4	1,148.7	1,092.3	1,051.2	1,032.7	1,039.7	1,031.7
Contract	607.1	615.7	637.4	660.0	676.5	676.5	683.3	694.1
M2M	43.7	47.8	52.3	53.7	56.9	65.0	67.9	71.4
<b>Total Accesses</b>	<b>1,912.5</b>	<b>1,844.1</b>	<b>1,786.1</b>	<b>1,752.3</b>	<b>1,727.7</b>	<b>1,709.2</b>	<b>1,723.0</b>	<b>1,725.9</b>

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	1,030
Data traffic (TB)	1,704	1,937	2,345	2,682	3,233	3,530	4,160	5,469
ARPU (EUR)	10.0	9.8	9.5	9.8	9.3	9.2	9.6	10.1
Prepay	4.5	4.6	4.4	4.6	4.3	4.1	3.0	3.5
Contract (1)	23.2	22.2	20.8	20.2	18.8	18.7	19.6	17.2
Data ARPU (EUR)	4.5	4.5	4.4	4.6	4.8	5.1	4.7	4.9
% non-SMS over data revenues	67.3%	67.5%	70.0%	69.0%	78.0%	81.3%	83.1%	84.5%
Churn	1.4%	3.0%	3.0%	2.7%	2.5%	2.1%	1.4%	1.7%
Contract (1)	0.7%	0.7%	0.9%	0.7%	0.7%	1.5%	0.8%	0.7%
	Jan-Mar	Jan-Jun	Jan-Dec	Jan-Dec	Jan-Mar	Jan-Jun	Jan-Dec	Jan-Dec
Voice traffic (Million minutes)	1,242	2,383	3,550	4,725	1,068	2,149	3,212	4,242
Data traffic (TB)	1,704	3,641	5,986	8,668	3,233	6,763	10,923	16,392
ARPU (EUR)	10.0	9.9	9.8	9.8	9.3	9.3	9.5	9.9
Prepay	4.5	4.6	4.5	4.5	4.3	4.2	4.3	3.4
Contract (1)	23.2	22.7	22.1	21.6	18.8	18.8	19.3	17.1
Data ARPU (EUR)	4.5	4.5	4.5	4.5	4.8	4.9	4.5	4.7
% non-SMS over data revenues	67.3%	67.4%	68.3%	68.5%	78.0%	79.7%	80.8%	81.7%
Churn	1.4%	2.2%	2.5%	2.5%	2.5%	2.3%	2.0%	1.9%
Contract (1)	0.7%	0.7%	0.8%	0.7%	0.7%	1.1%	0.8%	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 = 10<sup>12</sup> 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.

## APPENDIX

### ALTERNATIVE PERFORMANCE MEASURES

Information included in compliance with the ESMA Guidelines, 5 October 2015, on Alternative Performance Measures (APM), applicable to published regulated information from 3 July 2016.

The following APM and their reconciliation to the most directly reconcilable line item, subtotal or total presented in the financial statements of the corresponding period are included:

- OIBDA
- Net financial debt and Net financial debt plus commitments
- Leverage ratio
- Free Cash-Flow
- Organic results
- Underlying results
- Basis for Guidance 2016

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## TELEFÓNICA

## RECONCILIATION OF OIBDA

*Unaudited figures (Euros in millions)*

	2015				2016			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Operating income before D&A (OIBDA)	4,071	8,289	12,508	13,229	3,838	7,756	11,931	15,118
Depreciation and amortisation	(2,393)	(4,831)	(7,232)	(9,704)	(2,322)	(4,673)	(7,131)	(9,649)
Operating income (OI)	1,678	3,458	5,276	3,525	1,516	3,083	4,800	5,469

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TELEFÓNICA  
NET FINANCIAL DEBT PLUS COMMITMENTS  
*Unaudited figures (Euros in millions)*

