

Anthem, Inc.
Form 8-K
May 14, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 14, 2015 (May 13, 2015)

ANTHEM, INC.

(Exact name of registrant as specified in its charter)

Indiana
(State or other jurisdiction

of incorporation)

001-16751
(Commission

File Number)
120 Monument Circle

35-2145715
(IRS Employer

Identification No.)

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Indianapolis, IN 46204

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (317) 488-6000

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 5 Corporate Governance and Management.

Item 5.07 Submission of Matters to a Vote of Security Holders

Anthem, Inc. (the Company) held its Annual Meeting of Shareholders on May 13, 2015. The shareholders of the Company voted as follows on the matters set forth below.

1. **Election of Directors.** The following nominees for director were elected to serve three-year terms to expire at the annual meeting of shareholders in 2018, based on the following votes:

Nominee	For	Against	Abstain	Broker Non-Votes
Julie A. Hill	209,932,892	1,505,273	842,048	14,556,512
Ramiro G. Peru	210,123,782	1,209,788	946,643	14,556,512

John H. Short's candidacy for re-election was withdrawn due to his passing away on April 10, 2015.

2. **Ratification of the Appointment of Ernst & Young LLP.** The appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2015 was ratified based upon the following votes:

For	Against	Abstain
223,633,956	2,441,195	761,574

3. **Advisory approval of the Company's executive compensation.** The shareholders approved the advisory vote on the compensation of the Company's Named Executive Officers based upon the following votes:

For	Against	Abstain	Broker Non-Votes
205,725,671	5,301,058	1,253,483	14,556,513

4. **Shareholder proposal requesting that the Directors be elected annually (with implementation deferred until such time as it would not interfere with the Company's existing contractual obligations).** The shareholder proposal was approved based on the following votes:

For	Against	Abstain	Broker Non-Votes
148,675,840	57,750,302	3,058,216	17,352,367

- 5.

Shareholder proposal requesting the Board of Directors to amend the By-Laws to allow proxy access. The shareholder proposal was approved based on the following votes:

For	Against	Abstain	Broker Non-Votes
140,466,152	70,697,196	1,116,865	14,556,512

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 14, 2015

ANTHEM, INC.

By: /s/ Kathleen S. Kiefer
Name: Kathleen S. Kiefer
Title: Corporate Secretary

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Telefónica, S.A.

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Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding company
Telefónica Deutschland Holding A.G. Holding company	Germany	EUR	1,117	76.83%	Telefónica Germany Holding Limited Telefónica Deutschland Holding A.G (76.82%)
Telefónica Germany GmbH & Co. OHG Wireless communications services operator O2 Telefónica Deutschland Finanzierung GmbH	Germany	EUR	51	76.83%	Telefónica Germany Management GmbH A.G.(0.01%)
Financing of Telefónica Deutschland and hisrelated companies Cornerstone Telecommunications Infrastructure Ltd	Germany	EUR	-	100%	Telefónica Germany GmbH & Co. OHG
Network sharing Telefónica Latinoamérica Telefónica Internacional, S.A.U.	UK	GBP	-	50%	O2 Network Ltd 40% O2 Cedar Ltd 10%
Investment in the telecommunications industry abroad	Spain	EUR	2,839	100%	Telefónica, S.A. Telefónica Internacional, S.A.U.
Telefónica International Holding, B.V. Holding company	Netherlands	EUR	-	100%	Telefónica, S.A. (94.59%) Telefónica Internacional, S.A.U. (5.41%)
Telefónica Latinoamérica Holding, S.L. Holding company	Spain	EUR	185	100%	Telefónica, S.A. (50.00%)
Telefónica América, S.A. Holding company	Spain	EUR	-	100%	Telefónica Internacional, S.A.U. (50,00%)
Latin American Cellular Holdings, B.V. Holding company	Spain	EUR	-	100%	Telefónica Latinoamérica Holding, S.L.
Telefónica Datacorp, S.A.U. Holding company	Spain	EUR	700	100%	Telefónica, S.A. Telefónica Internacional, S.A.U. (29.43%) Telefónica, S.A. (24.74%)
Telefónica Brasil, S.A. Wireline telephony operator in Sao Paulo	Brazil	BRL	37,798	73.96%	Sao Paulo Telecomunicações Participações, Ltda.

					(19.73%)
					Telefónica Chile, S.A. (0.06%)
					Telefónica Holding de Argentina, S.A. (47.22%)
					Telefónica Móviles Argentina Holding, S.A. (42.77%)
					Telefónica International Holding, B.V. (10.01%)
Compañía Internacional de Telecomunicaciones, S.A. Holding company	Argentina	ARS	562	100%	Compañía Internacional de Telecomunicaciones, S.A. (51.49%)
					Telefónica Móviles Argentina, S.A. (29.56%)
					Telefónica Internacional, S.A. (16.20%)
					Telefónica, S.A. (1.80%)
					Telefónica International Holding, B.V. (0.95%)
Telefónica de Argentina, S.A. Telecommunications service provider	Argentina	ARS	624	100%	

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Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding company
Telefónica Móviles Argentina Holding, S.A. Holding company	Argentina	ARS	1,198	100%	Telefónica, S.A. (75%) Telefónica Internacional, S.A.U. (25%) Latin America Cellular Holdings, B.V. (97.04%) Comtel Comunicaciones Telefónicas, S.A. (2.87%) Telefónica, S.A. (0.09%)
Telefónica Venezolana, C.A. Wireless communications operator	Venezuela	VEF	2,752	100%	Telefónica, S.A. (0.09%)
Telefónica Móviles Chile, S.A. Wireless communications services operator	Chile	CLP	589,403	99.99%	TEM Inversiones Chile Ltda. Inversiones Telefónica Internacional Holding Ltda. (53.00%) Telefónica Internacional de Chile, S.A. (44.89%)
Telefónica Chile, S.A. Local and international long distance telephony services provider	Chile	CLP	578,078	97.89%	Telefónica Latinoamérica Holding, S.L. (50.18%) Latin American Cellular Holdings, B.V. (48.31%)
Telefónica del Perú, S.A.A. Local, domestic and international long distance telephone service provider	Peru	PEN	2,962	98.49%	Telefónica del Perú, S.A.A. (48.31%) Telefónica Internacional, S.A.U. (32.54%) Olympic, Ltda. (18.95%)
Telefónica Móviles Perú, S.A.C. Wireless communications services provider	Peru	PEN	625	98.49%	Telefónica del Perú, S.A.A. (18.51%) Telefónica Internacional, S.A.U. (32.54%) Olympic, Ltda. (18.95%)
Colombia Telecomunicaciones, S.A. ESP Communications services operator	Colombia	COP	1,454,871	70%	Telefónica, S.A. (18.51%)
Telefónica Móviles México, S.A. de C.V. (MÉXICO)	Mexico	MXN	71,425	100%	Telefónica, S.A.

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Holding company Pegaso Comunicaciones y Sistemas, S.A. de C.V. Wireless telephone and communications services	Mexico	MXN	28,686	100%	Telefónica Móviles México, S.A. de C.V. Latin America Cellular Holdings, B.V. (68.00%) Telefónica, S.A. (32.00%)
Telefónica Móviles del Uruguay, S.A. Wireless communications and services operator	Uruguay	UYU	350	100%	Telefónica Centroamérica Inversiones S.L.
Telefónica Móviles Panamá, S.A. Wireless telephony services	Panama	USD	24	100%	
Telefónica Móviles El Salvador, S.A. de C.V. Provision of wireless and international long distance communications services	El Salvador	USD	187	60%	TES Holding, S.A. de C.V. TCG Holdings, S.A. (39,59%) Guatemala Cellular Holdings, B.V. (20,41%) Telefónica Centroamérica Inversiones S.L.
Telefónica Móviles Guatemala, S.A. Wireless, wireline and radio paging communications services provider	Guatemala	GTQ	2,701	60%	
Telefonía Celular de Nicaragua, S.A. Wireless telephony services	Nicaragua	NIO	247	60%	
Otecel, S.A. Wireless communications services provider	Ecuador	USD	183	100%	Ecuador Cellular Holdings, B.V
Telefónica de Costa Rica TC, S.A. Wireless communications	Costa Rica	CRC	165,257	100%	Telefónica, S.A. Telefónica Internacional, S.A.U.
Telefónica Holding Atticus, B.V. Holding company	Netherlands	EUR	-	100%	

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Name and corporate purpose Other Companies	Country	Currency	Capital	%Telefónica Group	Holding company
Telefónica International Wholesale Services II, S.L. International services provider	Spain	EUR	-	100%	Telefónica, S.A. Telefónica, S.A. (92.51%)
Telefónica International Wholesale Services , S.L International services provider	Spain	EUR	230	100%	Telefónica Datacorp, S.A.U. (7.49%) Telefónica, S.A. (73,14%) Telefónica International Wholesale Services, S.L. (26,86%)
Telefónica International Wholesale Services America, S.A. Provision of high bandwidth communications services	Uruguay	USD	591	100%	T. International Wholesale Services America, S.A.
Telefónica International Wholesale Services USA, Inc. Provision of high bandwidth communications services	US	USD	58	100%	Telefónica Digital Holding, S.L
Telefónica Digital España, S.L. Holding company	Spain	EUR	13	100%	Telefónica Europe plc
Telefónica Digital Inc IP telephony platform	US	USD	-	100%	
Wayra Investigacion y Desarrollo, S.L. Talent identification and development in ICT.	Spain	EUR	2	100%	Telefónica Digital Holdings, S.L.
Wayra Chile Tecnología e Innovación Limitada					Wayra Investigacion y Desarrollo, S.L.
Technological innovation-based business project development Wayra Brasil Aceleradora de Proyectos Ltda.	Chile	CLP	20,833	100%	
Technological innovation-based business project development WY Telecom, S.A. de C.V.	Brazil	BRL	9	100%	Wayra Investigación y Desarrollo S.A.U.
Talent identification and development in ICT.	Mexico	MXN	57	100%	Wayra Investigacion y Desarrollo, S.L. Telefónica Móviles Argentina, S.A. (90%)
Wayra Argentina, S.A. Talent identification and development in ICT.	Argentina	ARS	20	100%	Telefónica Móviles Argentina Holding, B.V.

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Wayra Colombia, S.A.S. Technological innovation-based business project development	Colombia	COP	500	100%	(10%) Wayra Investigacion y Desarrollo, S.L.
Proyecto Wayra, C.A. Commercial, industrial and mercantile activities	Venezuela	VEF	17	100%	Telefónica Venezolana, C.A.
Wayra Perú Aceleradora de Proyectos, S.A.C. Technological innovation-based business project development	Peru	PEN	8	99.99%	Wayra Investigación y Desarrollo
Wayra UK Ltd Technological innovation-based business project development	UK	GBP	-	100%	Telefónica UK Ltd
Wayra Ireland Ltd Technological innovation-based business project development	Ireland	EUR	-	100%	O2 Holding Ltd Sao Paulo
Terra Network Brasil, S.A ISP, portal and real-time financial information services	Brasil	BRL	1,046	100%	Telecomunicações Participações, Ltda
Terra Networks México, S.A. de C.V. ISP, portal and real-time financial information services	Mexico	MXN	774	99.99%	Terra Networks Mexico Holding, S.A. de C.V.

