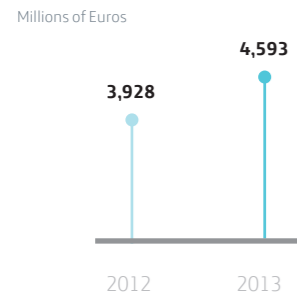


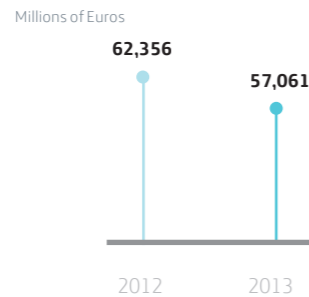
Telefónica in figures (2013) —

Net Income ▲ 16,9%

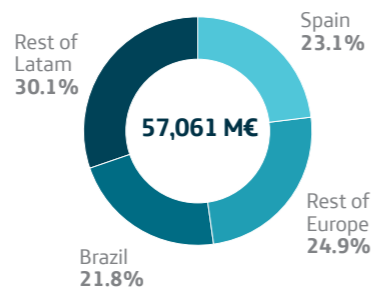


Reported net profit has grown nearly 17%, but it should be noted that this was affected by extraordinary charges in both years, among which Telco value adjustment (-245 million Euros in 2013 and -949 million Euros in 2012), Telefónica Ireland value (-513 million Euros in 2013) and the provision of net financial assets in Venezuelan Bolivars (-417 million Euros in 2013).

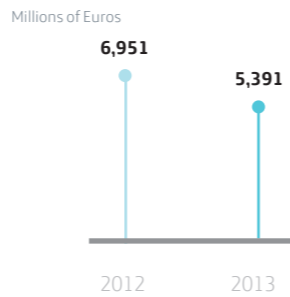
Revenues ▼ -8,5%



Revenues increased by 0.7% yoy in 2013 in organic terms (+2.3% yoy excluding the negative impact of regulation) -in line with the goal back to growth set for 2013. Latin America (+9.6%) and mobile data revenues (+9.3%) were the main growth drivers

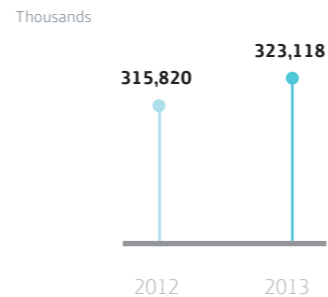


Cash Flows ▼ -22,4%

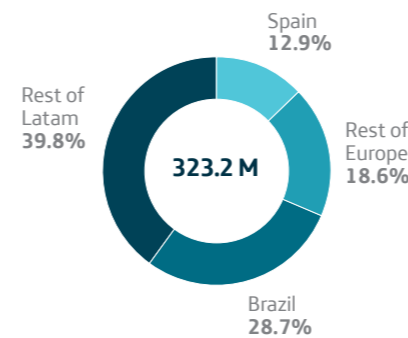


Includes spectrum payments by 1,499 million Euros (632 million Euros in 2012.) Excluding this effect, the free cash flow would total 6,890 million € (-9.1% compared to the previous year). It is noteworthy that the free cash flow per share for the full year totaled 1.19 € per share, representing a wide coverage in respect of dividends for 2013 (€ 0.75 per share).

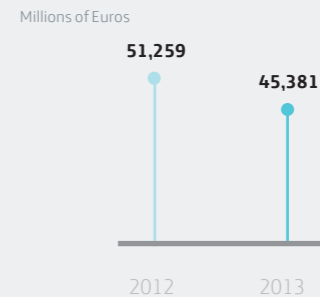
Total Accesses ▲ 2,3%



Growth of 2% as compared with the previous year, driven by mobile customer contracts, especially mobile broadband and pay TV. The evolution of accesses in Latin America (68% of the total) stands out, which increased by 4% yoy despite the most restrictive criteria in the calculation of prepaid customers. It is important to remember that the variation of accesses is impacted by the sale of assets of residential landline business in the UK.