	December 2016	December 2015
Non-current financial liabilities	45,612	47,117
Current financial liabilities	14,749	12,970
Gross Financial Debt	60,361	60,087
Cash and cash equivalents	(3,736)	(2,615)
Current financial assets	(2,954)	(3,053)
Positive mark-to-market value of long-term derivative instruments	(5,048)	(5,315)
Other non-current liabilities included in "Trade and other payables"	749	1,073
Other current liabilities included in "trade and other payables"	449	462
Other assets included in "Non-current financial assets"	(524)	(691)
Other assets included in "Current trade and other payables"	(702)	(787)
Net Financial Debt (1)	48,595	49,161
Gross commitments related to employee benefits	6,839	6,070
Value of associated Long-term assets	(749)	(736)
Tax benefits	(1,569)	(1,666)
Net commitments related to employee benefits	4,521	3,668
Net financial debt plus commitments	53,116	52,829
Net Financial Debt / OIBDA	2,95x	2,87x

*Notes:*

*(1) Net financial debt as of Dec 2016 includes a positive value of the derivatives portfolio for a net amount of 3,401 million euros, of which 3,519 million euros included as financial liabilities and 6,920 million euros included as financial assets.*

*- Financial assets includes 418 million euros as of Dec 2016 associated to the "O2 Refresh" portfolio in UK, which generated financial interests. Net financial debt for the comparative periods has been restated with the same criteria.*

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TELEFÓNICA  
RECONCILIATION OF LEVERAGE RATIO  
*Unaudited figures (Euros in millions)*

		2015				2016			
		Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
A	Net Financial Debt (1)	45,036	50,602	48,879	49,161	50,099	52,193	49,593	48,595
B	OIBDA from last 12 months	15,825	16,174	16,325	13,229	12,996	12,696	12,653	15,118
C	OIBDA Adjustments	865	1,337	1,122	3,880	3,748	3,727	3,711	1,372
	OIBDA from Cos. incorporated (removed)	210	665	384	204	50	-	-	(29)
	Goodwill Impairment	-	-	-	104	104	104	104	215
	Restructuring charges	658	675	740	3,217	3,239	3,268	3,236	1,380
	Distribution channel optimization	-	-	-	30	30	30	30	18
	Commitments relating to the Telefónica Foundation	-	-	-	325	325	325	325	-
	Capital gains/losses on sale of companies	(3)	(3)	(2)	-	-	-	16	(212)
D= B+C	OIBDA Adjusted	16,690	17,511	17,447	17,109	16,744	16,423	16,364	16,490
E= A/D	Net Financial Debt / OIBDA	2.70x	2.89x	2.80x	2.87x	2.99x	3.18x	3.03x	2.95x

*Notes:*

(1) Financial assets as of Dec 2016 included 418 million euros associated to the "O2 Refresh" portfolio in the UK, which generated financial interests. Net financial debt for the comparative periods has been restated with the same criteria.

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TELEFÓNICA  
 RECONCILIATION OF FREE CASH FLOW  
*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	13,338
(Payments on investments)/proceeds from the sale in property, plant and equipment and intangible assets, net	(2,559)	(5,974)	(8,210)	(10,256)	(2,279)	(4,643)	(7,229)	(9,187)
Net cash received from sale of Real Estate	(1)	(2)	(8)	(35)	-	(1)	(2)	(8)
Government grants received	7	7	6	7	-	-	-	-
Dividends paid to minority shareholders	(26)	(400)	(412)	(537)	-	(264)	(354)	(511)
Payments related to cancellation of commitments	266	417	572	721	141	332	598	738
Free Cash Flow	363	(194)	1,206	3,514	69	815	2,315	4,370

