

NOTA DE PRENSA PRESS RELEASE

SHAREHOLDERS APPROVED CAPITALIZATION OF COLOMBIA TELECOMUNICACIONES

- The transaction, of COP6.45 billion, is to be assumed by Telefónica S.A. and the Republic of Colombia - Ministry of Finance (MHCP)
- Colombia Telecomunicaciones strengthens its financial position

Bogotá, August 29, 2017. At the Shareholders Meeting of Colombia Telecomunicaciones was approved the capitalization of the company of COP6,45 billion, with the aim of settling the outstanding liability with Patrimonio Autónomo Receptor de Activos de la Empresa Nacional de Telecomunicaciones en Liquidación y Las Empresas Telesociadas en Liquidación, or PARAPAT, and paying the arbitral award issued against the company in recent weeks.

The capitalization is intended for fully prepaid the Parapat liability, which amounts to COP4,8 billion, plus COP1,65 billion to pay the judgment in connection to the court of arbitration requested by the Ministry of Information, Technologies and Communications, or MINTIC, related to the "reversion of assets" provision that required the company to return to the Colombian government, the assets directly related to the concession agreement (1994-2013), upon expiration of the concession.

Consequently, Telefónica S.A., 67.5 percentage of ownership, will provide resources in cash of COP4.35 billion, and the Republic of Colombia- Ministry of Finance (MHCP), 32.5 percentage of ownership will assume COP2.1 billion without disbursing funds.

The decision of the shareholders strengthens the capital structure, cure the dissolution event and improves the financial position of the company for the benefit of its clients and employees.

About Colombia Telecomunicaciones

Colombia Telecomunicaciones, Coltel, is one of the largest companies in information and communications technology in the country, with revenues of COP 4,8 billion in 2016.

The activity of Colombia Telecomunicaciones, which operates with Telefónica and Movistar trademarks, focuses primarily on fixed and mobile telephony, broadband services, fiber to the home mobile Internet connectivity and satellite television.

Telefónica is present in 801 municipalities with fixed telephony, 297 with broadband services, 972 with mobile telephony and 173 municipalities with 4G LTE technology.

Telefonica ended the second quarter of 2017 with a customer base of 16,6 million across the country: 1,33 million fixed lines in service, 13,8 million mobile lines, 969.000 broadband subscribers and 529.000 subscribers of digital satellite TV.

Telefónica Colombia

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