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Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding company
Terra Networks Perú, S.A. ISP and portal	Peru	PEN	10	99.99%	Telefónica Internacional, S.A.U.
Terra Networks Argentina, S.A. ISP and portal	Argentina	ARS	7	100%	Telefónica Internacional, S.A.U. (99.99%)
Telfisa Global, B.V. Integrated cash management, consulting and financial support for Group companies	Netherlands	EUR	-	100%	Telefónica, S.A.
Telefónica Global Activities Holding, B.V. Holding company	Netherlands	EUR	-	100%	Telfisa Global, B.V. Group 3G UMTS Holding
Telefónica Global Services, GmbH Purchasing services	Germany	EUR	-	100%	Gmb,B.V.
Telefónica Global Roaming, GmbH Optimization of network traffic	Germany	EUR	-	100%	Telefónica Global Services, GmbH
Group 3G UMTS Holding GmbH Holding company	Germany	EUR	250	100%	Telefónica Global Activities Holdings B.V
Telefónica Compras Electrónicas, S.L. Development and provision of information society services	Spain	EUR	-	100%	Telefónica Global Services, GmbH
Telefónica de Contenidos, S.A.U. Organization and operation of multimedia service-related business	Spain	EUR	1,865	100%	Telefónica, S.A. Telefónica de Contenidos, S.A.U.
Telefónica Studios S.L. Audiovisual Productions	Spain	EUR	6	100%	Atlántida Comunicaciones S.A. (79.02%)
Televisión Federal S.A.- TELEFE Provision and operation TV and radio broadcasting -services	Argentina	ARS	135	100%	Enfisure S.A. (20.98%) Telefónica Media Argentina S.A. (93.02%) Telefónica Holding de Argentina, S.A. (6.98%)
Atlántida Comunicaciones, S.A. Media	Argentina	ARS	33	100%	Telefónica de Contenidos, S.A.U.
Telefónica Servicios Audiovisuales, S.A.U.	Spain	EUR	6	100%	Telefónica de Contenidos, S.A.U.

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Provision of all type of audiovisual telecommunications services					
Telefónica On The Spot Service S.A.U					Telefónica de Contenidos, S.A.U.
Provision of telemarketing services	Spain	EUR	1	100%	Telefónica Servicios Audiovisuales, S.A.U.
Telefónica Broadcast Services, S.L.U.					
DSNG – based transmission and operation services	Spain	EUR	-	100%	Telefónica Digital España, S.L.
Telefónica Learning Services, S.L.					
Vertical e-learning portal	Spain	EUR	1	100%	
Compañía Inversiones y Teleservicios S.A.U.					
Holding company	Spain	EUR	24	100%	Telefónica, S.A. Compañía Inversiones y Teleservicios S.A.U.
Vocem 2013 Teleservicios, S.A.					
Prestación de servicios de call-centers	Venezuela	VEF	112	100%	Telefónica, S.A.
Telfin Ireland Ltd.					
Intragroup financing	Ireland	EUR	-	100%	
Telefónica Ingeniería de Seguridad, S.A.U.					
Security services and systems	Spain	EUR	7	100%	Telefónica, S.A.
Telefónica Engenharia de Segurança do Brasil, Ltda.					
Security services and systems	Brazil	BRL	35	99.99%	Telefónica Ingeniería de Seguridad, S.A.
Telefónica Capital, S.A.U.					
Finance company	Spain	EUR	7	100%	Telefónica, S.A.
Lotca Servicios Integrales, S.L.					
Aircraft ownership and operation	Spain	EUR	17	100%	Telefónica, S.A.
Fonditel Pensiones, Entidad Gestora de Fondos de Pensiones, S.A.					
Administration of pension funds	Spain	EUR	16	70.00%	Telefónica Capital, S.A.

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Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding company
Fonditel Gestión, Soc. Gestora de Instituciones de Inversión Colectiva, S.A. Administration and representation of collective investment schemes Telefónica Investigación y Desarrollo, S.A.U. Telecommunications research activities and projects	Spain	EUR	2	100%	Telefónica Capital, S.A.
Media Networks México Soluciones Digitales S.A	Spain	EUR	6	100%	Telefónica, S.A.
Telecommunications research activities and projects Telefónica Luxembourg Holding, S.à.r.L. Holding company	Mexico	MXN	3	100%	Nedia NetworksLatm America S.A.C.
Casiopea Reaseguradora, S.A. Reinsurance	Luxembourg	EUR	3	100%	Telefónica, S.A. Telefónica Luxembourg Holding, S.à.r.L.
Telefónica Insurance, S.A. Direct insurance transactions Seguros de Vida y Pensiones Antares, S.A. Life insurance, pensions and health insurance	Luxembourg	EUR	4	100%	Telefónica Luxembourg Holding, S.à.r.L.
Telefónica Finanzas, S.A.U. (TELFISA) Integrated cash management, consulting and financial support for Group companies	Luxembourg	EUR	8	100%	Telefónica Luxembourg Holding, S.à.r.L.
Pléyade Peninsular, Correduría de Seguros y Reaseguros del Grupo Telefónica, S.A. Distribution, promotion or preparation of insurance contracts Fisatel Mexico, S.A. de C.V. Integrated cash management, consulting and financial support for Group companies	Spain	EUR	51	100%	Telefónica, S.A.
Telefónica Europe, B.V. Fund raising in capital markets Telefónica Finance USA, L.L.C. Financial intermediation Telefónica Emisiones, S.A.U.	Spain	EUR	3	100%	Telefónica, S.A. Telefónica Finanzas S.A.U.(TELFISA) (83,33) Telefónica, S.A. (16.67%)
	Mexico	MXN	1,005	100%	Telefónica, S.A.
	Netherlands	EUR	-	100%	Telefónica, S.A.
	US	EUR	59	100%	Telefónica Europe, B.V.
	Spain	EUR	-	100%	Telefónica, S.A.

Financial debt instrument issuer Telefónica Global Technology, S.A.U. Global management and operation of IT systems	Spain	EUR	16	100%	Telefónica, S.A. Telefónica S.A. (46,995%) Telefónica Brasil, S.A. (46,995%)
Aliança Atlântica Holding B.V. Holding company	Netherlands	EUR	40	93.99%	
Telefónica Gestión de Servicios Compartidos España, S.A. Management and administrative services rendered	Spain	EUR	8	100%	Telefónica, S.A. Telefónica Gestión de Servicios compartidos España, S.A.(95%) Telefónica, S.A. (4.99%)
Telefónica Gestión de Servicios Compartidos Argentina, S.A. Management and administrative services rendered	Argentina	ARS	-	99.99%	
Telefónica Gestión de Servicios Compartidos de Chile, S.A. Management and administrative services rendered	Chile	CLP	1,019	97.89%	Telefónica Chile, S.A T. Gestión de Servicios Compartidos España, S.A. (99.48%) Telefónica del Perú, S.A.A. (0,52%) Telefónica Gestión de Servicios Compartidos España, S.A.
Telefónica Gestión de Servicios Compartidos Perú, S.A.C. Management and administrative services rendered	Peru	PEN	1	100%	
Telefónica Transportes e Logística Ltda. Logistics services rendered	Brazil	BRL	-	99.33%	

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Name and corporate purpose	Country	Currency	Capital	%Telefónica Group	Holding company
Telefónica Serviços Empresariais do BRASIL, Ltda Management and administrative services rendered	Brazil	BRL	12	99.99%	Telefónica Gestión de Servicios Compartidos España, S.A.
Telefónica Gestión de Servicios Compartidos México, S.A. de C.V. Management and administrative services rendered	Mexico	MXN	50	100%	Telefónica Gestión de Servicios Compartidos España, S.A. (99.48%)
TGestiona Logística, S.A.C. Logistics	Peru	PEN	15	100%	Telefónica del Perú, S.A.A. (0.52%)
Telefónica Gestión Integral de Edificios y Servicios, S.L. Management and administrative services rendered	Spain	EUR	-	100%	Taetel, S.L.
Tempotel, Empresa de Trabajo Temporal, S.A. Temporary employment agency	Spain	EUR	-	100%	Taetel, S.L.
Companies held for sale (note2)					
Telefónica O2 Ireland Limited Wireless telephony services	Ireland	EUR	98	100%	O2 (Netherlands) Holding B.V (97,06%) Klimaine Ltd (2,94%)
Telefónica Czech Republic a.s. Wireless telephony services	Czech Republic	CZK	27,461	70.83%	Telefónica S.A.
Telefónica Slovakia s.r.o. Wireless telephony services	Slovakia Republic	EUR	103	70.83%	Telefónica Czech Republic a.s.
Companies accounted for using the equity method					
Tesco Mobile Wireless telephony services	UK	GBP	-	50.00%	O2 Communication Ltd.
Telefónica Factoring España, S.A. Factoring services provider	Spain	EUR	5	50.00%	Telefónica, S.A. (40.00%)

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Telefónica Factoring Do Brasil, Ltd. Factoring services provider	Brazil	BRL	5	50.00%	Telefónica Factoring España, S.A. (10.00%) Telefónica, S.A. (40.5%)
Telefónica Factoring México, S.A. de C.V., SOFOM Factoring services provider	Mexico	MXN	33		Telefónica Factoring España, S.A. (9,5%) Telefónica, S.A. (40.5%)
Telefónica Factoring Perú, S.A.C. Factoring services provider	Peru	PEN	6	50.00%	Telefónica Factoring España, S.A. (9.5%) Telefónica, S.A. (40,5%)
Telefónica Factoring Colombia, S.A. Factoring services provider	Colombia	COP	4,000	50.00%	Telefónica Factoring España, S.A. (9.5%)
Telco, S.p.A. (*) Holding company	Italy	EUR	1,785	66%	Telefónica, S.A.
DTS Distribuidora de Televisión Digital, S.A. Broadcasting, satellite TV signal transmission and linkage services	Spain	EUR	126	22.00%	Telefónica de Contenidos, S.A.U. Telefónica Internacional, S.A.U.
China Unicom (Hong Kong) Ltd. Telecommunications service operator	China	RMB	2,325	5.01%	S.A.U.

(*) The associate company Telco, S.p.A. holds a stake in Telecom Italia, S.p.A. representing 15.58% of the dividend rights and 22.66% of voting rights.