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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	
<b>T. ESPAÑA</b>									
REPORTED DATA	2,878	6,002	9,182	12,402	3,126	6,328	9,497	12,713	2.5
Changes in the consolidation perimeter	243	324	324	324					
<b>T. ESPAÑA ORGANIC</b>	<b>3,121</b>	<b>6,326</b>	<b>9,506</b>	<b>12,726</b>	<b>3,126</b>	<b>6,328</b>	<b>9,497</b>	<b>12,713</b>	<b>(0.1)</b>
<b>T. DEUTSCHLAND</b>									
REPORTED DATA	1,901	3,849	5,828	7,888	1,858	3,691	5,567	7,503	(4.9)
<b>T. DEUTSCHLAND ORGANIC</b>	<b>1,901</b>	<b>3,849</b>	<b>5,828</b>	<b>7,888</b>	<b>1,858</b>	<b>3,691</b>	<b>5,567</b>	<b>7,503</b>	<b>(4.9)</b>
<b>T. UK</b>									
REPORTED DATA	1,851	3,804	5,826	7,837	1,752	3,464	5,140	6,861	(12.5)
Forex impact					63	218	523	859	
<b>T. UK ORGANIC</b>	<b>1,851</b>	<b>3,804</b>	<b>5,826</b>	<b>7,837</b>	<b>1,815</b>	<b>3,682</b>	<b>5,663</b>	<b>7,720</b>	<b>(1.5)</b>
<b>T. BRASIL</b>									
REPORTED DATA	2,794	5,737	8,473	11,060	2,431	5,087	8,039	11,097	0.3
Forex impact					813	1,257	1,044	579	
Changes in the consolidation perimeter	430	559	530	507					
<b>T. BRASIL ORGANIC</b>	<b>3,223</b>	<b>6,296</b>	<b>9,003</b>	<b>11,567</b>	<b>3,244</b>	<b>6,344</b>	<b>9,083</b>	<b>11,676</b>	<b>0.9</b>
<b>T. HISPAM</b>									
REPORTED DATA	3,665	7,132	10,765	14,387	3,054	6,015	9,144	12,579	(12.6)
Forex impact					986	1,650	2,301	2,908	
Hyperinflation in Venezuela	(23)	47	(32)	(119)	15	53	(26)	(148)	
<b>T. HISPAM ORGANIC</b>	<b>3,643</b>	<b>7,179</b>	<b>10,734</b>	<b>14,268</b>	<b>4,054</b>	<b>7,718</b>	<b>11,419</b>	<b>15,340</b>	<b>7.5</b>
<b>TELEFÓNICA</b>									
REPORTED DATA	13,362	27,151	41,054	54,916	12,511	25,235	38,315	52,036	(5.2)
Forex impact					1,875	3,160	3,921	4,401	
Hyperinflation in Venezuela	(23)	47	(31)	(119)	15	53	(25)	(144)	
Changes in the consolidation perimeter	672	883	854	784					
<b>TELEFÓNICA ORGANIC</b>	<b>14,012</b>	<b>28,081</b>	<b>41,876</b>	<b>55,581</b>	<b>14,401</b>	<b>28,447</b>	<b>42,211</b>	<b>56,292</b>	<b>1.3</b>
<b>OIBDA</b>									
<b>T. ESPAÑA</b>									
REPORTED DATA	1,282	2,586	3,967	2,336	1,266	2,583	3,955	4,467	91.2
Tower sales	(38)	(38)	(38)	(38)					
Restructuring charges				2,896				837	
Distribution channel reorganisation plan				30				18	
Changes in the consolidation perimeter	(2)	(4)	(4)	(4)					
Capital gains/losses on sale of companies								(29)	
