TELEFONICA S A
Form 6-K
July 31, 2014
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of July, 2014

Commission File Number: 001-09531

Telefónica, S.A.

(Translation of registrant s name into English)

Distrito Telefónica, Ronda de la Comunicación s/n,

28050 Madrid, Spain

3491-482-8700

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ¨ No x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ¨ No x

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes ¨ No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Table of Contents

Telefónica, S.A.

TABLE OF CONTENTS

Table of Contents

Report on Limited Review

TELEFÓNICA, S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

and Consolidated Interim Management Report

for the six-month period ended

June 30, 2014

Table of Contents

Translation of a report and condensed consolidated interim financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails (see Note 15)

REPORT ON LIMITED REVIEW OF

THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of

Telefónica, S. A. at the request of Management

Report on the condensed consolidated interim financial statements

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (hereinafter the interim financial statements) of Telefónica, S.A. (hereinafter the Parent Company) and subsidiaries (hereinafter the Group), which comprise the consolidated statement of financial position at June 30, 2014 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows, as well as the condensed explanatory notes, for the six-month period then ended. The Parent Company s directors are responsible for the preparation of said interim financial statements in accordance with the requirements established by International Accounting Standard (IAS) 34, Interim Financial Reporting, adopted by the European Union for the preparation of condensed interim financial reporting as per article 12 of Royal Decree 1362/2007, of October 19. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope

We have performed our limited review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity. A limited review of interim financial statements consists of making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit carried out in accordance with regulations on the auditing of accounts in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

During the course of our limited review, which under no circumstances can be considered an audit of financial statements, nothing came to our attention which would lead us to conclude that the accompanying interim financial statements for the six-month period ended June 30, 2014 have not been prepared, in all material respects, in accordance with the requirements established in International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of condensed interim financial statements.

Table of Contents

Emphasis paragraph

We draw attention to the matter described in accompanying condensed explanatory Note 2, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and therefore, the accompanying interim financial statements should be read in conjunction with the Group s consolidated financial statements for the year ended December 31, 2013. This matter does not modify our conclusion.

Report on other legal and regulatory reporting requirements

The accompanying consolidated interim management report for the six-month period ended June 30, 2014 contains such explanations as the Parent Company s directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended on June 30, 2014. Our work is limited to verifying the consolidated interim management report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of Telefónica, S.A. and its subsidiaries.

Paragraph on other matters

This report has been prepared at the request of Management of Telefónica S.A. with regard to the publication of the semi-annual financial report required by article 35 of Securities Market Law 24/1988, of July 28, further developed by Royal Decree 1362/2007.

ERNST & YOUNG, S.L.

Ignacio Viota del Corte

July 30, 2014

2

Table of Contents

FIRST HALF 2014

TELEFÓNICA GROUP

Condensed consolidated interim financial statements (condensed consolidated annual accounts) and consolidated interim management report for the six-months ended June 30, 2014

Table of Contents

Condensed consolidated interim financial statements
2014

Index

Table of Contents

Condensed consolidated interim financial statements
2014

Telefónica Group

Consolidated statements of financial position

Millions of euros	Note	UNAUDITED 06/30/2014	AUDITED 12/31/2013
A) NON-CURRENT ASSETS		**90,563**	**89,597**
Intangible assets	7	18,339	18,548
Goodwill	7	24,042	23,434
Property, plant and equipment	7	31,065	31,040
Investments accounted for by the equity method	8	2,368	2,424
Non-current financial assets	10	7,930	7,775
Deferred tax assets		6,819	6,376
B) CURRENT ASSETS		**26,876**	**29,265**
Inventories		1,063	985
Trade and other receivables		10,206	9,640
Current financial assets	10	2,869	2,117
Tax receivables		1,540	1,664
Cash and cash equivalents	10	10,131	9,977
Non-current assets held for sale	3	1,067	4,882
TOTAL ASSETS (A+B)		**117,439**	**118,862**
A) EQUITY		**27,736**	**27,482**
Equity attributable to equity holders of the parent and other holders of equity instruments		21,848	21,185
Equity attributable to non-controlling interests		5,888	6,297
B) NON-CURRENT LIABILITIES		**61,683**	**62,236**
Non-current interest-bearing debt	10	50,359	51,172
Non-current trade and other payables		2,019	1,701
Deferred tax liabilities		2,945	3,063
Non-current provisions		6,360	6,300
C) CURRENT LIABILITIES		**28,020**	**29,144**
Current interest-bearing debt	10	9,374	9,527
Current trade and other payables		14,765	15,221
Current tax payables		2,184	2,203
Current provisions		1,512	1,271
Liabilities associated with non-current assets held for sale	3	185	922
TOTAL EQUITY AND LIABILITIES (A+B+C)		**117,439**	**118,862**

The accompanying condensed Notes 1 to 15 and Appendix I are an integral part of these consolidated statements of financial position.

