

SIGNIFICANT EVENT

January 28, 2014

The sale of Telefónica Czech Republic to the PPF group has been completed

Telefónica, S.A., up to now the majority stakeholder of Telefónica Czech Republic, has stated that the sale of a 65.9% stake in Telefónica Czech Republic to the PPF Group N.V., announced on November 5, 2013, has been approved by the European commission and completed. Telefónica, S.A. will maintain a stake of 4.9% in Telefonica Czech Republic and will remain as its industrial and commercial partner for the next four years.

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About Telefónica Czech Republic

Telefónica Czech Republic is a major integrated operator in the Czech Republic. It is now operating almost seven million lines, both fixed and mobile, making it one of the world's leading providers of fully converged services. The organization offers the most comprehensive portfolio of voice and data services in this country. It is paying special attention to the exploitation of the growth potential, particularly in the data and Internet sector. Telefónica Czech Republic operates the largest fixed and mobile network including a 3rd generation network, CDMA (for data), and UMTS, enabling voice, data and video transmission. Telefónica Czech Republic is also a notable provider of ICT services.

About Telefónica

Telefónica is one of the world's largest telecommunications operators by market capitalisation. Its activities are centred mainly on the fixed and mobile telephony businesses, while its broadband business is the key growth driver underpinning both. It operates in 25 countries and has a global customer base of over 300 million. Telefónica's growth strategy is focused on the markets in which it has a strong foothold: Europe and Latin America. Telefónica is a 100% private sector company with its shares listed in Madrid and other stock exchanges and more than 1.5 million individual shareholders.