<b>T. ESPAÑA ORGANIC</b>	<b>1,241</b>	<b>2,544</b>	<b>3,925</b>	<b>5,220</b>	<b>1,266</b>	<b>2,583</b>	<b>3,955</b>	<b>5,294</b>	<b>1.4</b>
<b>T. DEUTSCHLAND</b>									
REPORTED DATA	408	869	1,272	1,858	392	850	1,314	1,794	(3.4)
Restructuring charges		3	66	74	23	37	59	89	
Final settlement agreement related to the acquisition of E-Plus				(102)					
Changes in the consolidation perimeter									
<b>T. DEUTSCHLAND ORGANIC</b>	<b>408</b>	<b>872</b>	<b>1,338</b>	<b>1,830</b>	<b>415</b>	<b>887</b>	<b>1,373</b>	<b>1,883</b>	<b>2.9</b>
<b>T. UK</b>									
REPORTED DATA	453	970	1,502	1,929	461	918	1,375	1,709	(11.4)
Restructuring charges				4	1	1	2	42	
Forex impact					17	58	140	214	
<b>T. UK ORGANIC</b>	<b>453</b>	<b>970</b>	<b>1,502</b>	<b>1,933</b>	<b>479</b>	<b>976</b>	<b>1,517</b>	<b>1,965</b>	<b>1.7</b>
<b>T. BRASIL</b>									
REPORTED DATA	840	1,759	2,590	3,573	805	1,647	2,629	3,714	3.9
Forex impact					269	407	341	194	0.0
Tower sales				(10)					
Restructuring charges			6	7		31	29	42	
Changes in the consolidation perimeter	153	190	187	181					
<b>T. BRASIL ORGANIC</b>	<b>993</b>	<b>1,949</b>	<b>2,782</b>	<b>3,751</b>	<b>1,074</b>	<b>2,085</b>	<b>2,999</b>	<b>3,950</b>	<b>5.3</b>
<b>T. HISPAM</b>									
REPORTED DATA	1,127	2,152	3,232	4,356	866	1,701	2,672	3,477	(20.2)
Forex impact					267	429	614	793	
Hyperinflation in Venezuela	3	22	15	3	7	19	(1)	(29)	
Tower sales	(1)	(2)	(9)	(18)				(1)	
Restructuring charges		8	10	38	(1)	4	4	110	
Impairments								215	
Capital gains/losses on sale of companies								(15)	
<b>T. HISPAM ORGANIC</b>	<b>1,129</b>	<b>2,179</b>	<b>3,248</b>	<b>4,380</b>	<b>1,138</b>	<b>2,153</b>	<b>3,288</b>	<b>4,551</b>	<b>3.9</b>
<b>TELEFÓNICA</b>									
REPORTED DATA	4,071	8,289	12,508	13,229	3,838	7,756	11,931	15,118	14.3
Forex impact					546	890	1,091	1,200	
Hyperinflation in Venezuela	3	28	22	8	11	23	4	(25)	
Tower sales	(39)	(40)	(47)	(65)			(1)	(1)	
Restructuring charges		17	90	3,217	22	75	113	1,416	
Final settlement agreement related to the acquisition of E-Plus				(102)					
Commitments relating to the Telefónica Foundation				325					
Impairments				128				215	
Distribution channel reorganisation plan				30				18	
Changes in the consolidation perimeter	151	187	183	168					
Capital gains/losses on sale of companies							16	(212)	
<b>TELEFÓNICA ORGANIC</b>	<b>4,186</b>	<b>8,480</b>	<b>12,755</b>	<b>16,937</b>	<b>4,416</b>	<b>8,744</b>	<b>13,154</b>	<b>17,729</b>	<b>4.7</b>