Table of Contents

Condensed consolidated interim financial statements
2014

Telefónica Group

Consolidated income statements

Millions of euros	**Note**	**January-June 2014**	**January-June 2013**
Revenues	5	24,957	28,563
Other income		691	805
Supplies		(7,265)	(8,441)
Personnel expenses		(3,277)	(3,699)
Other expenses		(7,051)	(7,807)
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION (OIBDA)	5	**8,055**	**9,421**
Depreciation and amortization	5 and 7	(4,163)	(5,105)
OPERATING INCOME	5	**3,892**	**4,316**
Share of (loss) profit of investments accounted for by the equity method	8	**(60)**	**28**
Finance income		525	441
Exchange gains		1,410	1,411
Finance costs		(1,724)	(1,778)
Exchange losses		(1,591)	(1,473)
Net financial expense		**(1,380)**	**(1,399)**
PROFIT BEFORE TAX		**2,452**	**2,945**
Corporate income tax		(350)	(751)
PROFIT FOR THE PERIOD		**2,102**	**2,194**
Non-controlling interests		(199)	(138)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**1,903**	**2,056**
Basic and diluted earnings per share attributable to equity holders of the parent (euros)		**0.41**	**0.46**

Unaudited data.

The accompanying condensed Notes 1 to 15 and Appendix I are an integral part of these consolidated income statements.

Table of Contents

Condensed consolidated interim financial statements
2014

Telefónica Group

Consolidated statements of comprehensive income

Millions of euros	**January-June 2014**	**January-June 2013**
Profit for the period	**2,102**	**2,194**
Gains (losses) on measurement of available-for-sale investments	31	(30)
Income tax impact	(9)	9
Reclassification of losses included in the income statement		47
Income tax impact		(14)
	22	12
(Losses) gains on hedges	(405)	376
Income tax impact	123	(111)
Reclassification of losses included in the income statement	73	43
Income tax impact	(22)	(13)
	(231)	295
Share of loss recognized directly in equity of associates and others	(7)	(17)
Income tax impact	2	4
Reclassification of losses included in the income statement		
Income tax impact		
	(5)	(13)
Translation differences	(18)	(3,180)
Total other comprehensive loss recognized in the period (Items that may be reclassified subsequently to profit or loss)	**(232)**	**(2,886)**
Actuarial (losses) gains and impact of limit on assets for defined benefit pension plans	(65)	27
Income tax impact	16	(7)
	(49)	20
Total other comprehensive (loss) income recognized in the period (item that will not be reclassified subsequently to profit or loss)	**(49)**	**20**
Total comprehensive income (loss) recognized in the period	**1,821**	**(672)**

Attributable to:		
Equity holders of the parent and other holders of equity instruments	1,365	(499)
Non-controlling interests	456	(173)
	1,821	**(672)**

Unaudited data.

The accompanying condensed Notes 1 to 15 and Appendix I are an integral part of these consolidated statements of comprehensive income.

Telefónica Group

Consolidated statements of changes in equity

	Attributable to equity holders of the parent and other holders of equity instruments												
Millions of euros	Share capital	Share premium	Treasury shares	Other equity instruments	Legal reserve	Retained earnings	Available-for-sale investments	Hedges	Equity of associates and others	Translation differences	**Total**	**Non-controlling interests**	**Total equity**
Financial position at December 31, 2013	**4,551**	**460**	**(544)**	**2,466**	**984**	**22,517**	**94**	**(37)**	**(31)**	**(9,275)**	**21,185**	**6,297**	**27,482**
Profit for the period						1,903					1,903	199	2,102
Other comprehensive income (loss) for the period						(47)	22	(236)	(5)	(272)	(538)	257	(281)
Total comprehensive income (loss) for the period						**1,856**	**22**	**(236)**	**(5)**	**(272)**	**1,365**	**456**	**1,821**
Dividends paid (Note 9)						(1,790)					(1,790)	(218)	(2,008)
Net movement in treasury shares (Note 9)			(598)			(33)					(631)		(631)
Acquisitions and disposals of non-controlling interests and business combinations (Note 3)												(649)	(649)
Undated Deeply Subordinated Securities (Note 9)				1,750							1,750		1,750
Other movements						(31)					(31)	2	(29)
	4,551	**460**	**(1,142)**	**4,216**	**984**	**22,519**	**116**	**(273)**	**(36)**	**(9,547)**	**21,848**	**5,888**	**27,736**

