

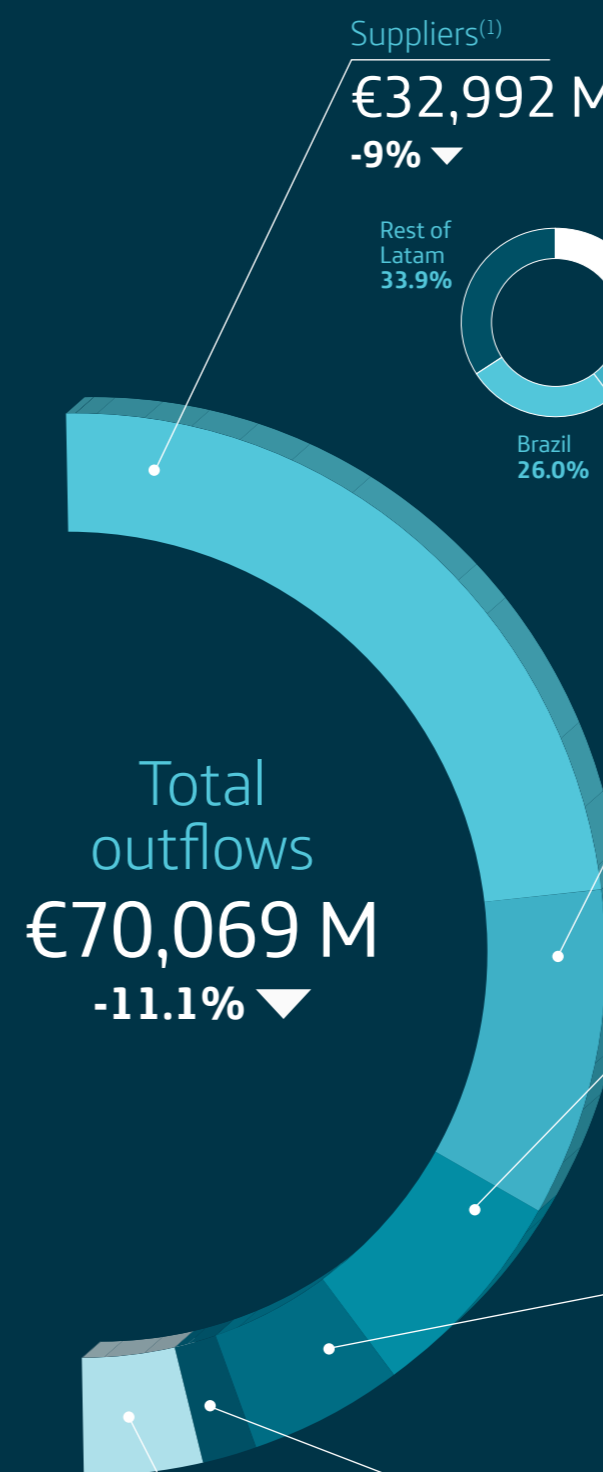
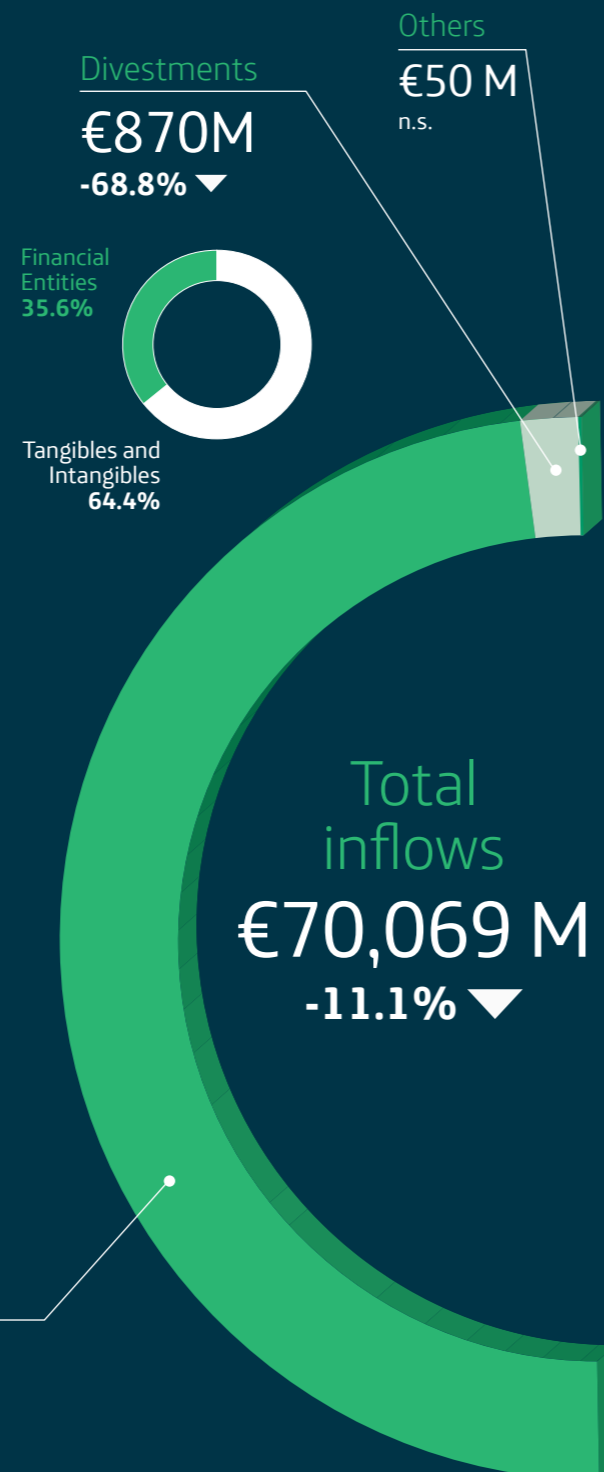
DRIVER OF PROGRESS

