

PRESS STATEMENT

Clifford Chance advises Telefónica on the €2.47 billion sale of its Czech operations to PPF Group

A cross-border team led by Prague-based partner Alex Cook is advising Telefónica, S.A. on the sale of a 65.9% shareholding in Telefónica Czech Republic, a.s., including its 100%-owned subsidiary Telefónica Slovakia, s.r.o. (Telefónica CR / Telefónica SK), to investment firm PPF Group for a total consideration of CZK 63.6 billion (€2,467 million).

The signing of the transaction was announced on 5 November 2013 – closing is subject to approval by the European Commission. Telefónica will remain a commercial partner in the Czech business for four years and will retain a 4.9% equity stake. Once closed the deal will represent the largest M&A transaction on the Czech market in 2013.

While Telefónica CR and Telefónica SK will change their company names once the transaction is approved, they will continue to trade under the O2 Brand for a maximum of four years. The company will also join Telefónica's Partners Programme.

Telefonica started operating in the Czech Republic in 2005 and founded Telefónica Slovakia in 2007. Telefónica Czech Republic operates the commercial brand O2 in the Czech Republic and Slovakia and has a combined total of 9.3 million mobile, fixed-line and IPTV customers in both territories as of June 2013.

The Clifford Chance team in Prague includes Alex Cook, counsel Tomáš Doležil, senior lawyers Martin Glajch and Janka Brezániová, and associates Dominik Vojta, Aneta Sosnovcová and Veronika Kinclová, with support from the office's Slovak-law desk. Additional specialist advice is being provided by senior CMT lawyer Richard Jones (CC London), senior finance associate Kevin-Paul Deveau (CC London) and employment lawyer Jorge Martín-Fernández (CC Madrid).

Alex Cook comments: "We are delighted to act for Telefónica on what is a landmark transaction in the Czech Republic. The sale is subject to approval by the European Commission and we look forward to continue working with Telefónica to bring the transaction to a successful close."

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Notes to Editors:

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2. Telefónica is one of the largest telecommunications companies in the world in terms of market capitalisation and number of customers. From this outstanding position in the industry, and

with its mobile, fixed and broadband businesses as key growth drivers, Telefónica has focused its strategy on becoming a leading company in the digital world.

The company has a significant presence in 24 countries and a customer base that amounts to more than 317 million accesses around the world. Telefónica has a strong presence in Europe and Latin America, where the company focuses an important part of its growth strategy.¹

3. Investment firm PPF Group invests into multiple market segments such as banking and financial services, insurance, real estate, energy, metal mining, agriculture, retail and biotechnology. PPF's reach spans from Central and Eastern Europe to Russia and across Asia. PPF Group owns assets of EUR 22.113 billion (as at 30 June 2013).²
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¹ Information taken from Telefónica's [website](#)

² Information taken from PPF Group's [website](#)