Financial position at June 30, 2014 (*)

	Attributable to equity holders of the parent and other holders of equity instruments												
Millions of euros	Share capital	Share premium	Treasury shares	Other equity instruments	Legal reserve	Retained earnings	Available-for-sale investments	Hedges	Equity of associates and others	Translation differences	**Total**	**Non-controlling interests**	**Total equity**
Financial position at December 31, 2012	**4,551**	**460**	**(788)**		**984**	**19,569**	**36**	**(715)**	**(7)**	**(3,629)**	**20,461**	**7,200**	**27,661**
Profit for the period						2,056					2,056	138	2,194
Other comprehensive income (loss) for the period						27	12	295	(13)	(2,876)	(2,555)	(311)	(2,866)
Total comprehensive income (loss) for the period						**2,083**	**12**	**295**	**(13)**	**(2,876)**	**(499)**	**(173)**	**(672)**
Dividends paid (Note 9)						(1,585)					(1,585)	(550)	(2,135)
Net movement in treasury shares (Note 9)			326			(87)					239		239
Acquisitions and disposals of non-controlling interests and business combinations (Note 3)													
Other movements						5					5	(19)	(14)
Financial position at June 30, 2013 (*)	**4,551**	**460**	**(462)**		**984**	**19,985**	**48**	**(420)**	**(20)**	**(6,505)**	**18,621**	**6,458**	**25,079**

(*) Unaudited data.

The accompanying condensed Notes 1 to 15 and Appendix I are an integral part of these consolidated statements of changes in equity.

Table of Contents

Condensed consolidated interim financial statements
2014

Telefónica Group

Consolidated statements of cash flows

Millions of euros	January June 2014	January June 2013
Cash received from customers	30,903	35,203
Cash paid to suppliers and employees	(23,228)	(26,413)
Dividends received	39	37
Net interest and other financial expenses paid	(1,586)	(1,550)
Taxes paid	(546)	(878)
Net cash from operating activities	**5,582**	**6,399**
Proceeds on disposals of property, plant and equipment and intangible assets	122	365
Payments on investments in property, plant and equipment and intangible assets	(4,255)	(5,414)
Proceeds on disposals of companies, net of cash and cash equivalents disposed	1,970	164
Payments on investments in companies, net of cash and cash equivalents acquired	(44)	(17)
Proceeds on financial investments not included under cash equivalents	233	9
Payments on financial investments not included under cash equivalents	(248)	(220)
Proceeds/(Payments) on placements of cash surpluses not included under cash equivalents	217	(209)
Government grants received	15	
Net cash used in investing activities	**(1,990)**	**(5,322)**
Dividends paid	(2,044)	(256)
Transactions with equity holders	(640)	258
Operations with other equity holders	1,750	
Proceeds on issue of debentures and bonds	2,677	4,658
Proceeds on loans, borrowings and promissory notes	3,790	2,413
Cancellation of debentures and bonds	(4,600)	(4,925)
Repayments of loans, borrowings and promissory notes	(3,648)	(4,376)
Payments on financed spectrum licenses	(22)	
Net cash used in financing activities	**(2,737)**	**(2,228)**
Effect of changes in exchange rates	**(701)**	**(935)**
Effect of changes in consolidation methods		**(21)**
Net increase (decrease) in cash and cash equivalents during the period	**154**	**(2,107)**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**9,977**	**9,847**
CASH AND CASH EQUIVALENTS AT JUNE 30	**10,131**	**7,740**
RECONCILIATION OF CASH AND CASH EQUIVALENTS WITH THE STATEMENT OF FINANCIAL POSITION		

BALANCE AT JANUARY 1	**9,977**	**9,847**
Cash on hand and at banks	7,834	7,973
Other cash equivalents	2,143	1,874
BALANCE AT JUNE 30	**10,131**	**7,740**
Cash on hand and at banks	8,244	6,562
Other cash equivalents	1,887	1,178

Unaudited data.