# Our contribution to the communities: social cash flow

Telefónica aims to be an economic, social and technological development driver

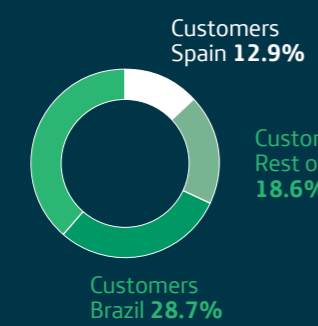
Despite the return to organic growth or revenue obtained in 2013, the effect of the decline of exchange rates for Latin American currencies against the euro has resulted in reduction reported revenues by 8.5%. This, along with the smaller divestments during the financial year (-68.8% compared to the previous year, during which there were divestitures in the long term investments of China Unicom and Atento), has resulted in a smaller presence of the Company in the global economy when compared to the previous year (-11.1%).

In this way, the value which has been distributed by Telefonica in 2013 has fallen for all reference investors (stakeholders), except for public administrations (for higher taxation, both at the part of taxes collected as part of the input taxes) and financial institutions, as a result of negative net exchange differences, since the effective cost of debt in the last twelve months, excluding exchange differences, stood at 5.34%, 3 bp below December 2012.



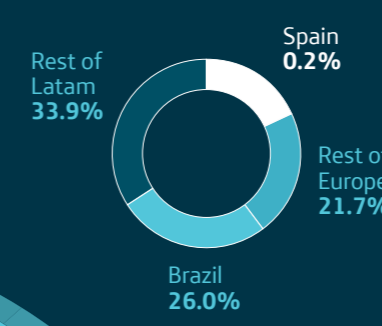
Receivables from operations

€69,149 M  
-9% ▼



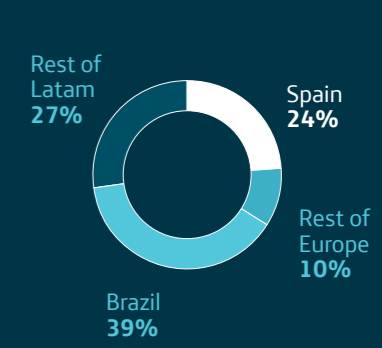
Suppliers<sup>(1)</sup>

€32,992 M  
-9% ▼



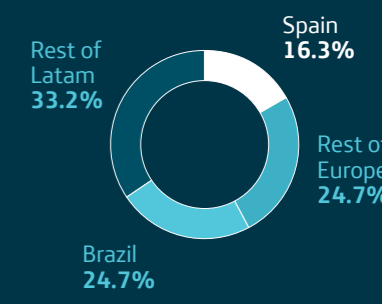
Public Authorities

€14,060 M  
1.6% ▲



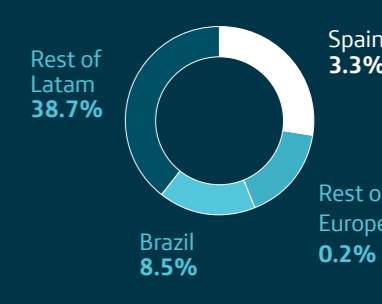
Investment

€9,395 M  
-0.7% ▼



Employees

€6,690 M  
-13.2% ▼



Shareholders<sup>(2)</sup>

€2,559 M  
-2.2% ▼

Rest

(Contains financial expenses, fluctuations in exchange rates, transactions involving treasury shares, charges from holdings, etc.)

€4,697 M  
-46.9% ▼

Note: The information on this graph is calculated on the basis of payments and takes into account the scope of consolidation of the consolidated statements of cash flows for the financial years ending on December 31.

<sup>(1)</sup> Includes all providers for operating expenses, including interconnection and operating leasing.

<sup>(2)</sup> Includes both dividends and capital increases.



### Contribution to local progress

Revenue Supplies Salaries Taxes Investment

All figures are expressed in millions of euros.

