

SIGNIFICANT EVENT

October 15, 2013

TELEFÓNICA, S.A., the majority stakeholder of Telefónica Czech Republic, has stated that it is considering strategic alternatives regarding its stake in Telefónica Czech Republic, including conversations with investor group PPF, not having certainty with respect to the feasibility of reaching an agreement, nor with respect to the eventual terms and conditions of such agreement.

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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.