The accompanying condensed Notes 1 to 15 and Appendix I are an integral part of these consolidated statements of cash flows.

Telefónica, S.A. and subsidiaries composing the Telefónica Group

Condensed explanatory notes to the condensed consolidated interim financial statements (condensed annual accounts) for the six-months ended June 30, 2014

Note 1. Introduction and general information

Telefónica, S.A. and its subsidiaries and investees (Telefónica , the Company , the Telefónica Group or the Group) make up an integrated and diversified telecommunications group operating mainly in Europe and Latin America. The Group s activity is centered around services of wireline and wireless telephony, broadband, internet, data traffic, pay TV and other digital services.

The parent company of the Group is Telefónica, S.A., a public limited company incorporated on April 19, 1924 for an indefinite period. Its registered office is at calle Gran Vía 28, Madrid (Spain).

The website www.telefonica.com provides more information about the organizational structure of the Group, the sectors in which it operates and the products it offers.

As a multinational telecommunications company which operates in regulated markets, the Group is subject to different laws and regulations in each of the jurisdictions in which it operates, pursuant to which permits, concessions or licenses must be obtained in certain circumstances to provide the various services.

In addition, certain wireline and wireless telephony services are provided under regulated rate and price systems.

Note 2. Basis of presentation

The condensed consolidated interim financial statements for the six-month period ended June 30, 2014 (hereinafter the interim financial statements) have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and Article 12 of Royal Decree 1362/2007, of October 19. Therefore, they do not contain all the information and disclosures required in complete annual consolidated financial statements and, for adequate interpretation, should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2013.

The accompanying interim financial statements were approved by the Company s Board of Directors at its meeting of July 30, 2014.

The figures in these interim financial statements are expressed in millions of euros, unless otherwise indicated, and therefore may be rounded.

Note 3. Comparison of information

Comparisons in the accompanying interim financial statements refer to the six-month periods ended June 30, 2014 and 2013, except in the consolidated statement of financial position, which compares information at June 30, 2014 and at December 31, 2013.

The main changes in the consolidation scope are described in Appendix I.

With respect to seasonality, the historical performance of consolidated results does not indicate that the operations of the Group, taken as a whole, are subject to significant variations between the first and second halves of the year.

The main events affecting comparability of the consolidated information for the six months ended June 30, 2014 and 2013 are as follows:

2014

a) Sale of Telefónica Czech Republic, a.s.

On November 5, 2013, Telefónica signed an agreement to sell 65.9% of the share capital of Telefónica Czech Republic, a.s. The transaction was completed on January 28, 2014, once the pertinent regulatory authorisation was obtained, being removed from the consolidation perimeter from January 1, 2014.

As a result of the sale, financial debt was reduced by 2,306 million euros (1,966 million euros collected and 340 million euros deferred payment).

Subsequent to the sale, Telefónica holds a 4.9% stake in this company, classified in the consolidated statement of financial position under Non-current financial assets , as investments available-for-sale (Note 10).

b) Exchange rate regime in Venezuela

On January 24, 2014, Exchange Agreement No. 25 came into force, which regulates the sale of foreign currency in the Republic of Venezuela for certain sectors and items. This Agreement does not amend the exchange rate of 6.30 bolivars per US dollar, which has applied since Exchange Agreement No. 14 was approved on February 8, 2013, except for: (i) cash for travelling abroad and remittances to individuals domiciled abroad; (ii) payment of operations inherent to national civil aviation and the international air transportation public service; (iii) operations inherent to the insurance activity; (iv) leasing and service agreements, agreements for the import of intangible assets, payments of rental contracts for networks, and payments corresponding to the telecommunications sector; and (v) foreign investments and payments of royalties, use and exploitation of patents, trademarks and franchises, as well as technology import and technical assistance agreements.

Requests for the liquidation in US dollars of the aforementioned concepts are settled at the foreign exchange rate resulting from the allocations conducted through the Complementary System for Administration of Foreign Currency (SICAD I). The exchange rate of the latest SICAD I allocation prior to June 30, 2014 was 10.60 bolivars per US dollar. Nonetheless, the said Agreement stipulates that the liquidation of foreign currency operations requested before the Central Bank of Venezuela before Exchange Agreement No. 25 came into force, will be settled at the exchange rate established in the February 8, 2013 Exchange Agreement, i.e. at a rate of 6.30 bolivars per US dollar.

