

DRIVER OF PROGRESS

Universal Service

The objective of Universal Service is to establish suitable financing mechanisms for extending telecommunications services to the entire population, so as to guarantee the whole population a common minimum standard of services under the same conditions and at an affordable price

Public Universal Service agreements are in force in eight of the countries in which Telefónica offers its services

The so-called Universal Service implies a guarantee of a minimum quality standard of service to the entire population at affordable prices. In each case, the sector's regulator, in those countries that decide to have one, specifies the different services included and the conditions under which they are provided, as well as the operators that take on this responsibility. In the case of Telefónica, Universal Service is currently offered in Argentina, Brazil, Colombia, Spain, Peru, the Czech Republic, Venezuela and Ecuador.

It is important to emphasise that the figures in euros reflect the impact of the depreciation in the exchange rates, mainly in Brazil and Argentina, and the devaluation in Venezuela. The devaluation of the bolivar was announced on 8

February 2013 by the government of Venezuela, passing from 4.3 strong bolivars per dollar to 6.3 strong bolivars per dollar. Similarly, on 22 January 2014, the Venezuelan executive announced the creation of a new exchange system and a general currency plan, so that certain transactions would come to be administered through a system of auction at the SICAD rate of exchange, which in recent transactions has been set at about 11.4 bolivars per dollar.

Another major point this year is the rise in the value in Peru (+39% in local currency with respect to the year before), due to the inclusion of obligations of other Group companies in the country, such as Telefónica Multimedia S.A.C., TIWS and Media Network S.A.C.

Universal Service in countries

	2013	
	Local currency	Euros
Argentina	135,133,813	18,700,763
Brazil	250,219,397	87,761,951
Peru ⁽¹⁾	82,952,841	23,159,355
Colombia	153,398,891,350	61,887,095
Venezuela	211,719,012	25,316,724
Ecuador	5,465,699	4,117,519
Czech Republic ⁽²⁾	135,000,000	5,195,070
Spain ⁽³⁾	30,455,695	30,455,695

⁽¹⁾ Includes services of Telefónica Multimedia S.A.C., TIWS and Media Network S.A.C.
⁽²⁾ Estimate, pending approval by the CTO in the Czech Republic.
⁽³⁾ Estimate, pending approval by the CNMC in Spain.