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Appendix VII: Key regulatory issues and concessions and licenses held by the Telefónica Group

Regulations

As a digital telecommunications operator, the Telefónica Group is subject to sector-specific telecommunications regulations, general competition law and a variety of other regulations, including privacy and security, which can have a direct and material effect on the Group's business areas. The extent to which regulations apply to the Telefónica Group depends largely on the nature of our activities in a particular country, with traditional fixed telephony services and fixed broadband usually subject to stricter regulations.

In order to provide services and operate its networks, and to use spectrum, the Telefónica Group must obtain general authorizations, concessions and/or licenses from the pertinent authorities in each country in which the Group operates (hereinafter referred to as the national regulatory authority, NRAs). The Group is also required to obtain radio frequency licenses for its mobile operations.

The following section describes the regulatory frameworks and the latest legislative developments in the relevant regions and countries in which the Group has significant interests. Many of the regulatory developments described herein involve ongoing proceedings or consideration of potential legislation that have not reached a conclusion. Accordingly, it is difficult to accurately quantify the effect on the Group's operations of these developments in such instances.

Electronic Communication Regulation in the European Union

The European Union's legal framework for electronic communications services was developed with the aim of promoting competition and improving the harmonized functioning of the European market for electronic communications networks and services. The European Union's legal framework was last modified in 2009, in response to market and technological and changes in the industry.

Rules promulgated pursuant to the European Union's Legal framework define user's rights and focus on access to networks, interconnection, privacy, data security, and protection and preservation of universal access, among other things. Recent EU measures have supplemented the EU framework with regulations focused on international roaming, spectrum, next generation fixed networks and call termination rates for fixed and mobile networks.

In each Member State a national regulatory authority, or NRAs, is responsible for enforcing national telecommunications laws incorporating the EU framework. NRAs are subject to the supervision of the European Commission, which formally and informally influences their decisions in order to ensure harmonized application of the EU framework throughout the European Union. In particular, the European Commission has identified certain markets that are susceptible of ex-ante regulation. These markets have to be analyzed by NRAs in order to see whether there are participants with significant market power (SMP). In these instances, NRAs are instructed to impose at least one obligation relating to price control, transparency, non-discrimination, accounting separation or access obligations on market participants with SMP. Companies may challenge the decisions of their national regulatory authorities before their domestic courts. Such legal proceedings may lead to a decision by the European Court of Justice or ECJ, which is the ultimate authority on the correct application of EU legislation.

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EU competition law

The European Union's competition rules have the force of law in all EU Member States and are, therefore applicable to the Telefónica Group's operations in those countries.

The Treaty of Rome prohibits "concerted practices" and all agreements between entities that may affect trade between Member States and which restrict or are intended to restrict, competition within the internal market. The Treaty also prohibits any abuse of a dominant competitive position within the common market of the EU, or any substantial part of it, that may affect trade between Member States.

The EU Merger Regulation requires that all mergers, acquisitions, and joint ventures involving participants meeting certain turnover thresholds be submitted to the EU Commission for review, rather than to the national competition authorities. Under the amended EU Merger Regulation, market concentrations will be prohibited if they significantly impede effective competition in the EU common market. The European Commission and the office of the European Competition Commissioner are granted the authority to apply the EU competition framework.

Similar competition rules are set forth in each EU Member State, with the corresponding national competition authorities overseeing compliance with these regulations. All the European countries in which the Telefónica Group operates and referred to below are Member States of the European Union.

Recent developments

The regulatory debate in the European Union is focused on the completion of the European Digital Single Market by 2015 with a special attention on the harmonization of regulatory conditions across the EU, in particular about spectrum, the roll-out of ultra-high speed networks, the elimination of intra-EU roaming charges and net neutrality, all issues particularly important for the development of the European digital services markets and Information Society.

This effort was materialized in the European Commission's September 2013 adoption of the "Connected Continent" Regulation proposal package, which covers the above mentioned issues and is expected to be approved during 2014. The outcome of this process is still largely uncertain.

Of special importance to the provision of digital services, this package covers Net Neutrality focusing mainly on the prohibition of blocking, throttling and non-discrimination of Internet traffic (except for a number of justified objective reasons), as well as on the transparency of retail broadband offers. The intention is to ensure that users are well informed about the traffic management practices of operators, so they can take this information into account when they choose their fixed or mobile broadband offer. Again the outcome of this discussion continues to be largely unknown.

Also, as part of this effort, the European Commission adopted in 2013 a new Recommendation intended to create a more favorable environment in Europe for fibre investment. This Recommendation provides more pricing flexibility for fibre pricing at retail and wholesale (by departing from the cost-orientation pricing), at the expense of stricter measures on the replicability of fiber based access services. In addition, the Commission is now bound to ensure copper price stability (around 9 euros on average for ULL on real terms).

Additionally, the European Commission proposed legislative measures to reduce the cost of NGA roll-outs including sharing of ducts from utilities and smother permitting processes this year. These proposals are expected to be approved by the EU legislator in 2014.

Also, during 2013, the European Union adopted its cyber security strategy, comprising a number of measures, among which is a new proposed Directive on Network Security. The intention is to guarantee a reliable and trusted Information Society across the EU, where Internet providers are also subject to security requirements. This Directive is expected to be finally adopted in the EU during 2014. Again at this stage, the outcome is largely uncertain.

In January 2012, the European Commission proposed to replace Directive 95/46/EC on the protection of personal data by a General Data Protection Regulation that would apply to those providers who processes personal data of European citizens. The draft Regulation has been approved by the Committee on Civil Liberties, Justice and Home Affairs of the European Parliament (LIBE) in October 2013, prior to a vote in the European Parliament. The approval of that Regulation will have an impact on Telefónica's privacy obligations related to its activities as a telecommunications operator and as a provider of digital services. The Regulation aims to provide European citizens with a high level of protection of their privacy, and it will affect the ability and methods to process and use the personal data of its customers. The outcome of this debate is currently uncertain.

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The European Union is also discussing a future Directive for Payment Services that might have influence on the type of financial obligations that could affect to services provided by companies such as Telefónica, in the area of premium rate services or mobile wallets.

In June 2012, the Commission approved the International Roaming Regulation (Roaming III), which replaces previous Roaming regulations (Roaming I and II). This regulation may, however, change again depending on the outcome of the Legislative process related to the Digital Single Market package adopted in 2013 whose proposal is that roaming prices set around home prices (“Roam like at home” proposal). This new Roaming III Regulation contains, for the first time, structural measures to impulse competition in the market for international roaming, so that, from July 1, 2014, customers could, if they wish, sign a roaming agreement with another operator apart from their domestic mobile services without changing the phone number, terminal or SIM card to change countries. The proposal also would entitle mobile operators to use other operators’ networks in other Member States at regulated wholesale prices, thereby encouraging more operators to compete on the roaming market. To cover the period until such structural measures are fully effective and competition pushes prices down, the proposal gradually reduces the limits of retail and wholesale prices for voice, text (SMS) and data. Price cuts have to be implemented by operators on July 1, 2014.

	Retail prices		Wholesale prices		
	July 1, 2013	July 1, 2014	July 1, 2013	July 1, 2014	
Data (€cent/MB)	45	20	Data (€cent/MB)	15	5
Voice - calls made (€cent/min)	24	19	Voice (€cent/min)	10	5
Voice - calls received (€cent/min)	7	5	SMS (€cent/text)	2	2
SMS (€cent/text)	8	6			

On February 14, 2012, the European Parliament and the Council adopted Decision 243/2012/EU which settles a multiannual program policy spectrum for the following four years. The Radio Spectrum Policy Program, amongst others, will identify 1200MHz spectrum for wireless data traffic, explore new approaches in spectrum licensing, identify long term spectrum needs and finally will look for additional harmonized bands for mobile broadband.

Finally, in its Digital Agenda, the EU has set some objectives for broadband development: of the speed up to 30 Mbps for all European citizens by 2020 and 50% of European households connected to 100Mbps by 2020.

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Telefónica Europe

Spain

General regulatory framework

The legal framework for the regulation of the telecommunications sector in Spain is governed by the General Telecommunications Law (32/2003) and several Royal Decrees. This law has been modified by Royal Decree law 13/2011 of March 30, which transposes directives regarding the gas, and the electric interior markets, and regarding electronic communications. The Royal Decree adopts measures in order to correct deviations caused by the mismatch between revenues and expenses of the electric and gas sector. A telecommunications bill is currently under discussion in the Spanish Parliament. The bill reduces administrative burdens to boost networks deployments.

The Market and Competition National Commission, or CNMC, created by the Law 3/2013, has assumed in 2013 its role as telecommunications and audiovisual service regulator in Spain. This new organism is also the competition authority in Spain and the national regulatory authority for transport, postal services and energy.

Market analysis

Following the most relevant markets in which Telefónica is deemed to have SMP.

Fixed markets

Retail access to the fixed-location public telephone network, retail market for calls in a fixed location, and retail market for rental lines

In this market, the National regulatory authority had made a third round of market analysis, applying a final resolution dated on December 13, 2012, concluding that Telefónica de España is an SMP in retail access to fixed-location public telephone network services, for clients with an identification number not associated to a specific business plan, such as a reference market which can be regulated ex ante. As an operator with SMP, Telefónica de España is subject to certain specific obligations and restrictions.

Wholesale fixed call origination market

In December 2008, the National regulatory authority concluded that Telefónica de España is an operator with SMP in this market and requested that Telefónica de España offer wholesale service to assist other operators in offering IP telephony services and provide transparent information of migration to Next Generation Networks centrals, which involves the provision of a wide range of information to competitors about network evolution.

Fixed call termination market on individual networks

As an operator with SMP in fixed call termination market on individual networks, Telefónica de España is required to submit an “Interconnection Reference Offer” (OIR) outlining the terms and conditions under which it will interconnect with other operators.

Mobile market

Mobile voice call termination

In May 2012, the ANR adopted a measure establishing the wholesale price at 0.109 euros/minute, as from July 2013. The CNMC has not yet approved a new resolution on wholesale market mobile voice call termination.

Wholesale (physical) to network infrastructure access

In January 2009, the National regulatory authority concluded that Telefónica de España is an operator with SMP in the wholesale (physical) network infrastructures access market, and imposed the following obligations: access to full and shared unbundled access to copper loops, sub-loops and ducts, cost oriented tariffs and accounting separation, transparency and non-discrimination obligations including an “Unbundling Reference Offer” and a “Ducts Reference Offer.” In February 2009, the National regulatory authority imposed similar obligations with respect to vertical access to buildings.

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Wholesale prices for local loop unbundling were increased from 8.32 to 8.60 €/month by the National regulatory authority, in July 2013.

Wholesale broadband access

In January 2009, the CNMC concluded that Telefónica de España has significant market power in the wholesale broadband access market and is therefore required to provide other operators with wholesale broadband access services up to 30 Mbps in copper and fiber infrastructures. The NRA also required Telefónica de España to publish a wholesale broadband access reference offer, provide cost-oriented rates and accounting separation, to avoid discrimination in network access, and to report broadband retail changes in services prior to offering them in the market.