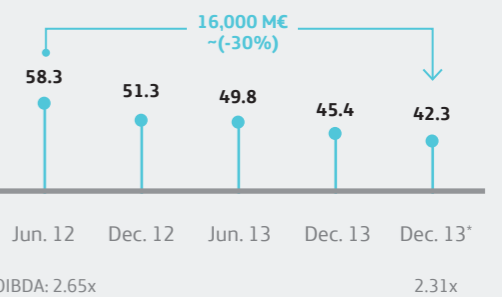


Debt ▼ -11,5%



In 2013 Telefónica has largely met the target of 47,000 million less net debt. Including management operations of the portfolio of assets not included at the end of 2013 (sale of T. Czech Republic, completed in January 2014, and the sale of T. Ireland) the debt would be 42,325 million € and the debt ratio to 2.31 times, implying a reduction in net debt of 15,985 million € since June, 2012.

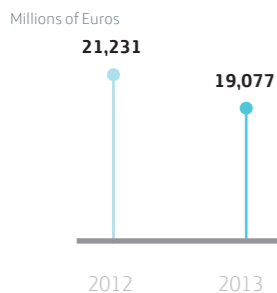
Debt reduction



* Including post-closing events (disposal of T. Czech Republic, completed in January 2014, and T. Ireland)

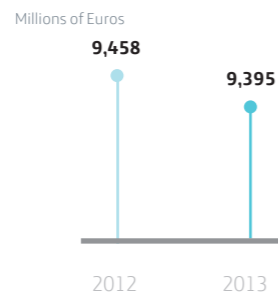
Telefónica in figures (2013) —

OIBDA ▼ -10.1%



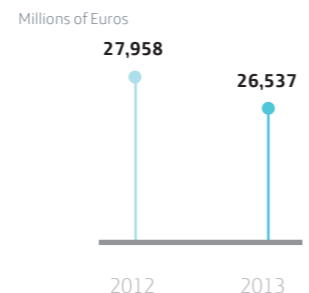
In organic terms, the generation of efficiencies and strict cost control remains stable supported by growth in income, a reflection of progress in the transformation strategy of the Company.

Investment ▼ -0.7%



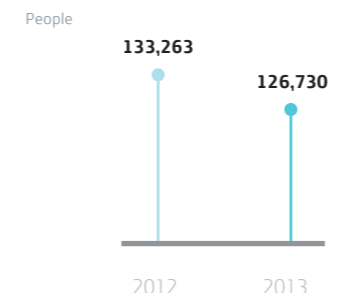
Foreign currency movements also reduces payments in Euros for CapEx. In organic terms, investment increased by 3.8% yoy (-0.7% reported) engaging about 68% of total investment to business transformation and growth. Note that this includes 1,224 million € of spectrum acquisition, mainly in the UK, Brazil, Peru, Colombia, Spain and Uruguay.

Suppliers ▼ -5.1%



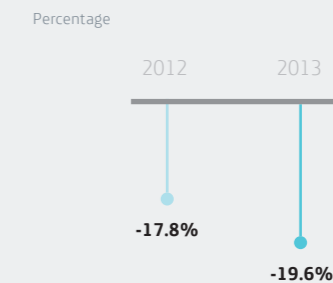
In 2013, Telephone services contracted 15,727 different suppliers of which 83.5% were local suppliers of the several communities in which Telefónica is present. The total number of contracts in Euros is also negatively influenced by the evolution of the exchange rate.

Work Force ▼ -4.9%



The workforce was reduced in size by 4.9% as compared to the previous year due to the drive for efficiency in the organization, thereby keeping Telefónica innovation capacity given the difficult environment that the sector faces.

Improvement of earnings per share (EPS)



The fulfillment of the targets set for 2013 has enabled Telefónica to spend 0.35 Euros per share in cash to pay shareholders as a first payment of €0.75 in cash engaged by the company, chargeable to 2013 (second cash payment in the second quarter of 2014). Thus, the total shareholder return of Telefónica in 2013 stood at 19.6%.