OPERATING INCOME	2015				2016				%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	
<b>TELEFÓNICA</b>									
REPORTED DATA	1,678	3,458	5,276	3,525	1,516	3,083	4,800	5,469	55.2
Forex impact					278	418	540	626	
Hyperinflation in Venezuela	28	42	66	111	24	42	69	198	
Tower sales	(39)	(40)	(47)	(65)			(1)	(1)	
Restructuring charges		17	90	3,217	22	75	113	1,416	
Final settlement agreement related to the acquisition of E-Plus				(102)					
Commitments relating to the Telefónica Foundation				325					
Impairments				128				215	
Distribution channel reorganisation plan				30				18	
Changes in the consolidation perimeter	(13)	(18)	2	(33)					
Capital gains/losses on sale of companies							16	(212)	
<b>TELEFÓNICA ORGANIC</b>	<b>1,655</b>	<b>3,458</b>	<b>5,387</b>	<b>7,135</b>	<b>1,840</b>	<b>3,617</b>	<b>5,538</b>	<b>7,729</b>	<b>8.3</b>
<b>CAPEX</b>									
<b>T. ESPAÑA</b>									
REPORTED DATA	414	889	1,322	1,827	427	889	1,283	1,847	1.1
Spectrum acquisition	(22)	(49)	(49)	(49)		(7)	(7)	(7)	
Changes in the consolidation perimeter	6	8	8	8					
<b>T. ESPAÑA ORGANIC</b>	<b>398</b>	<b>848</b>	<b>1,280</b>	<b>1,786</b>	<b>427</b>	<b>882</b>	<b>1,276</b>	<b>1,839</b>	<b>3.0</b>
<b>T. DEUTSCHLAND</b>									
REPORTED DATA	221	1,658	1,900	2,230	220	433	748	1,108	(50.3)
Spectrum acquisition		(1,195)	(1,196)	(1,198)	(2)	(3)	(4)	(6)	
<b>T. DEUTSCHLAND ORGANIC</b>	<b>221</b>	<b>463</b>	<b>704</b>	<b>1,032</b>	<b>218</b>	<b>430</b>	<b>744</b>	<b>1,102</b>	<b>6.8</b>
<b>T. UK</b>									
REPORTED DATA	212	415	652	883	192	415	654	931	5.5
Forex impact					7	26	66	117	
<b>T. UK ORGANIC</b>	<b>212</b>	<b>415</b>	<b>652</b>	<b>883</b>	<b>199</b>	<b>442</b>	<b>720</b>	<b>1,048</b>	<b>18.7</b>
<b>T. BRASIL</b>									
REPORTED DATA	395	961	1,501	2,105	348	792	1,369	2,138	1.6
Forex impact					116	196	178	112	
Spectrum acquisition							(53)	(51)	
Changes in the consolidation perimeter	136	167	165	160					
<b>T. BRASIL ORGANIC</b>	<b>531</b>	<b>1,128</b>	<b>1,665</b>	<b>2,265</b>	<b>464</b>	<b>988</b>	<b>1,493</b>	<b>2,198</b>	<b>(2.9)</b>
<b>T. HISPAM</b>									
REPORTED DATA	622	1,474	2,203	3,060	459	1,015	1,798	2,613	(14.6)
Forex impact					168	337	474	598	
Spectrum acquisition	(139)	(345)	(342)	(338)			(303)	(300)	
Hyperinflation in Venezuela	(2)	10		(8)	2	17	(1)	(21)	
<b>T. HISPAM ORGANIC</b>	<b>480</b>	<b>1,139</b>	<b>1,861</b>	<b>2,715</b>	<b>629</b>	<b>1,370</b>	<b>1,968</b>	<b>2,890</b>	<b>6.5</b>
<b>TELEFÓNICA</b>									
REPORTED DATA	1,894	5,509	7,753	10,461	1,695	3,654	6,016	8,928	(14.7)
Forex impact					292	564	726	835	
Spectrum acquisition	(161)	(1,589)	(1,587)	(1,585)	(2)	(10)	(368)	(364)	
Hyperinflation in Venezuela	(2)	10		(8)	2	17	(1)	(21)	
Changes in the consolidation perimeter	142	175	172	162					
<b>TELEFÓNICA ORGANIC</b>	<b>1,872</b>	<b>4,106</b>	<b>6,338</b>	<b>9,030</b>	<b>1,988</b>	<b>4,225</b>	<b>6,373</b>	<b>9,378</b>	<b>3.9</b>