On November 16, 2010, the National regulatory authority approved a new wholesale broadband offer (known as the new broadband Ethernet service or NEBA) which will allow alternative operators to provide retail services to consumers more independently from Telefónica retail offers. Until the NEBA service is available, Telefónica will offer its FTTH retail services for resale through third parties.

In May 2013, the National regulatory authority proposed a reduction in wholesale broadband prices, although the European Commission considered the proposal incompatible with European law, due to the methodology used to determine the prices. Taking into account the European Commission's comments, the CNMC has adopted a decision on bitstream prices on January 30, 2014, reducing the prices 18%.

In addition, the National regulatory authority launched, at the end of July 2013, a public pre-consultation regarding the market analysis on wholesale network infrastructure access and wholesale broadband access. The CNMC is expected to carry out a consultation and to decide on regulatory obligations for these markets in 2014. New regulation will apply to NGN networks for at least three years.

Universal service obligations

The General Telecommunications Law aims to ensure that all Spanish citizens have access to certain basic telecommunications services, regardless of their geographic location, with a minimum quality level and at accessible prices.

Telefónica de España, SAU was designated the operator responsible for the provision of the connection to the public electronic communications network, with the possibility of establishing broadband data connection with a descending speed no less than 1Mbit per second, and the provision of the public telephone service available from a fixed location and the operator responsible for the preparation and delivery of public telephone directories to the telephone subscribers. Telefónica Telecomunicaciones Públicas, SAU was designated as the operator responsible for the provision of a sufficient supply of public payphones.

Contribution to RTVE funding mechanism

In August 2009, the Radio and Television Corporation Finance Law “(Ley de Financiación de la Corporación de Radio y Television Española)” was approved establishing that: (i) telecommunication operators, which operate nationwide or at least in more than one region, have to make a fixed annual provision of 0.9% of the invoiced operating income of the year (excluding the revenues of the wholesale reference market), and, (ii) on the other hand, the concessionaire companies and providers of TV services which operate nationwide or at least in more than one region should make an annual contribution fixed as follows; (a) 3% on the gross revenue of the year for open concessionaire companies or TV services providers, and (b) 1.5% on the gross revenue of the year for concessionaire companies to provide pay TV

services.

In Spain, self-settlement of the contributions made has been appealed by Telefónica España and Telefónica Móviles España as well as, the Royal Decree 1004/2010, which approves the Regulation developing the abovementioned law. In the European level there were two ongoing processes with regards to this issue. In July 2013, the EC withdrew its appeal before the Luxembourg Court, shortly after it ruled on a similar tax legislation in France, where the Luxembourg Court ruled that the tax imposed by France on telecommunications companies was compatible with European regulation. With this decision, the tax measure will remain unchanged unless the Spanish Supreme Court understands the contrary.

Besides this, the European Commission initiated a state aid investigation and concluded that such funding mechanism did not constitute illegal state aid. Against this decision, “Telefónica de España” and “Telefónica Móviles España,” filed an appeal before the European Court of Justice. This appeal is still pending resolution.

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Collaboration agreements

On July, 2013, Telefónica de España signed an agreement with Vodafone España S.A.U and France Telecom S.A.U for the use of fiber infrastructure in buildings. This agreement, together with the agreement signed with Jazz Telecom S.A.U on 2012, aimed the deployment of fiber networks in Spain. Once, an operator has reached a concrete building would be able to use the infrastructures deployed previously by other operators.

United Kingdom

General regulatory framework

The EU Regulatory Framework was implemented in the United Kingdom by the Communications Act in 2003. The Act designates the Office of Communications, or Ofcom, as the NRA responsible for the regulation of electronic communications networks and services. The Act was amended in 2011 following changes to the Common Regulatory Framework.

Market reviews

Following a market review, mobile termination rates for the four national mobile communications operators (Vodafone, Telefónica UK, Everything Everywhere and H3G) are subject to controls based on the pure long-run incremental cost (pure LRIC) approach. The present mobile wholesale termination rate is 0.848ppm and will be reduced to 0.845ppm from April 1, 2014. UK regulator has proposed to raise the annual fee for the use of spectrum in the bands 900MHz and 1800 MHz.

Germany

General regulatory framework

The European Union legislative framework was implemented in Germany at the end of June 2004, by the Telecommunications Act (Telekommunikationsgesetz). The national regulatory authority responsible for regulation of electronic communication networks and services is the Bundesnetzagentur, or BNetzA. Following the adaptation of the 2009 EU Telecom Package, the Telecom Act was repeatedly amended and the last modifications entered into force in August 2013. Transition periods existed for some of them. Worth mentioning are the rules, concerning the free-of-charge-waiting-loop and some of the rules concerning the change of the provider.

Licenses

BNETZA is currently holding a procedure regarding the future of the GSM licenses and has already published a draft decision which subsequently was subject to a public consultation. This foresees an auction of the GSM spectrum (900 MHz and 1800 MHz) together with an auction of spectrum in new bands at 700 MHz as well as at 1500 MHz and further includes a spectrum reservation of 2x5 MHz (900 MHz) for the current GSM Licensees (including but not limited to Telefónica Germany). Drawing that reserve leads to a coverage obligation of 99% of the population. Depending on the outcome of the planned merger between Telefónica Germany and E-Plus, BNetzA might find in necessary to modify the final decision.

Market reviews

Since 2006, Telefónica Germany has subsequently challenged decisions adopted by the German regulator (BNETZA) on mobile termination rates. Some appeals are pending at the Constitutional Court.

Regarding the concrete decisions establishing MTR, on July 19, 2012, BNetzA issued a decision on mobile termination rates for the period from December 1, 2012, to November 30, 2014, confirming its preliminary decision. According to this resolution, these rates decreased to 0.0179 euros/minute as of 1 December, 2013. BNetzA based its calculation on its new internally-developed cost model, which partly implements the European Commission's recommendation on regulating fixed and mobile termination rates in the EU. The European Commission has been notified of the preliminary as well as of the final decision and the respective regulatory orders and issued a serious doubts letter. The European Commission may initiate further infringement proceedings against Germany as the regulation of mobile termination rates was deemed to be not fully compliant with the EC's Recommendation on regulating fixed and mobile termination rates in the EU. On December 19, 2012, Telefónica Germany filed a lawsuit against the preliminary decision, in an attempt to secure higher mobile termination rates. With the same purpose Telefónica Germany has made claims against the final decision on August 19, 2013, regarding MTR.

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On August 13, 2013 BNetzA issued the final resolution on Telekom's fixed termination rates (FTRs), applicable from December 2012 to November 2013. Local FTRs were reduced by approximately 20%. At the end of November 2013 BNetzA issued a regulatory order for all alternative fixed network operators (ANOs) including Telefónica Germany. In addition to the obligations of the former regulatory order, the ANOs now have to file a proposal for their local FTRs and BNetzA has to approve such FTRs. The local FTR will be set at the same level as the Telekom FTR. BNetzA issued a preliminary approval for Telefónica Germany's FTR at the end of February 2014. Telefónica Germany's rates were approved for the time period from November 20, 2013, until November 30, 2014. Before the final approval, the decision will be notified to the EU Commission.

Relevant cooperation agreements

Since 2012, Deutsche Telekom offers a wholesale bitstream access model ("VDSL contingent model"), which in 2013/4 has been developed further to include newly built VDSL and vectoring accesses. Telefónica Germany was closely involved in the development of this model. In this sense, Deutsche Telekom and Telefónica Germany signed a contract regarding the model on December, 6, 2012. The VDSL contingent model is subject to the approval of BNetzA following the current notification proceeding with the European Union.

In addition, Telefónica Germany and Deutsche Telekom have entered into a final and binding agreement on December 20, 2013, with regard to fixed-line broadband services. Such agreement foresees the transition from Telefónica Germany's "ADSL" infrastructure to the advanced network infrastructure of Deutsche Telekom (the so-called "next generation access platform" or NGA platform) which will enable Telefónica Germany to offer its customers high-speed internet products with data transfer rates of up to 100Mbit/s. The completion of the transition to Deutsche Telekom's NGA platform is expected for 2019. (Further details are provided in Note 21. Section b) of this of this Consolidated Financial Statements.)

Czech Republic

General regulatory framework

The EU Regulatory Framework was implemented in the Czech Republic in 2005 by the Electronic Communications Act. The revision of the EU Regulatory Framework was transposed into the Czech legislation as of January 2012. The NRA responsible for the regulation of electronic communications networks and services is the Český Telekomunikační Úřad (Czech Telecommunication Office or CTO). Governmental responsibility for the area of electronic communications lies with the Ministry of Industry and Trade.

Market reviews

Telefónica Czech Republic has been designated as an SMP entity in seven of the eight relevant markets:

Ireland

General regulatory framework

The EU Regulatory framework has been in place in Ireland since 2002 with ComReg the designated independent regulator. The 2009 directives have been already transposed.

Market reviews

The key market review for Telefónica in Ireland is the wholesale termination market for mobile voice. ComReg issued their latest decision in December 2012 introducing LRIC pricing and MTRs planned to reduce to 1 cent by July 2013. This decision was successfully challenged by Vodafone and an interim average MTR of 2.60c was set to apply from July 1, 2013. ComReg are developing a cost model based on LRIC pricing which is expected to be published in July 2014.

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Slovakia

General regulatory framework

The EU Regulatory Framework was implemented in Slovakia in 2003 through the Act on Electronic Communications. The law has been significantly amended as of November 1, 2011. The National regulatory authority responsible for the regulation of electronic communications' networks and services is the Regulatory Authority for Electronic Communications and Postal Services, established as of January 1, 2014. Governmental responsibility for the legislative area of electronic communications lies with the Ministry of Transport, Construction and Regional Development.

Market reviews

In July 2013, the TUSR adopted a price decision based on pure LRIC model that decreased mobile termination rates from EUR 0.0318/min to EUR 0.01226 EUR/min.

Telefónica Latin America

Brazil

General legislative framework

The delivery of telecommunications services in Brazil is subject to regulation under the regulatory framework provided in the General Telecommunications Law enacted in July 1997. The National Agency for Telecommunications, (Agência Nacional de Telecomunicações or ANATEL), is the principal regulatory authority for the Brazilian telecommunications sector. In April 2013, ANATEL implemented a new Internal Rule (Resolução 612) which reorganized all technical departments of the Agency. The reformulation aimed to establish a new converged structure.

Licenses

In Brazil, concessions are awarded for providing services under the public system, while authorizations are granted for providing private system services. The only service provided under both systems is the Commuted Fixed Telephony Service (CFTS). All other services are provided under the private system.

