

## **Resolutions of the regular General Meeting of Telefónica Czech Republic, a.s. to be held on 22 April 2013**

(Proposal of the Board of Directors)

### **Resolution on item 2) of the agenda**

Approval of Rules of Procedure of the General Meeting, election of the chairman of the General Meeting, the minutes clerk, minutes verifiers and persons to count the votes

#### **Resolution No. 2.1**

The General Meeting approves the Rules of Procedure of the General Meeting, as proposed by the Board of Directors of the Company.

#### **Resolution No. 2.2**

The General Meeting elects Mr. Jan Zelený as Chairman of the General Meeting, Ms. Marcela Ulrichová as Minutes Clerk, Ms. Eva Stočková and Ms. Pavla Štursová as Minutes Verifiers, and Mr. Antonín Králík and Ms. Lucie Strmisková as persons to count the votes (scrutineers).

### **Resolution on item 3) of the agenda**

Report by the Board of Directors on business activities of the Company and situation of its assets as a part of the annual report of the Company for the year 2012, a summary explanatory report concerning certain matters set out in the Company's 2012 Annual Report

**No Resolution to be adopted on this item of the agenda of the General Meeting.**

### **Resolution on item 4) of the agenda**

Information on the results of inspection activities of the Company's Supervisory Board, including information on review of the report on relations among interconnected entities

**No Resolution to be adopted on this item of the agenda of the General Meeting.**

### **Resolution on item 5) of the agenda**

Approval of the Company's financial statements for the year 2012

#### **Resolution No. 5.1**

The General Meeting approves the Annual Financial Statements of Telefónica Czech Republic, a.s. for 2012, as audited, and submitted by the Company's Board of Directors.

## **Resolution No. 5.2**

**The General Meeting approves the Consolidated Financial Statements of Telefónica Czech Republic, a.s. for 2012, as audited, and submitted by the Company's Board of Directors.**

## **Resolution on item 6) of the agenda**

Resolution on distribution of the Company's profit for 2012 and retained Company's profit from previous years, distribution of the share premium and, as the case may be, other available funds of the Company

### **Resolution No. 6.1**

**The General Meeting approves to distribute the unconsolidated profit of Telefónica Czech Republic, a.s. (hereinafter "Company") for 2012 in the amount of CZK 5,925,412,358.38 after tax as follows:**

|  |                             |
|--|-----------------------------|
| <b>1) contribution to the reserve fund</b> | <b>0.00 CZK</b>             |
| <b>2) contribution to the social fund</b>  | <b>14,000,000.00 CZK</b>    |
| <b>3) royalties</b>                        | <b>0.00 CZK</b>             |
| <b>4) dividends</b>                        | <b>5,911,412,358.38 CZK</b> |

**The General Meeting approves to use the unconsolidated retained profit from previous years (in the current total amount of CZK 867,032,114.68) in the amount of CZK 530,385,641.62 as follows:**

|  |                           |
|--|---------------------------|
| <b>1) contribution to the reserve fund</b> | <b>0.00 CZK</b>           |
| <b>2) contribution to the social fund</b>  | <b>0.00 CZK</b>           |
| <b>3) royalties</b>                        | <b>0.00 CZK</b>           |
| <b>4) dividends</b>                        | <b>530,385,641.62 CZK</b> |

The Company currently owns its ordinary shares. Pursuant to the Section 161d Para 1 Commercial Code, the Company shall not be entitled to a dividend attributable to the acquired shares. The profit (i.e. total of the above-mentioned amounts designated for dividends) attributable to the Company's own shares shall remain on the account of retained profits from previous years.

A dividend of CZK 20 before tax shall thus be paid to each share with the nominal value of CZK 87, and a dividend of CZK 200 before tax shall be paid to each share with the nominal value of CZK 870. Under the conditions arising from the Czech legal regulations, the relevant tax shall be deducted (subtracted) by the Company before effecting the payment.

