

(convenience translation)

Telefónica Deutschland Holding AG

Declaration of Compliance of the Management Board and Supervisory Board pursuant to § 161 German Stock Corporation Act on the German Corporate Governance Code

Pursuant to § 161 German Stock Corporation Act, the Management Board and the Supervisory Board of a listed stock corporation must state annually that the recommendations of the Government Commission for the German Corporate Governance Code published by the Federal Justice Ministry in the official section of the Federal Gazette have been complied with, or which recommendations were not or are not being followed and why not.

The Management Board and Supervisory Board of Telefónica Deutschland Holding AG declare that the recommendations of the Government Commission have been complied with as of the admission of the shares of the Company for trading on the Frankfurt stock exchange, and are being complied with, subject to the following exceptions:

1. Individualized disclosure of Management Board compensation

The Company does not follow the recommendation in 4.2.4 and 4.2.5 of the Code to disclose individually the compensation of the Management Board, since the general meeting has passed a resolution on 5 October 2012 to dispense with disclosure for five years. The Company has come to the conclusion that such disclosure would constitute too strong a violation of the Management Board's members' privacy.

2. Age limit for Board Members

The Company does not follow the recommendations in 5.1.2 (2) sentence 3 of the Code. A limitation to the age of members of the Management Board does not achieve the intended purpose as an individual's abilities to manage the Company is not necessarily diminished by reaching a certain age. In fact, the best interest of the Company may require an appointment of an older person with profound experience beyond a fixed age limit.

Moreover, establishing a fixed age limit may lead to discrimination based on age.

Munich, 5.11.2012

On behalf of the Management Board

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René Schuster

Markus Haas

Eva Castillo Sanz