In the state of São Paulo, Telefónica Brazil provides local and national long-distance CFTS under the public regime, by Concession agreement, and provides international and long-distance CFTS and broadband services under the private system, by authorizations. In the remaining states of Brazil, Vivo Telefónica Brazil provides local, and long-distance and international CFTS service, personal mobile service, and broadband multimedia communication services (which includes the provision of fixed broadband connections) and Pay TV services, all under the private regime.

The Concession agreement will be in force until 2015 and the authorizations are issued for an undetermined period.

Radiofrequencies authorizations, for its turn, are granted for a limited period of time (maximum of 15 years, renewable once). The most important radiofrequencies authorizations held by Telefónica are those associated with the exploitation of mobile services and are described in the licenses section.

In 2013 Telefónica Brasil requested the amendment of its Terms of Authorization for the “L” band in order to relocate the blocks of radiofrequencies. Currently, the “L” band is located in the 3G radiofrequencies (1.9/2.1GHz). Bid notice for the “L” band provided for such relocation and the request ensured a more efficient use of the spectrum for Telefónica do Brazil.

In 2012, Telefónica was awarded a block of the 2500 MHz “X” band (20+20 MHz), including the 450 MHz band in certain states. As part of the spectrum auction, Telefónica Brazil had to compensate the former licensees of this bandwidth, who used it for multichannel multipoint distribution services. The other operators also obtaining spectrum must, in turn, compensate Telefónica Brazil. Part of these compensation requirements is being legally contested.

After receiving the ANATEL study on the occupation of the 700 MHz frequency, published in early Jan/2013, the Brazilian Ministry of Communications, issued Ordinance No. 14, with guidelines for accelerated access to the Brazilian System of Digital Terrestrial Television - SBTVD-T and to broaden the availability of the radio frequency spectrum for meeting the goals set forth by the National Broadband Plan - PNBL. The ordinance also establishes that the ANATEL develop a proposal to regulate use of the band. After a public consultation, Resolution No. 625/2013 was adopted. This Resolution approves the allocation of the 700 MHz band to the fixed and mobile services of telephony and broadband. However, the completion of the allocation process requires the migration of the TV channels that currently occupy the band and that ANATEL concludes studies regarding spectrum interference between mobile and TV services.

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Interconnection, tariffs and prices

Interconnection among public networks is mandatory in Brazil. Parties can freely negotiate the terms and conditions about technical points, economic discounts and rights/obligations, of the interconnection agreements. For Interconnection rates for fixed network operator identified as operator with Significant Market Power (Res. 588/2012) the maximum rate is established by ANATEL; the rates for the use of mobile operators networks (Res. 438/2006), may be agreed between the parties, however, if the parties fail to reach a consensus, particularly regarding charges to fixed operators (Res. 576/2011) ANATEL imposes the rates to be used. In general, operators shall maintain public offers of interconnection conditions.

Recent regulatory developments

On November 8, 2012, ANATEL published the General Plan of Competition Goals (PGMC), which, in general, provides ex-ante obligations for telecommunications providers that identify SMP operators in the various relevant markets identified as critical for the development of competition in the telecommunications industry. The ex-ante obligations include measures of price transparency and market conditions and specific rules for composition of conflicts between agents, such as: (i) mandatory submission and approval of offerings of reference in the wholesale market and warranty service requests from other players that correspond to 20% of the physical network of the SMP companies, (ii) transparency measures as the creation of a Data Base and Wholesale Supervisor Entity, (iii) specifically for providers acting in the mobile termination market (interconnection): full billing between undertakings with SMP, and Bill & Keep decreasing between SMP and non-SMP (80/20% between 2013 and 2014, 60/40% in 2015 and full billing from 2016). The Telefónica Group, including VIVO, has been identified as an operator with SPM in the following markets: (i) fixed network infrastructure access for data transmission in copper pairs or coaxial cables at speeds up to 10 Mbps in the region of São Paulo, (ii) wholesale fixed network infrastructure to transport local and long distance transmission at speeds up to 34 Mbps in the region of São Paulo, (iii) passive towers, ducts and trenches infrastructure throughout Brazil; (iv) call termination on mobile network in Brazil, and (v) national roaming market throughout Brazil.

ANATEL also approved Resolution 614 in May 2013, which set the new regulations for the provision of Multimedia Services (which includes the provision of internet broadband services). The new resolution establishes that broadband internet services may be rendered regardless of the existence of an Internet Service Provider (the previous regulation required the user to contract two services: the connection itself and the ISP). It is expected that such provision will make Telefónica's ADSL services more competitive.

The PGMC established that the mobile termination rates (VU-M) shall observe the following scheme: the reference VU-M value applicable to a provider belonging to a Group declared with SMP within the mobile termination market shall be based on the model of incremental costs. Such model of incremental costs shall be implemented from February 24, 2016. Previously, the reference VU-M value applicable to such providers shall be as follows:

- From February 24, 2014: up to 75% of the VU-M value in force on December 31, 2013.
- From February 24, 2015: up to 50% of the VU-M value in force on December 31, 2013.

In this regard, in December 2013, ANATEL published its Resolution 7,272 establishing the new VU-M values for 2014 and 2015 applicable to providers with SMP. These are the values applicable to VIVO (in Brazilian reais):

- 2014:
 - o Region I: 0.25126

- o Region II: 0.23987

- o Region III: 0.22164

- 2015:

- o Region I: 0.16751

- o Region II: 0.15911

- o Region III: 0.14766

Pursuant to applicable laws, reductions of VU-M must be reflected in VC1 (retail price paid by users for local fixed-mobile calls) and VC2 and VC3 (retail price paid by users for national long distance fixed-mobile calls). Accordingly and as a consequence of the new V-UM in Resolution 7,272, on February 24, 2014, ANATEL published its Resolution 1,742 establishing the new

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VCs for 2014: approximately 0.07781 Brazilian reais less than the previous VC1s in Region III (as Telefónica only offers local fixed telephony services in that region); and approximately 0.11434 Brazilian reais less than the previous VC2 and VC3.

Resolution 623, issued in October 2013, reformulated the Telecommunication Users Council, broadening its scope from fixed voice services to all telecommunications services. From now on, operators shall implement Telecommunication Users Councils in all regions. Requests, complaints and other measures proposed by users' representatives shall be considered by operators. ANATEL will monitor the councils' activities across the country.

In December 2013, ANATEL issued Resolution 629 which establishes terms and conditions to execute Conduct Adjustment Terms (Termo de Ajustamento de Condutas) aimed at suspending administrative proceedings in course, if license holders assume certain obligations to fully comply with regulations and provide compensations and awards to users.

Competition law

Brazilian competition regulation is based on Law No. 12.529 of November 30, 2011. The Administrative Council for Economic Defense, or CADE, is the agency in charge of enforcing the competition rules.

The new antitrust law establishes a pre-merger notification regime for concentration transactions, with new turnover thresholds (one participant with gross revenue of BRL750 million in Brazil and other participant with gross revenue of BRL75 million in Brazil) and maximum time length for merger review procedure (240 days, extendable to 330 days).

Mexico

General regulatory framework

The provision of all telecommunication services in Mexico is governed by the Constitution, Federal Telecommunication Law and various service-specific regulations. The Constitution was amended in June 2013 on telecommunications matters; the Federal Telecommunications Institute (IFT) is created as an autonomous body responsible for the regulation, promotion and supervision of the use, development and exploitation of radio spectrum, networks and the provision of broadcasting services and telecommunications. By virtue of the Constitution amendment, the Federal Communication Institute will be in charge of regulating the dominant operators or with SMP. Due to these constitutional amendments, the enactment and publication of a secondary legislation on telecommunications is required, which should occur in the first quarter of 2014.

Licenses

Derived from a corporate restructuring carried out in Mexico, authorized by the Federal Institute for Telecommunications, dated on December 30, 2013, Baja Celular Mexicana, SA de CV, Cellular Phones, Inc. de CV, Telefónica Celular del Norte, SA de C.V. Movitel and Northwest, Inc. de C.V. have ceded in favor of Pegaso PCS, SA de C.V. (Pegaso PCS) the rights and obligations of the concession titles.

Likewise, on January 31, 2014, the merger between Pegaso Comunicaciones y Sistemas, S.A. de C.V. and Pegaso PCS was formalized, subsisting the latter. Once the merger takes effect, Pegaso PCS will acquire the ownership of the rights and obligations of the concession titles of Pegasus Communications y Sistemas.

Prices and tariffs

Tariffs charged to customers are not regulated. They are set by mobile operating companies and must be registered with COFETEL.

Interconnection

Mexican telecommunications regulations obligate all telecommunications network concessionaires to execute interconnection agreements. Interconnection rates and conditions may be negotiated by the parties. However, should the parties fail to agree, COFETEL must fix the unresolved issues, including tariffs.

Throughout 2011, COFETEL issued several resolutions as a result of different interconnection disputes submitted by several operators. In such resolutions, COFETEL determined a mobile termination charge (“MTC”) for Telefónica México, as well as for other mobile operators, of 0.3912 Mexican pesos per minute, billed per second without rounding (leading to a 61% cut to previous rates).

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Telefónica México has appealed on an administrative basis such resolutions from COFETEL. Such appeals are still pending to be resolved. To date, Cofetel has not resolved the applicable rate for 2012 or for 2013 or 2014. Moreover, the declaration of dominant operators in the telecoms market is expected to lead to asymmetric regulatory measures. The Company's competitive position may benefit to a greater or lesser extent depending on the scope of these measures. Furthermore, on June 21, 2012, CIADI Secretary-General declared admissible the international arbitration presented by Telefónica, S.A. against the Mexican United States. Telefónica, S.A. formulated their lawsuit memorial, on September 20, 2013, by virtue of which claim for damages incurred as a consequence of the resolutions, issued by different Mexican regulatory and administrative bodies, of mobile termination rates.

Foreign ownership/restrictions on transfer of ownership

Since the amendments to the Constitution published in June 2013 foreign investment (FDI) up to one hundred percent in telecommunications is allowed.

Competition law

The Federal Economic Competition Law enacted in 1992 and amended on May 10, 2011.

Venezuela

Prices and tariffs

Under Venezuelan regulations, the free-pricing system for telecommunication services remains the same, except for basic telephony services (Local, LDN and LDI) and services rendered under universal service obligations; however, the regulatory entity may, considering CONATEL's opinion, alter prices for telecommunication services for "public interest reasons." The amendment does not define the term "public interest reasons." Nevertheless, the Enabling Act (Ley Habilitante) in Venezuela also confers full powers to the President to implement price controls.

CONATEL published an Order whereby reference values are set for the Determination of Interconnection Charges for use of Mobile Telephony Services. The aim of this regulation is the establishment of reference values and criteria for determining interconnection charges in mobile phone use on the basis of a model of long run incremental costs with breakdown of the network elements by CONATEL, who should intervene setting such charges solely in those cases where there are conflicts between operators relating such charges, and they failed to reach consensus within the period specified in the interconnection legislation. Mobile termination rates in relation to national operator have been reduced approximately 6% compared to the previous rates.