The change to the currency exchange system introduced in the aforesaid Agreement took effect in the Telefónica Group s consolidated financial statements from the moment it came into force, on January 24, 2014. The main impacts are as follows:

The decrease of the Telefónica Group s net assets in Venezuela as a result of the conversion to euros at the new exchange rate with a balancing entry in Group equity of approximately 1,800 million euros, based on the net assets as at December 31, 2013.

As part of the decrease mentioned in the preceding paragraph, the value in euros of the net financial assets denominated in bolivars decreased by approximately 1,200 million euros, as per the balance as of December 31, 2013.

The results and cash flows generated by the Telefónica Group in Venezuela in 2014 are converted at the closing exchange rate resulting from the SICAD I allocations (10.60 bolivars per US dollar for the first half of 2014).

2013

During the six months ended June 30, 2013, there were no events or changes in the consolidation scope affecting comparability of the consolidated information for the six months ended June 30, 2014 and 2013.

Note 4. Accounting policies

The accounting policies applied in the preparation of the interim financial statements for the six months ended June 30, 2014 are consistent with those used in the preparation of the Group s consolidated annual financial statements for the year ended December 31, 2013, except for the adoption, on January 1, 2014, of new standards, amendments to standards and interpretations published by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC), and adopted by the European Union for application in Europe, noted below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries (as well as investments in associates and joint ventures) at fair value through profit or loss. This amendment is not relevant to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

IAS 32 Offsetting Financial Assets and Financial Liabilities-Amendments to IAS 32

These amendments clarify the meaning of currently has a legally enforceable right to set-off and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. The application of these amendments has had no impact on the Group s financial position or results.

IFRIC Interpretation 21 Levies (IFRIC 21)

This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The adoption of IFRIC 21 did not have a significant impact in these interim financial statements.

Novation of Derivatives and Continuation of Hedge Accounting Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation (that was not contemplated on the original hedging documentation) of a derivative designated as a hedging instrument meets certain criteria: the novation is made pursuant to laws or regulations, a clearing counterparty becomes the new counterparty to each of the original parties and changes to the terms of the derivative are limited to those necessary to change the counterparty. The application of these amendments has had no impact on the Group s financial position or results.

Recoverable Amount Disclosures for Non-Financial Assets Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed during the period. These amendments did not have impacts in these interim financial statements.

Table of Contents

New standards and amendments to standards issued but not effected as of June 30, 2014

At the date of preparation of the interim financial statements, the following IFRS and amendments had been published, but their application was not mandatory:

Standards and amendments		**Mandatory application: annual periods beginning on or after**
IFRS 9	*Financial Instruments*	To be determined
Amendments to IFRS 7	*Disclosures Transition to IFRS 9*	To be determined
Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*	July 1, 2014
Improvements to IFRSs 2010-2012		July 1, 2014
Improvements to IFRSs 2011-2013		July 1, 2014
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*	January 1, 2016
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*	January 1, 2016
IFRS 15	*Revenues from Contracts with Customers*	January 1, 2017

Based on the analyses made to date, the Group estimates that the adoption of most of these standards, amendments and improvements will not have a significant impact on the consolidated financial statements in the initial period of application. However, IFRS 15 is likely to have an impact in the timing and amount of revenue recognition in connection with certain bundled sales transactions. The Group is currently assessing the impact of the application of this standard. Also, the changes introduced by IFRS 9 will affect financial instruments and transactions with financial instruments carried out on or after the effective date of such standard.

Note 5. Segment information

On February 26, 2014, the Board of Directors of Telefónica, S.A. approved the implementation of a new organizational structure completely focused on clients and which incorporates the digital offering as the main focus for commercial policies. The structure gives greater visibility to local operators, bringing them closer to the corporate decision-making center, simplifying the Group s global structure and strengthening the transverse areas to improve flexibility and agility in decision making.

As a result of this organization, the new structure is made up of the following segments: Telefónica Spain, Telefónica Brazil, Telefónica Germany, Telefónica UK and Telefónica Hispanoamérica (formed by the Group s operators in Argentina, Chile, Peru, Colombia, México, Venezuela and Central America, Ecuador and Uruguay). These segments include all information relating to wireline, wireless, cable, internet and television businesses and other digital services in accordance with each location. Other companies and eliminations includes the companies belonging to the transverse areas as well as other Group companies and eliminations in the consolidation process.