	Economic impact	Revenue/GDP (%)	Amounts
<b>Argentina 2013</b>			
Revenue		1.1%	Staff 17,139
Payments			Certified suppliers 1,298
			% local purchases 88.1%
			Accesses (thousands) 26,650.7
<b>Brazil 2013</b>			
Revenue		0.7%	Staff 20,878
Payments			Certified suppliers 2,877
			% local purchases 96.1%
			Accesses (thousands) 92,748.9
<b>Chile 2013</b>			
Revenue		1.2%	Staff 4,911
Payments			Certified suppliers 1,011
			% local purchases 78.9%
			Accesses (thousands) 13,630.2
<b>Colombia 2013</b>			
Revenue		0.6%	Staff 3,613
Payments			Certified suppliers 547
			% local purchases 72.8%
			Accesses (thousands) 14,782.0
<b>Czech Republic+Slovakia 2013</b>			
Revenue		1.2%	Staff 6,011
Payments			Certified suppliers 191
			% local purchases 92.7%
			Accesses (thousands) 9,341.7
<b>Ecuador 2013</b>			
Revenue		0.9%	Staff 1,365
Payments			Certified suppliers 340
			% local purchases 69.9%
			Accesses (thousands) 5,151.3
<b>Germany 2013</b>			
Revenue		0.2%	Staff 5,735
Payments			Certified suppliers 492
			% local purchases 65.2%
			Accesses (thousands) 25,166.9



### Contribution to local progress

Revenue Supplies Salaries Taxes Investment

All figures are expressed in millions of euros

	Economic impact	Revenue/GDP (%)	Amounts
<b>Ireland 2013</b>			
Revenue		0.3%	Staff 967
Payments			Certified suppliers 14
			% local purchases 99.4%
			Accesses (thousands) 1,552.0
<b>Mexico 2013</b>			
Revenue		0.2%	Staff 2,969
Payments			Certified suppliers 668
			% local purchases 94.7%
			Accesses (thousands) 21,891.7
<b>Peru 2013</b>			
Revenue		1.7%	Staff 9,824
Payments			Certified suppliers 1,102
			% local purchases 76.4%
			Accesses (thousands) 20,898.0
<b>Spain 2013</b>			
Revenue		1.3%	Staff 34,604
Payments			Certified suppliers 2,065
			% local purchases 91.9%
			Accesses (thousands) 41,653.6
<b>United Kingdom 2013</b>			
Revenue		0.4%	Staff 7,833
Payments			Certified suppliers 343
			% local purchases 73.3%
			Accesses (thousands) 23,906.6
<b>Uruguay 2013</b>			
Revenue		0.7%	Staff 408
Payments			Certified suppliers 329
			% local purchases 47.7%
			Accesses (thousands) 1,843.9
<b>Venezuela+Central America 2013</b>			
Revenue		1.1%	Staff 8,826
Payments			Certified suppliers 1,640
			% local purchases 94.4%
			Accesses (thousands) 23,491.6