Competition law

Venezuelan law governing competition is the Promotion and Protection of Free Competition Act 1992. The Office of the Superintendent for the Promotion and Protection of Free Competition is the agency empowered to apply the Competition Act.

Chile

General regulatory framework

The General Telecommunications Law No. 18,168 of 1982, as amended, establishes the legal framework for the provision of telecommunications services in Chile. The main regulatory authority in Chile is the Under-Secretary of Telecommunications, or SUBTEL.

On June 11, 2012, Law No. 20,599 was published. It regulates the installation of antennas stations and transmitters of telecommunication services. During 2013, the cost of compliance with the Antenna Law, in Chilean pesos, was of Opex of approximately \$5,092,000,000 (7,091,922 euros) and CapEx of \$5,057,000,000 (7,043,175 euros), using the exchange rate as of January 15, 2014.

In November 2013, Law No. 20,704 was published by virtue of which national long distance service was eliminated. This measure has to be implemented on August 2014. From that date, communications that were formerly national long distance communications and that were separately charged by the carrier will be considered local communications and will form part of the service or commercial plan provided by the local phone company to its clients. The dialing of local numbers will be modified upon the date of the national long distance service elimination.

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An emergency alert system was enabled for mobile networks (2G, 3G) to inform the population in cases of disaster. The system using 4G technology will be implemented on March 2014.

On February 13, 2014, the new Regulation on Telecommunications Services, which will come into force on June 13, 2014, except certain specific obligations that must be met by the service providers prior to that date, was published. This Regulation replaces the existing to date and regulate a number of new services as Internet, Pay TV, etc. The regulation could be challenged if it is considered needed to defend the Company's interest.

Licenses

On March 28, 2013, was published the decree by virtue of which SUBTEL granted to Telefónica Móviles Chile S.A. a public service concession for fixed and/or mobile data transmission in the 2545 MHz - 2565 MHz and 2665 MHz - 2685 MHz bands (4G technology). On November 2013, TMCH initiated the partial commercialization of 4G services, and in March 2014 the total of the commercialization will have to be implemented. 2.6 GHz concession obliges TMCH to provide a wholesale service to OMV, for what the latter had to published a completely Facilities Offer (including prices), available in non-discriminatory terms.

In October 2013, Subtel published in the Official Journal a public tender for granting public service concessions for transmitting data on 713-748 MHz and 768-803 MHz frequency bands. Three blocks of frequencies at a national level will be assigned: two blocks of 2x10 MHz and one block of 2x15 MHz. In addition of providing the data transmission service, additional obligations are set, like provide wholesale services to OMV, provide national roaming wholesale services, provide data transmission wholesale service, provide services to determined routes, locations and municipal and supported schools. Offers have to be issued by interested parties by January, 2014. In the event of a tie in the proposals, the tender will be resolved by a bid (best offer in financial terms).

Prices and tariffs

Maximum tariffs for telephony services are set every five years by the Ministry of Transport and Telecommunications and the Ministry of Economy. In addition, the Competition Tribunal may subject any telephony service to price regulation, except for mobile telephone services to the public that are expressly exempted.

The Competition Tribunal ruled in January 2009 that only some local telephone services were to be subject to tariff regulation (line connections, monthly fixed charges, variable traffics charges, and public payphone services are excluded). Accordingly, it was determined that every local telephone company, within its service zones, would be regulated with respect to tariff levels and structure. In addition, Telefónica Chile, in its capacity as a "SMP operator" (except in regions where other companies are the SMP operators), is regulated on a non-price basis, with requirements that it not engage in discriminatory pricing and that it give previous notice of plans and packages.

Interconnection

Interconnection is obligatory for all license holders with the same type of public telecommunications services and between telephony public services and intermediate services that provide long distance services. The same requirement applies to holders of those intermediate service licenses, who are required to interconnect their networks to the local telephone network.

A "calling party pays" tariff structure was implemented on February 23, 1999. Under this tariff structure, local telephone companies pay mobile telephone companies an access charge for calls placed from fixed networks to mobile networks. Local telephone companies may pass this interconnection charge on to their customers. Every five years, SUBTEL sets the applicable tariffs for services provided through the interconnected networks.

The Tariff Decree for the period 2014-2019, for mobile telephony networks was adopted by SUBTEL on January 16, 2014, and is enforceable since January 25, 2014. The new prices imply a reduction of 73.4% as regards the previous ones.

On November 8, 2013, the fixed operation submitted its Tariff Study. On March 8, 2014, the Ministries should submit its Report of Objections and Counterproposal to the Tariff Study, in which it is likely that they will propose different tariffs. The new tariff decree will come in force on May 9, 2014.

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Competition law

The principal regulation concerning competition in Chile is Decree No. 211 of 1973, whose current text was established in Decree N° 1 of 2005 (Ministry of Economía, Fomento y Reconstrucción). The Competition Tribunal deals with infringements of competition law.

Through General Instruction No 2 (“IG2”) of December 18, 2012, the Competition Tribunal imposed that mobile phone companies cannot commercialize plans with a different price for the on-net and off-net calls, as of the effective date of the mobile Tariff Decree over access charges (January 25, 2014). In addition, fixed and mobile service packages with discounts are authorized as of the in-service date of the LTE concession (March 28, 2014).

The TuVes company, which provides PayTV services brought an appeal against IG2 before the Supreme Court, which issued a judgment on December 17, 2013, by virtue of which fixed-mobile convergent offers with a multiservice discount cannot be commercialized permanently. This affected our commercial offer focused on convergent products (Fusion and others), and as a result, possible commercial and operational solutions are being analyzed.

Argentina

General regulatory framework

The basic legal framework for the provision of telecommunications services in Argentina is set forth in the National Telecommunications Law (No. 19,798) of 1972 and in the specific regulations governing each type of telecommunications service. Decree 764/00 established the new and current regulatory framework rules for a free market, and includes interconnection, license, universal service and spectrum rules.

The following regulatory authorities oversee the Argentine telecommunications industry:

the National Communications Commission, or CNC, supervises compliance with licenses and regulations, and approves changes to mandatory goal and service requirements; and

the Secretariat of Communications, or SECOM, grants new licenses, regulates the bidding and selection processes for radio-spectrum authorizations, and approves the related bidding terms and conditions.

On October 21, 2003, Law No. 25,790 became effective, extending the term for the renegotiation of concession or licensing agreements with public utilities until December 31, 2004, which was subsequently extended until December 31, 2011. As an investor in Argentina through Telefónica de Argentina, we commenced arbitration proceedings against the Republic of Argentina based on the Reciprocal Protection of Investments Treaty between Spain and Argentina for damages suffered by us because of the measures adopted by the Argentine government in connection with the renegotiation of certain concession and licensing agreements. On August 21, 2009, the parties requested the Tribunal, in accordance with Rule 43 of the ICSID Arbitration Rules, declare a resolution of the termination of the proceedings. The agreement of the parties envisages the possibility of a new request for arbitration under the ICSID Convention being submitted by Telefónica

Prices and tariffs

Additionally, Decree No. 764/00 established that providers of telephone services may freely set rates and/or prices for their service which shall be applied on a non-discriminatory basis. However, until the Secretary of Communications determines that there is effective competition for telecommunications services, the “dominant” providers in the relevant areas (which include Telefónica de Argentina) must respect the maximum tariffs established in the general tariff

structure.

Also, the guidelines set forth in article 26 of Decree No. 1185/90 continue in effect for operators with significant market power. These guidelines establish information obligations with which operators must comply with respect to tariffs and which flow toward both clients and the national regulator. This Decree also establishes the powers the regulator has to revise or revoke such tariffs.

Furthermore, on October 15, 2012, became effective the resolution SC 45/2012 of the Secretary of Communications, which provides that the mobile phone companies should only bill to its clients the minutes since the call to be serviced by the receiver or his message box.

Tariffs charged to customers for mobile services are currently not regulated in Argentina.

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Interconnection

The rules for national interconnection set forth that interconnection agreements are to be freely negotiated between the relevant service providers, on a non-discriminatory basis. The regulations also establish the obligation for dominant and significant market operators to unbundle their local loops and to allow competitors to use them on a reasonable basis.

Competition law

Law 25,156, on Protection of Competition prohibits any acts or behaviors contrary to the law. The National Commission for the Defense of Competition is the authority entrusted with application of the law.

Colombia

General regulatory framework

In Colombia, telecommunications are a public service, subject to state regulation and oversight. Law 1341/09 (“Technologies of Information and Communications Law”) reformed the legal framework, establishing the general regime for information and communication technologies. Under this law, providers of network and telecommunications services in Colombia must register with the Information and Communication Technologies Minister. In addition, operators must obtain a concession from the National Television Authority (previously a Commission) in order to provide television services. The Colombian telecommunications regulator is the Comisión de Regulación de Comunicaciones or CRC.

Licenses

Regarding the licenses for the provision of mobile voice services awarded in 1994, and their amendment agreements, by virtue of which allow the usage of spectrum over the 850 MHz (25 MHz) and the 1900 MHz (15 MHz) bands, given for a 10 years period and extended in 2004 for another equal period, the company decided to opt to the general habilitation regime, modifying registry before the Ministry. Company requested the renewal of the licenses and permits for the use of spectrum according to the article 68 of law 1341 2009, and the Decree 2044 of 2013, in which the Ministry determined the requirements and formalities in order to be able to obtain the renewal and some criteria for establish the renewal conditions. To date, the renewal requested is still pending and the Ministry have not issued the specific conditions for the renewal.

Regarding the reversion of assets the Company and the Colombian Government had been acting within the contractual relationship, in the understanding that such reversion only applies to the scarce resource that was assigned (the spectrum), on the basis of with the legal framework issued by the national Congress, integrated by laws 422 1998 and 1341 2009.

Notwithstanding, the Constitutional Court declared possible in a conditional way article 4 of the 422 1998 Law and article 68 of 1341 2009 Law, related to the reversion of assets by Sentence C-555 of 2013, to interpret that concessional contracts subscribed before the entry into force of these legislation, shall respect “the reversion” clause 33 concluded “at the expiration of the concession term, the elements and assets directly affected by it will become National property, without imposing any compensation obligation”.

Constitutional Court Ruling C-555 was issued in February 2014. According to Court’s Opinion, reversion might entail wireless telecommunications spectrum band, as well as other assets and network related to the

rendering of the service as laid down in sections 14 and 15 of Decree 1900 of 1990 and other applicable law in effect at the time of the entering into the contracts, especially those that were taking into consideration for setting the financial equilibrium of those contracts; or, if such reversion is not possible, its economic equivalence.

Upon termination of the Agreements, Telefónica and the Ministry, during the liquidation procedure, shall reach an agreement as to the scope and extension of such reversion.