The results of the Group s segments in the first half of 2013 were revised to reflect this new organization.

Segment reporting takes into account the impact of the purchase price allocation to assets acquired and the liabilities assumed from the companies included in each segment. The assets and liabilities presented in each segment are those managed by the heads of each segment, irrespective of their legal structure.

The Group manages borrowing activities and taxes centrally. Therefore, it does not disclose the related assets, liabilities, revenue and expenses by reportable segments. In addition, revenue and expenses arising from intra-group invoicing for the use of the trademark and management services have been eliminated from the operating results of each Group segment. These adjustments have no impact on the Group s consolidated results.

The following table presents income and capital expenditures information regarding the Group s operating segments for the six months ended June 30, 2014 and 2013:

January-June 2014

Millions of euros	Telefónica Spain	Telefónica UK	Telefónica Germany	Telefónica Brazil	Telefónica Hispanoamérica	Other and eliminations	Total Group
External revenues	5,887	3,322	2,275	5,468	7,003	1,002	24,957
Inter-segment revenues	105	22	9	16	63	(215)	
Other operating income and expenses	(3,247)	(2,539)	(1,769)	(3,752)	(4,799)	(796)	(16,902)
Operating income before depreciation and amortization (OIBDA)	**2,745**	**805**	**515**	**1,732**	**2,267**	**(9)**	**8,055**
Depreciation and amortization	(905)	(554)	(583)	(876)	(1,072)	(173)	(4,163)
Operating income	**1,840**	**251**	**(68)**	**856**	**1,195**	**(182)**	**3,892**
Capital expenditures	**703**	**375**	**266**	**833**	**1,234**	**112**	**3,523**

January-June 2013 (revised)

Millions of euros	Telefónica Spain	Telefónica UK	Telefónica Germany	Telefónica Brazil	Telefónica Hispanoamérica	Other and eliminations	Total Group
External revenues	6,442	3,213	2,428	6,415	8,136	1,929	28,563
Inter-segment revenues	117	21	17	15	59	(229)	
Other operating income and expenses	(3,430)	(2,477)	(1,842)	(4,361)	(5,621)	(1,411)	(19,142)
Operating income before depreciation and amortization (OIBDA)	**3,129**	**757**	**603**	**2,069**	**2,574**	**289**	**9,421**
Depreciation and amortization	(1,023)	(502)	(616)	(1,160)	(1,345)	(459)	(5,105)
Operating income	**2,106**	**255**	**(13)**	**909**	**1,229**	**(170)**	**4,316**
Capital expenditures	**627**	**1,071**	**296**	**742**	**973**	**194**	**3,903**

The following table compares segment assets, liabilities and investments accounted for by the equity method at June 30, 2014 and December 31, 2013:

June 2014

Millions of euros	Telefónica Spain	Telefónica UK	Telefónica Germany	Telefónica Brazil	Telefónica Hispanoamérica	Other and eliminations	Total Group
Investments accounted for by the equity method	2	3		3	2	2,358	2,368
Fixed assets	13,918	11,045	8,853	22,117	15,387	2,126	73,446
Total allocated assets	18,048	14,169	11,860	29,460	23,518	20,384	117,439
Total allocated liabilities	10,320	4,561	4,022	8,515	14,823	47,462	89,703

December 2013

Millions of euros	Telefónica Spain	Telefónica UK	Telefónica Germany	Telefónica Brazil	Telefónica Hispanoamérica	Other and eliminations	Total Group
Investments accounted for by the equity method	6	11		2	1	2,404	2,424
Fixed assets	14,191	10,781	9,143	20,648	16,071	2,188	73,022
Total allocated assets	18,895	13,144	11,682	27,324	24,432	23,385	118,862

a)	Description of the financial instrument	Ordinary shares of 25 pence each ('Ordinary Shares') ISIN: GB0009252882
b)	Nature of the transaction	Increase in notional interest in Ordinary Shares following the re-investment of dividends paid to shareholders on 13 October 2016 on Ordinary Shares held in the Company's 2009