OpCF (OIBDA-CapEx)	2015				2016				%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	
<b>T. ESPAÑA</b>									
REPORTED DATA	868	1,697	2,645	509	840	1,694	2,672	2,621	414.9
Tower sales	(38)	(38)	(38)	(38)					
Spectrum acquisition	22	49	49	49		7	7	7	
Restructuring charges				2,896				837	
Distribution channel reorganisation plan				30				18	
Changes in the consolidation perimeter	(8)	(11)	(11)	(11)					
Capital gains/losses on sale of companies								(29)	
<b>T. ESPAÑA ORGANIC</b>	<b>844</b>	<b>1,697</b>	<b>2,645</b>	<b>3,434</b>	<b>840</b>	<b>1,701</b>	<b>2,680</b>	<b>3,455</b>	<b>0.6</b>
<b>T. DEUTSCHLAND</b>									
REPORTED DATA	187	(789)	(628)	(372)	173	417	566	686	c.s.
Spectrum acquisition		1,195	1,196	1,198	2	3	4	6	
Restructuring charges		3	66	74	23	37	59	89	
Final settlement agreement related to the acquisition of E-Plus				(102)					
<b>T. DEUTSCHLAND ORGANIC</b>	<b>187</b>	<b>409</b>	<b>634</b>	<b>798</b>	<b>197</b>	<b>457</b>	<b>629</b>	<b>781</b>	<b>(2.1)</b>
<b>T. UK</b>									
REPORTED DATA	241	555	850	1,046	269	502	721	778	(25.6)
Forex impact					10	32	73	97	
Restructuring charges				4	1	1	2	42	
<b>T. UK ORGANIC</b>	<b>241</b>	<b>555</b>	<b>850</b>	<b>1,050</b>	<b>280</b>	<b>534</b>	<b>796</b>	<b>917</b>	<b>(12.7)</b>
<b>T. BRASIL</b>									
REPORTED DATA	445	798	1,089	1,468	457	855	1,260	1,576	7.3
Forex impact					153	211	164	82	
Tower sales				(10)				(0)	
Spectrum acquisition							53	51	
Restructuring charges			6	7		31	29	42	
Changes in the consolidation perimeter	17	23	22	21					
<b>T. BRASIL ORGANIC</b>	<b>462</b>	<b>821</b>	<b>1,117</b>	<b>1,486</b>	<b>610</b>	<b>1,097</b>	<b>1,506</b>	<b>1,751</b>	<b>17.8</b>
<b>T. HISPAM</b>									
REPORTED DATA	505	678	1,029	1,296	406	686	874	864	(33.3)
Forex impact					99	92	140	195	
Hyperinflation in Venezuela	6	12	15	11	4	1		(8)	
Tower sales	(1)	(2)	(9)	(18)				(1)	
Spectrum acquisition	139	345	342	338			303	300	
Restructuring charges		8	10	38	(1)	4	4	110	
Impairments								215	
Capital gains/losses on sale of companies								(15)	
<b>T. HISPAM ORGANIC</b>	<b>649</b>	<b>1,040</b>	<b>1,386</b>	<b>1,665</b>	<b>509</b>	<b>783</b>	<b>1,320</b>	<b>1,661</b>	<b>(0.3)</b>
<b>TELEFÓNICA</b>									
REPORTED DATA	2,177	2,780	4,755	2,768	2,143	4,102	5,915	6,190	123.6
Forex impact					253	326	365	366	
Spectrum acquisition	161	1,589	1,587	1,585	2	10	368	364	
Hyperinflation in Venezuela	6	18	21	16	8	5	4	(5)	
Tower sales	(39)	(40)	(47)	(65)			(1)	(1)	
Restructuring charges		17	90	3,217	22	75	113	1,416	
Final settlement agreement related to the acquisition of E-Plus				(102)					
Commitments relating to the Telefónica Foundation				325					
Impairments				128				215	
Distribution channel reorganisation plan				30				18	
Capital gains/losses on sale of companies							16	(212)	
Changes in the consolidation perimeter	9	12	11	6					
<b>TELEFÓNICA ORGANIC</b>	<b>2,314</b>	<b>4,374</b>	<b>6,417</b>	<b>7,907</b>	<b>2,428</b>	<b>4,518</b>	<b>6,781</b>	<b>8,351</b>	<b>5.6</b>