In the 4G auction process, the Company obtained 30 MHz of spectrum in the 1710 to 1755 MHz band and 2110 to 2115 MHz band, resource that was assigned by the Resolution 2625 (2013), confirmed by Resolution 4142 on October 25, 2013, for a 10 years period.

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Interconnection

Mobile and fixed operators in Colombia have the right to interconnect to other operators' networks. Before the intervention of regulatory authorities, operators must attempt direct negotiations. Interconnection must assure compliance with the objectives of non-discriminatory treatment, transparency, prices based on costs plus a reasonable profit and promotion of competition. Asymmetric termination rates are regulated by CRC Resolutions 1763 and 3136 of 2011 and 3534 of 2012. Additionally, CRC Resolution 3101 of 2011 adopted a unique interconnection regime, which promotes competition and guarantees access to networks and networks elements to other providers of telecommunications, content and apps.

During 2013, the CRC issued national Roaming price regulation, extending the application of the objective value set for mobile termination rates to this service and imposing a value of \$ COP 25.63 per Mbyte for 2013, \$ COP 19.36 for 2014 and \$ COP 13.09 for 2015.

In 2011, The Regulator issued a progressive reduction on mobile termination charges from April 2012 to 2015 and imposed the use of asymmetric mobile termination rates to Comcel (Claro) the dominant operator.

Prices and tariffs

The Technologies of Information and Communications Law, provides for free pricing for voice and Internet access services. Therefore, mobile tariffs charged to customers are not regulated, although they may not be discriminatory. Nevertheless, fixed-to-mobile tariffs are subject to a price cap. Rates are fixed by mobile operating companies and must be registered with the Comisión de Regulación de Telecomunicaciones. The regulator set a price cap depending to the changes on mobile terminations rates, being the reason why during 2013 it was \$ COP 124.87.

Regulation in quality and users' protection

During 2013 the Commission established rules to protect users in matters such as international roaming services, and ordered providers to automatically compensate users, as of January 2014, for the blocking, suspension or disconnection of fixed services. For mobile services, the Commission ordered the automatic compensation (via minutes) for dropped calls.

Television services

The Company pays the National Television Authority a periodic consideration for the license obtained in 2007 to offer television services, initially set as 10% of the gross revenues of the company for television services, reduced to 7% in 2010. Since 2012, it is based on a fixed value of \$ COP 1,874.32 per user, updated yearly to the consumer gross price index (IPC) and the number of registered users.

Competition law

The Colombian Competition Law is incorporated in the Law No. 155/59, Decree No 2153/92 and Law 1340/09 on Restrictive Trade Practices. The Superintendent of Industry and Commerce is the Colombian competition authority.

Peru

General regulatory framework

The provision of telecommunications services in Peru is governed by the Telecommunications Law and related regulations.

In July 2012 the Peruvian Congress approved the Law of Promotion of the Broad Band and Construction of the National Fiber Optic Backbone, Law N° 29904. This Law declares of public necessity: (i) the construction of the National Fiber Optic Backbone which will be entitled to the government to make possible the connectivity by the broad band, and; ii) the access and use of the infrastructure associated with the public services of energy and hydrocarbon to facilitate the display of the telecommunication network for the provision of the broad band. In addition, Law N° 29904 implies that operators of electric, transport and hydrocarbon infrastructure projects will have to install fiber optic that will be entitled to the State and will be given in concession to other telecommunication operators. Also establishes that a percentage of the capacity of the National Fiber Optic Backbone will be reserved for the Government to satisfy its necessities.

In November 2013, secondary legislation of the abovementioned law N° 29904 was approved; furthermore, on December 23, 2013, “Consortio TV Azteca – Tendai” was awarded with the National Fiber Optic Backbone project.

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Licenses

In December 2013, Telefónica del Perú S.A.A. submitted to the Transport and Communications Ministry an application to renew its concessions to provide nationwide fixed telecommunications services, for five more years. The aforementioned proceeding is still pending.

Telefónica Móviles S.A. has five mobile services concessions. Three of them (two are intended to provide mobile service in Lima and Callao and the other for the rest of the country) were renewed in March 2013 for an additional 18 years and 10 months. The last mobile concession was awarded to Telefónica in October 2013.

Although the cable distribution broadcasting service concessions have expired, they are still valid while the renew proceedings are still pending.

Prices and tariffs

Tariffs for fixed telephony services must be approved by the National Regulatory Authority, the Organization for Supervision of Private Investment in Telecommunications, or OSIPTEL, in accordance with a price cap formula based on a productivity factor. Rates charged by mobile providers to their customers have been subject to a free tariff regime supervised by OSIPTEL. Tariffs must be reported to OSIPTEL prior to implementation.

On October 17, 2013 OSIPTEL fixed in S/0.0025 per second (S/0.1478 per minute) the maximum rate applicable to local calls made from Telefónica del Perú S.A.A's fixed telephones to mobile networks for personal and trunked communications. This new rate is in force since October 30, 2013.

Interconnection

Mobile service providers are required, upon request, to interconnect with other concession holders. According to the principles of neutrality and non-discrimination contemplated in the Telecommunications Law, the conditions agreed upon in any interconnection agreement will apply to third parties in the event that those conditions are more beneficial than terms and conditions agreed upon separately.

Competition

The general competition framework in Peru is based on the Legislative Decree N° 1034. This law it is applied, in the telecommunication sector, by OSIPTEL.

Law N° 30083 was approved in September 2013, which seeks to strengthen competition in the public mobile market service by introducing mobile virtual network operators (MVNOs) and mobile rural infrastructure operators (MRIO). Mobile network operators must allow MVNOs access (when requested) to their elements and network services for a fee and should provide – through the MRIO network, upon request - public mobile services in rural areas as long as they do not own infrastructure deployed at these locations. Mobile network operators may have no legal or economic ties with MVNO accessing their network. Therefore, in principle, no Telefónica Group company could operate as a MVNO within its own network. Mobile network operators must offer MVNOs their wholesale services on terms no less favorable or discriminatory. The publication of the regulation of this Law is pending.

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Main concessions and licenses held by the Telefónica Group

EUROPE	Band	Spectrum Award	Termination date
SPAIN	800 MHz	(2 x 10 MHz)	December 31, 2030
	900 MHz	(2 x 9.8 MHz)	February 4, 2015. December 31, 2030 (awarded 2X1MHz)
	900 MHz	(2 X 9,8 MHz)	December 31, 2030
	900 MHz	(E- GSM) (2X4 MHz)	December 31, 2030
	DCS-1800	(2 x 20 MHz)	December 31, 2030
	2.1 GHz	(2 x 15 MHz + 5 MHz)	April 18, 2020 (April 18, 2030)
	2.6 GHz	(2 x 20 MHz)	December 31, 2030
UNITED KINGDOM	900 MHz	(2 x 17.4 MHz)	Indefinite period
	1800 MHz	(2 x 5.8 MHz)	Indefinite period
	2100 MHz	(2 x 10 MHz + 5 MHz)	Indefinite period
	800 MHz	(2 x 10 MHz)	Indefinite period
	* Since 2011, 900 MHz and 1800 MHz bands can be used to deploy UMTS.		
GERMANY	1800 MHz	(2 x 17.4 MHz)	December 31, 2016
	900 MHz	(2 X 5 MHz)	December 31, 2016
	2100 MHz	(2 x 9.9 MHz)	December 31, 2020
	800 MHz	(2x10 MHz)	December 31, 2025
	2.6 GHz	(2x 20 MHz + 10 MHz)	December 31, 2025
	2.0 GHz	(2 X 5 MHz + 20MHz)	December 31, 2025
* Refarming is possible subject to a prior request and possible market distortion investigation.			
IRELAND	1800 MHz	(2 x 14.4 MHz)	2015
	2100 MHz	(2 x 15 MHz + 5 MHz)	2022
	800 MHz	(2 x 10 MHz)	2013-2015
	800 MHz	(2 x 10 MHz)	2015-2030
	900 MHz	(2 x 10 MHz)	2013-2015
	900 MHz	(2 x 10 MHz)	2015-2030
	1800 MHz	(2 x 15 MHz)	2015-2030

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CZECH REPUBLIC	900 MHz/1800 MHz	(2 X 12,4 MHz)/ (2 X 14 MHz)	February 7, 2016
	2100 MHz	(2 X 19,8 MHz)	January 1, 2022
	450 MHz	(2 x 4,44 MHz)	February 7, 2018
	800 MHz	(2 x 10 MHz)	June 30, 2029
	1800 MHz	(2 x 3 MHz)	June 30, 2029
	2600 MHz	(2 x 20 MHz)	June 30, 2029
SLOVAKIA	900 MHz/ 1800 MHz/ 2100 MHz	(2 X 10,2 MHz) / (2 X 15 MHz)	September, 2026
		/ (2 X 20 MHz + 5 MHz)	
	800 MHz	(2 x 10 MHz)	December 31, 2028
	1800 MHz	(2 x 0,6 MHz)	September 7, 2026
LATIN AMERICA	Band/Services		Termination period
MEXICO	850 MHz		2025
	9 concessions/1900 MHz		2018 + 20 YEARS
	4 concessions/1900 MHz		2025 + 20 YEARS
	8 concessions/1900 MHz		2030
	6 concessions/1.7-2.16 MHz (AWS)		2030
<p>Other concessions/licenses: Public telecommunications network to offer national and international long-distance service, fixed and public telephone services throughout the country, public telecommunications network to offer pay TV and satellite data transmission services, public telecommunications network to provide satellite data transmission services, transmission and reception rights in respect of frequency bands or signals associated with foreign satellites.</p>			
VENEZUELA	800 MHz		November 28, 2022
	Private network services		December 15, 2025
	Nationwide wireless fixed access		August 24, 2026
	Local, national long-distance and international long-distance telephone services		December 15, 2025
	1900 MHz		November 28, 2022 + 10 years
	Push to talk licenses		December 15, 2025
	1900 MHz (20 MHz)		November 28, 2022 + 15 years
CHILE	(Several) 800 MHz		Indefinite period
	(3 national concessions) 1900 MHz		November 2002 + 30 years
	(1 concession) 2.5/2.6 GHz		March 28, 2043

In addition, Telefónica de Chile holds licenses for local public telephony services, public data transmission services, VoIP services, long distance services and license to install and operate a national fiber optics network. Telefónica de Chile holds different licenses to provide limited television services.

Finally, TIWS Chile holds a license to operate and install underwater fiber optic submarine cable and land fiber optic cable transmission.

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ARGENTINA Telefónica de Argentina holds licenses, all of which have been granted for an unlimited period, allowing it to provide fixed telephony services, international telecommunications services, local services in the northern and southern regions; long-distance, international telecommunications services and data transmission in the northern region; and Internet and international data transmission access services.