		Performance Share Plan.
c)	Price(s) and volume(s)	Price(s) Volume(s) £17.00 748.492 £17.00 850.396 £17.00 992.738
d)	Aggregated information Aggregated volume Price	 2,591.626 £17.00
e)	Date of the transaction	2016-10-13
f)	Place of the transaction	n/a

1.	Details of PDMR/person closely associated with them ('PCA')	
a)	Name	Ms C Thomas
b)	Position/status	SVP, HR
c)	Initial notification/ amendment	Initial notification
2.	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	GlaxoSmithKline plc
b)	LEI	5493000HZTVUYLO1D793
3.	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transaction(s) has been conducted	
a)	Description of the financial instrument	Ordinary shares of 25 pence each ('Ordinary Shares') ISIN: GB0009252882

b)	Nature of the transaction	Increase in notional interest in Ordinary Shares following the re-investment of dividends paid to shareholders on 13 October 2016 on Ordinary Shares held in the Company's 2009 Performance Share Plan.
c)	Price(s) and volume(s)	Price(s) Volume(s) £17.00 1067.932 £17.00 1133.866 £17.00 1249.482
d)	Aggregated information Aggregated volume Price	3,451.28 £17.00
e)	Date of the transaction	2016-10-13
f)	Place of the transaction	n/a

1.	Details of PDMR/person closely associated with them ('PCA')	
a)	Name	Mr P C Thomson
b)	Position/status	SVP, Communications & Government Affairs
c)	Initial notification/ amendment	Initial notification
2.	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	GlaxoSmithKline plc
b)	LEI	5493000HZTVUYLO1D793
3.	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each	

place where transaction(s) has been conducted

a)	Description of the financial instrument	Ordinary shares of 25 pence each ('Ordinary Shares') ISIN: GB0009252882
b)	Nature of the transaction	Increase in notional interest in Ordinary Shares following the re-investment of dividends paid to shareholders on 13 October 2016 on Ordinary Shares held in the Company's 2009 Performance Share Plan.
c)	Price(s) and volume(s)	Price(s) Volume(s) £17.00 509.321 £17.00 656.026 £17.00 718.885
d)	Aggregated information Aggregated volume Price	1,884.232 £17.00
e)	Date of the transaction	2016-10-13
f)	Place of the transaction	n/a

1.	Details of PDMR/person closely associated with them ('PCA')	
a)	Name	Dr P J T Vallance
b)	Position/status	President, Pharmaceuticals R&D
c)	Initial notification/ amendment	Initial notification

2.

	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	GlaxoSmithKline plc
b)	LEI	5493000HZTVUYLO1D793
3.	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transaction(s) has been conducted	
a)	Description of the financial instrument	Ordinary shares of 25 pence each ('Ordinary Shares') ISIN: GB0009252882
b)	Nature of the transaction	Increase in notional interest in Ordinary Shares following the re-investment of dividends paid to shareholders on 13 October 2016 on Ordinary Shares held in the Company's 2009 Performance Share Plan.
c)	Price(s) and volume(s)	Price(s) Volume(s) £17.00 2300.167 £17.00 2358.444 £17.00 2909.770
d)	Aggregated information Aggregated volume Price	7,568.381 £17.00
e)	Date of the transaction	2016-10-13
f)	Place of the transaction	n/a

1. Details of PDMR/person closely associated with them ('PCA')

a)	Name	Mrs V A Whyte
b)	Position/status	Company Secretary
c)	Initial notification/ amendment	Initial notification
2.	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	GlaxoSmithKline plc
b)	LEI	5493000HZTVUYLO1D793
3.	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transaction(s) has been conducted	
a)	Description of the financial instrument	Ordinary shares of 25 pence each ('Ordinary Shares') ISIN: GB0009252882
b)	Nature of the transaction	Increase in notional interest in Ordinary Shares following the re-investment of dividends paid to shareholders on 13 October 2016 on Ordinary Shares held in the Company's 2009 Performance Share Plan.
c)	Price(s) and volume(s)	Price(s) Volume(s) £17.00 137.240 £17.00 145.217 £17.00 153.140
d)	Aggregated information Aggregated volume Price	435.597 £17.00
e)	Date of the transaction	2016-10-13
f)	Place of the transaction	n/a

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, thereunto duly authorised.

GlaxoSmithKline plc
(Registrant)
Date: October 18, 2016

By: VICTORIA WHYTE

Victoria Whyte
Authorised Signatory for and on
behalf of GlaxoSmithKline plc