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 December 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 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

## RECONCILIATION OF REPORTED VS. UNDERLYING GROWTH

Unaudited figures (Euros in millions)

OIBDA	2015				2016				%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Dec
<b>TELEFÓNICA</b>									
REPORTED DATA	4,071	8,289	12,508	13,229	3,838	7,756	11,931	15,118	14.3
VEF change to SIMADI		90	90	90					
Tower sales	(39)	(40)	(47)	(65)	(0)	(0)	(0)	(1)	
Restructuring charges		17	90	3,217	22	68	108	1,380	
Final settlement agreement related to the acquisition of E-Plus				(102)					
Commitments relating to the Telefónica Foundation				325					
Impairments				128				215	
Distribution channel reorganisation plan				30				18	
Capital gains/losses on sale of companies							16	(212)	
<b>TELEFÓNICA UNDERLYING</b>	<b>4,032</b>	<b>8,355</b>	<b>12,640</b>	<b>16,851</b>	<b>3,859</b>	<b>7,824</b>	<b>12,056</b>	<b>16,519</b>	<b>(2.0)</b>

NET INCOME	2015				2016				%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Dec
<b>TELEFÓNICA</b>									
REPORTED DATA	617	2,142	2,852	616	548	1,241	2,225	2,369	n.m.
PPA	90	296	398	532	123	255	353	447	
VEF change to SIMADI		364	364	364					
Tower sales	(28)	(29)	(35)	(47)	(0)	(0)	(0)	(0)	
Restructuring charges		11	57	2,400	9	33	56	993	
Final settlement agreement related to the acquisition of E-Plus				(64)					
Commitments relating to the Telefónica Foundation				195					
Impairments				122		35	36	251	
Distribution channel reorganisation plan				22				14	
Capital gains/losses on sale of companies (controlled & non controlled)		(285)	(285)	(285)			135	(36)	
<b>TELEFÓNICA UNDERLYING</b>	<b>680</b>	<b>2,499</b>	<b>3,352</b>	<b>3,855</b>	<b>680</b>	<b>1,564</b>	<b>2,805</b>	<b>4,038</b>	<b>4.8</b>

## Notes:

- **Underlying criteria:** Reported figures excluding the impact 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  
RECONCILIATION REPORTED VS BASIS FOR GUIDANCE  
Unaudited figures (Euros in millions)

REVENUES	Base 2015	2016			
	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec
<b>TELEFÓNICA</b>					
REPORTED DATA	54,916	12,511	25,235	38,315	52,036
Forex impact		1,541	2,735	3,085	3,089
T.Venezuela results	(462)	(75)	(93)	(226)	(417)
O2 UK results	(7,697)	(1,727)	(3,411)	(5,059)	(6,744)
<b>TELEFÓNICA TOTAL REVENUES BASIS FOR GUIDANCE</b>	<b>46,757</b>	<b>12,249</b>	<b>24,465</b>	<b>36,115</b>	<b>47,963</b>

OIBDA	Base 2015	2016			
	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec
<b>TELEFÓNICA</b>					
REPORTED DATA	13,229	3,838	7,756	11,931	15,118
Forex impact		446	774	864	854
T.Venezuela results	(97)	(19)	(36)	(70)	(122)
Tower sales	(65)	(0)	(0)	(1)	(1)
Restructuring charges	3,212	22	74	111	1,374
Final settlement agreement related to the acquisition of E-Plus	(102)				
Commitments relating to the Telefónica Foundation	325				
Distribution channel reorganisation plan	30				18
Capital gains/losses on sale of companies				16	(212)
Impairments	128				215
O2 UK results	(1,920)	(463)	(918)	(1,375)	(1,706)
<b>TELEFÓNICA TOTAL OIBDA BASIS FOR GUIDANCE</b>	<b>14,740</b>	<b>3,824</b>	<b>7,651</b>	<b>11,477</b>	<b>15,538</b>
<b>OIBDA MARGIN AS PER GUIDANCE</b>	<b>31.5%</b>	<b>31.2%</b>	<b>31.3%</b>	<b>31.8%</b>	<b>32.4%</b>

CAPEX	Base 2015	2016			
	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec
<b>TELEFÓNICA</b>					
REPORTED DATA	10,461	1,695	3,654	6,016	8,928
Forex impact		251	482	584	600
O2 UK results	(883)	(192)	(415)	(654)	(931)
T.Venezuela results	(139)	(9)	(23)	(49)	(91)
Spectrum acquisition	(1,585)	(2)	(10)	(368)	(364)
<b>TELEFÓNICA TOTAL CAPEX BASIS FOR GUIDANCE</b>	<b>7,854</b>	<b>1,743</b>	<b>3,689</b>	<b>5,529</b>	<b>8,141</b>
<b>CAPEX/SALES AS PER GUIDANCE</b>	<b>16.8%</b>	<b>14.2%</b>	<b>15.1%</b>	<b>15.3%</b>	<b>17.0%</b>

Notes:

- **2016 criteria for guidance basis:** Assumes constant exchange rates as of 2015 (average FX in 2015) and maintaining current company perimeter. Excludes T. Venezuela's and O2 UK's results. In addition OIBDA excludes write-offs, capital gains/losses from companies' disposals, towers sales, material non-recurring impacts and restructuring charges. CapEx also excludes investment in spectrum.

**2015 adjusted base excludes:**

- OIBDA additionally excludes: tower sales, the provision for restructuring charges, the provision to optimize the distribution network in Spain, the provision for Telefónica Foundation, impairments and the final settlement agreement related to the acquisition of E-Plus.

- 2015 adjusted base includes GVT's results in T. Brasil, along with DTS' results in T. España, since May 2015.

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