



PRESS RELEASE

TELEFÓNICA AND NAGRA LAUNCH NEXT GENERATION PAY-TV SERVICES IN LATIN AMERICA

- **Companies extend technology partnership beyond content protection to include next generation middleware and user experience solutions**
- **OpenTV 5 will enable hybrid and over-the-top services through a consistent cross-device user experience to subscribers in Latin America**
- **Telefónica Digital wants to enrich their Pay-TV services in Latin America by providing quadruple play users with advanced functionalities on top of connectivity**

Cheseaux, Switzerland and Madrid, Spain– January 6th, 2014 – NAGRA, the digital TV division of the Kudelski Group (SIX:KUD.S) and the world's leading independent provider of content protection and multiscreen television solutions, and Telefónica Digital, the global business division of Telefónica S.A (NYSE: TEF), a tier one integrated operator in the telecommunications sector, announced today the launch of next generation TV services powered by NAGRA's latest middleware solution, OpenTV 5. OpenTV 5 will enable Telefónica to deliver hybrid and over-the-top services through a unified user experience to Telefónica's Latin American customers in Argentina, Brazil, Chile, Colombia, Peru and Venezuela.

"Next generation middleware solutions such as NAGRA's Open TV 5 will allow Telefónica to combine our strengths as a Pay-TV operator and a telco provider to create more powerful end-user services," said David del Val, Media Services Product Director at Telefónica Digital. "Adding broadband connectivity to our satellite and cable services in the context of a quadruple play offering will bring them to a new level of experience around content curation, flexilinear TV and multiscreen capabilities. The flexible nature of OpenTV 5 lets us create a unique value proposition based on our customer insights and long-term product vision, covering the entry-level as well as the high-end segments of our markets."

"Telefónica has consistently been at the forefront of innovation continually expanding and enriching their subscriber offering to improve the experience of their viewers," said Ivan Verbesselt, SVP Group Marketing for NAGRA. "Today, we are thrilled to partner with Telefónica on this new launch by providing the critical middleware component that is the foundation for the deployment of next generation multiscreen services. OpenTV 5 is the solution of choice for operators wanting to ensure a seamless end-user experience across multiple devices, faster time-to-market of new services and applications, and stronger monetization opportunities."

OpenTV 5 will be deployed by Telefónica across satellite, cable, terrestrial and pure over-the-top networks supporting a range of broadcast, on-demand and interactive services. As NAGRA's most advanced and most open middleware solution, OpenTV 5 provides operators like Telefónica with the building blocks to deploy feature-rich Pay-TV services, applications



and user experiences. It can scale from low-cost “zapper” boxes to advanced PVRs and gateways, supporting any network type (cable, satellite, IPTV, terrestrial) including hybrid networks.

The solution will be demonstrated at NAGRA booth located in the Venetian Suites Toscana 3601-03 at the CES Show in Las Vegas from January 7-10, 2014.

About NAGRA

NAGRA, the digital TV division of the Kudelski Group (SIX:KUD.S), provides security and multiscreen user experience solutions for the monetization of digital media. The company offers content providers and DTV operators worldwide with secure, open, integrated platforms and applications over broadcast, broadband and mobile platforms, enabling compelling and personalized viewing experiences. Please visit www.nagra.com/dtv for more information and follow us on Twitter at @nagrakudelski.

About Telefónica

Telefónica is one of the largest telecommunications companies in the world in terms of market capitalisation and number of customers. From this outstanding position in the industry, and with its mobile, fixed and broadband businesses as the key drivers of its growth, Telefónica has focused its strategy on becoming a leading company in the digital world. The company has a significant presence in 24 countries and a customer base that amounts more than 320 million accesses around the world. Telefónica has a strong presence in Spain, Europe and Latin America, where the company focuses an important part of its growth strategy. Telefónica is a 100% listed company, with more than 1.5 million direct shareholders. Its share capital currently comprises 4.551.024.586 ordinary shares traded on the Spanish Stock Market (Madrid, Barcelona, Bilbao and Valencia) and on those in London, New York, Lima, and Buenos Aires.

Contacts:

For NAGRA:
Ivan Schnider
Marketing Communications
+41 21 732 09 40
ivan.schnider@nagra.com

Christine Oury
Marketing Communications
+1 415 962 5433
christine.oury@nagra.com

For Telefónica:
Dirección Comunicación Corporativa
+34 91 482 38 00
prensa@telefonica.es