

Press release

16 October 2012

Telefónica Deutschland plans listing on October 30, 2012

- Price range set at €5.25 to €6.50 per share
- Offer period commences on October 17, 2012 and is scheduled to end on October 29, 2012
- Post-IPO free float of approximately up to 23.17 per cent envisaged (including greenshoe option)

MUNICH. Telefónica Deutschland Holding AG, Telefónica S.A. and the syndicate banks have determined further details of the company's planned initial public offering (IPO). The price range for orders for the IPO has been set at €5.25 to €6.50 per share. The offer period starts on October 17, 2012 and is scheduled to end on October 29, 2012. The listing of the shares on the regulated market (Prime Standard) of the Frankfurt Stock Exchange is planned for October 30, 2012.

The offering consists of 225 million registered shares, as well as potential over-allotments (greenshoe option) of up to 33.75 million registered shares. The offered shares are registered shares with no par value and are provided by Telefónica S.A.

At the mid-point of the price range, the offer corresponds to a placement volume of €1,520 million assuming full exercise of the greenshoe option. The targeted free float following the IPO, upon placement of the shares offered, including full exercise of the greenshoe option, is approximately up to 23.17 per cent. The offering comprises a public offer to institutional and retail investors in Germany and Luxembourg and private placements in certain jurisdictions outside Germany and Luxembourg.

"Our strong revenue growth over recent years as well as our internal efficiency enhancement initiatives has enabled us to increase cash flow which we will use to drive further growth and deliver attractive shareholder returns," says René Schuster, CEO of Telefónica Deutschland. "We believe we offer an attractive value proposition to investors and are looking forward to our future as a listed company."

René Schuster added: "We expect that the results for the third quarter of 2012 will reflect the continued execution of our strategy. We are content with our performance through this period, which is in line with internal expectations. We expect to be able to show good year-on-year growth in many metrics, including continued growth in post-paid customers. Our Wireless Service Revenues will continue to increase, although at a lower rate than in the previous quarters, on the back of a particularly strong result in the

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three months ended September 30, 2011. We expect OIBDA to deliver strong growth in line with previous quarters.”

Telefónica S.A. will remain the majority shareholder with approximately 76.83 per cent of Telefónica Deutschland (assuming full exercise of the greenshoe option).

Details on the offering

The initial listing of the shares on the regulated market (Prime Standard) of the Frankfurt Stock Exchange is scheduled for October 30, 2012 under the ticker symbol O2D. The international securities identification number (ISIN) is DE000A1J5RX9, and the German securities code number (WKN) is A1J5RX. Interested investors can submit their offers to purchase shares beginning October 17, 2012. The offer period for retail investors is expected to end on October 29, 2012 at 12:00 noon CET and for institutional investors at 5:00 p.m. CET. The prospectus relating to the IPO has been filed with the Federal Financial Supervisory Authority (BaFin) today and approval is expected later today. The prospectus will be made available on the website of Telefonica Deutschland once approved. The final pricing will be announced per ad-hoc-release.

Background data to the IPO

First day of trading	October 30, 2012
Offer period	October 17 to 29, 2012
Price range	€5.25 to €6.50 per share
Offer size	Base: 225m shares or €1,322m at the mid-point of the range Greenshoe: 33.75m shares or 15 per cent of the offer size, €198m at the mid-point of the range
Free float after IPO	Up to 23.17 per cent (including greenshoe option)
Type of issue	Public offering of shares in Germany and Luxembourg as well as private placements outside Germany and Luxembourg
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market (Prime Standard)
Ticker symbol	O2D
ISIN	DE000A1J5RX9
WKN	A1J5RX
Syndicate Banks	Global Coordinators and Joint Bookrunners: J.P. Morgan and UBS Investment Bank Further Joint Bookrunners: BofA Merrill Lynch, BNP PARIBAS, Citigroup and HSBC Co-Lead Managers: Banca IMI, BayernLB, BBVA, COMMERZBANK, Banco Santander and Société Générale Corporate & Investment Banking

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Telefónica Deutschland is the third largest integrated telecoms operator in Germany and served approximately 25 million customer accesses (as of June 30, 2012). The company offers German private and business customers postpaid and prepaid mobile products and innovative mobile data services based on GPRS, UMTS and LTE technologies. The integrated communications provider also offers DSL fixed telephony and broadband services. For the year ended December 31, 2011, the company generated revenues of €5 billion. Telefónica Deutschland and its wholly-owned operative subsidiary Telefónica Germany GmbH & Co. OHG are part of the Spanish telecommunication group Telefónica S.A.

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The securities may not be offered or sold in Spain except in accordance with the requirements of the Spanish Securities Market Law ("Ley 24/1988, de 28 de Julio del Mercado de Valores"), as amended and restated and Royal Decree 1310/2005 on admission of securities to trading, public offerings and prospectuses ("Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de Julio del Mercado de Valores, en material de admission a negociación de valores en

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