



**RAMIRO SÁNCHEZ DE LERÍN GARCÍA-OVIES**  
*General Secretary and  
Secretary to the Board of Directors*  
**TELEFÓNICA, S.A.**

TELEFÓNICA, S.A. as provided in article 82 of the Spanish Securities Market Act (*Ley del Mercado de Valores*), hereby reports the following

### **SIGNIFICANT EVENT**

Telefónica and Hutchison Whampoa Group have agreed to enter into exclusive negotiations for the potential acquisition by the latter of Telefónica's subsidiary in the UK (O2 UK) for an indicative price in cash (firm value) of £10.25bn (approximately €13.5bn); composed of (i) an initial amount of £9.25bn (approximately €12.2bn) which would be paid at closing and (ii) an additional deferred payment of £1.0bn (approximately €1.3bn) to be paid once the cumulative cash flow of the combined company in the UK has reached an agreed threshold.

The exclusivity period will last several weeks, allowing Telefónica and Hutchison Whampoa Group to negotiate definitive agreements, while Hutchison Whampoa Group completes its due diligence over Telefónica's subsidiary in the UK (O2 UK).

Madrid, January 23, 2015

**SPANISH NATIONAL SECURITIES MARKET COMMISSION**  
**- MADRID-**