Telefónica Móviles de Argentina's licenses for providing mobile services include PCS licenses and the corresponding authorizations for using spectrum in different regions, as well as licenses for trunk services or closed groups of users, in different cities.

COLOMBIA	850 MHz (25 MHz)	Renewal proceeding
	1900 MHz (15 MHz)	Renewal proceeding
	1900 MHz (15 MHz)	2021
	1.7 GHz paired with 2.1 GHz (30 MHz)	2023

On November 8, 2011, Colombia Telecomunicaciones adhered to the general habilitation scheme contained in Law 1341/2009, and, consequently, is allowed since that date to provide any networks and telecommunications services, such as long distance carrier services, ad value services, national carrier services, and mobile services.

In addition, the Company holds a concession to provide satellite television service (DBS) and direct-to-home television (DTH).

PERÚ		800 MHz	Lima and Callao	March 26, 2030
		1900 MHz, B Band	Lima and Callao	April 28, 2030
	Mobile Telephone	800 MHz.	National level, except Lima and Callao	December 13, 2030
		1900 MHz, B Band	National level, except Lima and Callao	June 1, 2018
	Personal Communications Services (PCS)	1,700 MHz Band, blocks A (20+20 MHz)	National	October 10, 2033

Telefónica del Perú, S.A.A. provides nationwide fixed telecommunications services according to two concessions granted on May 16, 1994 by the Ministry of Transport and Communications. The concessions were initially granted for 20 years, and may be partially renewed for additional five-year periods up to a maximum of 20 years. To date, three partial renewals extending the concession to November 27, 2027 have been approved. In December 2013, Telefónica del Peru S.A.A. submitted to the Transport and Communications Ministry an application to renew its concessions for five more years. The aforementioned proceeding is still pending.

ECUADOR Otecel renewed the mobile telephone services concession under which it provides advanced mobile services (850 MHz B1 y B1' and 1900 MHz D y D'), including 3G services. The concession expires in November 2023 and may be renewed for an additional 15-years period.

In addition, Otecel holds a fixed and mobile carrier services concession expiring in 2017. This concession may be renewed for an additional 15-year period. The different licenses for providing added-value mobile services and Internet access services expire in 2021. This license

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was renewed until June 2, 2021 and may be extended for another 10 years.

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CENTRAL AMERICA

COSTA RICA	Telecommunication services (6)	10.6 MHz/850 MHz 30 MHz/1800 MHz 20 MHz/2100 MHz		2026 (7)
EL SALVADOR	Telecommunication services (1)	25 MHz/850 MHz 30 MHz/1900 MHz	Band B Band C	2018(2) 2021
GUATEMALA	Telecommunication services (1)	80 MHz/1900 MHz	Bands B, C, E and F	2033(8)
NICARAGUA	Mobile telecommunication services	25 MHz/850 MHz 60 MHz /1900 36 MHz /700	Band A Bands B, D, E and F	2023(3) 2023(3) 2023(3)
PANAMA	GSM/UMTS	25 MHz /850 10 MHz/1900 MHz	Band A Band F	2016(4)
URUGUAY	Mobile telephone	12.5+12.5 MHz 5+5 MHz 5+5 MHz 2x5Mhz	800 MHz 1900Mhz 1900Mhz 1900Mhz	2024(5) 2022 (5) 2024 (5) 2033(9)

(1) In accordance with the Telecommunications Law all of these concessions were granted to provide any type of telecommunication services.

(2) Concessions for the use of spectrum are granted for a period of 20 years and may be renewed for additional 20 year periods once the procedures established by the Telecommunications Law are fulfilled.

(3) Telefonía Celular de Nicaragua, S.A. (TCN) obtained a concession in 1992 for a period of 10 years to use the 25 MHz spectrum in band A of 850 MHz in order to provide mobile telecommunication services. This concession was renewed for a period of 10 years from August 2013 until July 2023. The regulatory agency awarded TCN additional spectrum of 60 MHz in bands B, D, E and F of 1900. The concession may be renewed for an additional 10-year periods via negotiation with TELCOR two years in advance of the expiry of the current concession, subject to compliance by the operator with certain conditions.

(4) The concession is valid for 20 years and expires in 2016. It is renewable for an additional period in accordance with the concession contract. The Government of Panama granted the right to use 10 MHz (5+5) in the 1900 MHz until 2016, which can be renewed for a further period. In January 2013 the company has file a request for the renewal of the concession. Its terms have to be agreed with the government of Panama.

(5) The expiry date depends upon the spectrum awarded: 800 MHz band (12.5 MHz + 12.5 MHz) – 20 years from July 2004; 1900 MHz band (5 MHz + 5 MHz) – 20 years from December 2002; and 1900 MHz band (5 MHz + 5 MHz) – 20 years from July 2004.

(6) Except for traditional basic telephone services through copper networks.

(7) The concession may be renewed for a period that added to the initial period and previous renewals does not exceed 25 years from the start date.

(8) The Guatemala Congress modified the Telecommunications Law, increasing the use period to 20 years for radio, television and telephone frequency. These modifications entered into force on December 6, 2012. Operators were granted a 90-day period to request a change in usage certificate from the regulatory agency. Upon expiry of the period, an extension for a similar period may be requested. Telefónica Guatemala extended the term of the usage certificate until 2033.

(9) On March 13, 2013 URSEC (communications regulator) made a spectrum auction, which comprised spectrum of the followings bands: 900MHz, 1900MHz, AWS (1.7/2.1GHz) and AWS EXT. Telefónica acquired four paired 2x5MHz blocks of spectrum in the 1900MHz band, for U\$S 32 million. Authorizations will last for 20 years.

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BRASIL

Operations

Area	450 MHz	Termination date					
		800 MHz	900 MHz	1800 MHz	1900 MHz	2100 MHz	2,5 GHz
Region 1							
Rio de Janeiro			Extension	Extension 9			
	--	Band A - 29/11/20	1 - 30/04/23	e 10 - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
Espírito Santo			Extension	Extension 9			
	--	Band A - 30/11/23	1 - 30/04/23	e 10 - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
Amazonas, Roraima, Amapá, Pará e Maranhão			Extension	Extension			
	--	Banda B - 29/11/28	2 - 30/04/23	7, 9 e 10 - 30/04/23		Band J - 30/04/23	Band X - 18/10/27
Minas Gerais (exceto Triângulo Mineiro)	450 - 18/10/27	Band A - 29/04/23	Extension 2 - 30/04/23	Extension 11 a 14 - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
Minas Gerais (Triângulo Mineiro)	450 - 18/10/27	--	Band E - 28/04/20	Band E - 28/04/20	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
Bahia			Extension	Extension 9			
	--	Band A - 29/06/23	1 - 30/04/23	e 10 - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
Sergipe	450 - 18/10/27	Band A - 15/12/23	Extension 1 - 30/04/23	Extension 9 e 10 - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
Alagoas, Ceará, Paraíba, Pernambuco, Piauí e Rio Grande do Norte	450 - 18/10/27	--	--	Band E - 30/04/23 Extensión 9 e 10 - 30/04/23	Band L - 07/12/22	Band J - 30/04/23	Band X - 18/10/27
Region 2							
Paraná (Exceto Setor 20) e Santa Catarina			Extension				
		Band B - 08/04/28	1 - 30/04/23	Banda M - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
PR Setor 20 - Londrina e Tamarana				Banda M - 30/04/23 Extensión 10 - 30/04/23		Band J - 30/04/23	Band X - 18/10/27
Rio Grande do Sul (Exceto Setor 30)			Extension				
		Band A - 17/12/22	1 - 30/04/23	Banda M - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27

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Rio Grande do Sul - Setor 30 (Pelotas, Morro Redondo, Capão do Leão e Turuçu)			Band D e M - 30/04/23	Band L - 07/12/22	Band J - 30/04/23	Band X - 18/10/27
Distrito Federal	Band A - 24/07/21	Extension				
		1 - 30/04/23	Band M - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
Goiás e Tocantins	Band A - 29/10/23	Extension				
		1 - 30/04/23	Banda M - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
Goiás (Setor 25)			Banda M - 30/04/23			
		Extension 7 a 10 - 30/04/23		Band L - 07/12/22	Band J - 30/04/23	Band X - 18/10/27
Mato Grosso	Band A - 30/03/24	Extension				
		1 - 30/04/23	Banda M - 30/04/23	Banda L - 30/04/23	Banda J - 30/04/23	Banda X - 18/10/27
Mato Grosso do Sul - Exceto Setor 22	Band A - 28/09/24	Extension				
		1 - 30/04/23	Banda M - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
Mato Grosso do Sul (Setor 22 - Município de Paranaíba)			Band M - 30/04/23			
		Extension 7, 9 e 10 - 30/04/23		Band L - 07/12/22	Band J - 30/04/23	Band X - 18/10/27
Rondônia	Band A - 21/07/24	Extension				
		1 - 30/04/23	Banda M - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
Acre	Band A - 15/07/24	Extension				
		1 - 30/04/23	Band M - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27

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Region 3

São Paulo	(4)	Band A - 05/08/23	Extension 9 e 10 - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
São Paulo (Ribeirão Preto, Guatapar e Bonfim Paulista)	(4)	Band A - 20/01/24	Extension 5, 9 e 10 - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
So Paulo (rea de Franca e Regin)	(4)	Band A - 05/08/23	Extension 5, 9 e 10 - 30/04/23	Band L - 30/04/23	Band J - 30/04/23	Band X - 18/10/27
So Paulo (Setor 33)			Extension 9 e 10 - 30/04/23	Band L - 07/12/22	Band J - 30/04/23	Band X - 18/10/27

(1) All Authorization Terms of the Bands A and B have already been renewed for 15 years. Therefore, it is not expected another renovation (until completed 30 years of the authorization).

(2) - The Authorization Terms of Band L, which were tied to Band A or B, were renovated at the same time of these bands.

(3) - The Band's "L" that were realigned to the J band shall be the same date for renewal of the latter (price calculation realignment is referred at this point).

(4) - At So Paulo, only cities with CN 13-19, VIVO holds the license for 450 MHz which expire on 18/10/27.

(5) - Paran - Sector 20 PGO - Cities of Londrina and Tamarana.

(6) - Mato Grosso do Sul - PGO Sector 22 - City of Parnaba.

(7) - Gois - Sector 25 PGO - Cities of Buriti Alegre, Cachoeira Dourada Inaciolndia, Itumbiara, Paranaiguara and San Simon.

(8) - So Paulo - Sector 33 PGO - Altinpolis, Aramina, Batatais, Brodowski, Buritizal, Cajuru, the Coconut Cassia, Colombia, France, Guaira, Guara, Ipu, Ituverava, Jardinpolis, Miguelpolis, Morro Agudo, Nuporanga, Orlndia, Ribeiro Chain, Sales de Oliveira, Santa Cruz Hope, Joy and Santo Antonio Sao Joaquim da Barra.