Those persons will have the title to dividend who will be the shareholders of the Company as at the conclusive day to claim the title to dividend (hereinafter "the conclusive day for dividend"), or their heirs or legal successors, provided that they prove the existence of their title. The respective shareholders shall be identified according to the state as of the conclusive day in the excerpt from the statutory register, which excerpt is to be ensured by the Company (unless it is proven that the record in the register fails to comply with reality).

**The conclusive day for dividend shall be 14 October 2013.**

**The dividend shall be payable on 11 November 2013.** The responsibility for the dividend payout rests with the Company's Board of Directors and it shall be carried out at the Company's costs through Česká spořitelna, a.s. and where not regulated by this provision, the payment shall be carried out in compliance with legal regulations and the Company's Articles of Association.

Without any undue delay after the regular General Meeting, the Board of Directors shall send written information on the resulting resolution of the General Meeting regarding the dividend payout, including the information on the dividend payout schedule, the dividend conclusive

day, the dividend payout day and the financial institution designated to pay the dividend out, to the shareholders at the addresses of their registered office or their place of residence listed in the securities register administered in accordance with Act No. 256/2004 Coll., the Capital Market Trading Act.

### **Resolution No. 6.2**

**The General Meeting approves distribution of a portion of the Company's share premium as follows:**

- The share premium of the Company shall be distributed (reduced) by the total amount of up to **CZK 3,220,899,000.00**.
- The Company currently owns its ordinary shares. The Company's own shares shall not bear the right to payment related to the share premium distribution; the respective amount (i.e. the respective portion out of the above-mentioned maximum amount) shall be kept on the respective equity account.
- An amount of **CZK 10** before tax shall be paid to each share, with the nominal value of CZK 87.
- An amount of **CZK 100** before tax shall be paid to the share, with the nominal value of CZK 870.
- Given the above-mentioned provisions of this resolution, the final aggregate amount distributed to the shareholders as well as the amount of the remaining share premium will depend on the actual number of own shares owned by the Company.
- Under the conditions arising from the applicable legal regulations, the relevant tax shall be deducted (subtracted) by the Company before executing the payment. Shareholders will be informed of details, as appropriate.
- The payment shall be effectuated based on the extract from the securities register administered in accordance with Act No. 256/2004 Coll., the Capital Market Trading Act, prepared as of **14 October 2013**.
- The share premium distribution shall be payable on **11 November 2013**. The responsibility for the payout stays with the Company's Board of Directors and it shall be exercised through Česká spořitelna, a.s. at the Company's costs and in compliance with legal regulations and the Articles of Association. Without any undue delay after the regular General Meeting, the Board of Directors shall send the written information on the resolution of the General Meeting to the shareholders at the addresses of their registered office or their place of residence listed in the statutory register, where Company's shares are registered and which replaces the list of shareholders administered in accordance with Act No. 256/2004 Coll., the Capital Market Trading Act. The written information shall include information about payment schedule, the date decisive for identification of shareholders entitled to receive the payment, share premium payment date and financial institution designated to effectuate the payment.

## **Resolution on item 7) of the agenda**

Resolution on an amendment to the Company's Articles of Association

### **Resolution No. 7.1**

**The General Meeting resolves on an amendment to the Company's Articles of Association whereby the current text (containing Basic Provisions and Articles 1 through 41) shall be replaced with amended text (containing Basic Provisions and Articles 1 through 41) included in the Annex to this resolution.**

**The resolution No. 7.1 on the amendment to the Company's Articles of Association shall take effect as of 23 April 2013.**

### **Resolution No. 7.2**

The General Meeting approves the amendment to the Company's Articles of Association. The Articles of Association shall be amended as follows:

- A) In Art. 21(1), the text "The Supervisory Board of the Company shall have 12 members." shall be expunged and replaced with the text "The Supervisory Board of the Company shall have 9 members."
- B) In Art. 26(2), the text "The Nomination and Remuneration Committee consists of 5 members." shall be expunged and replaced with the text "The Nomination and Remuneration Committee consists of 3 members."

The resolution No. 7.2 on the amendment to the Company's Articles of Association shall take effect as of 30 June 2013.

### **Resolution on item 8) of the agenda**

Determination of an auditor to carry out mandatory audits of the Company's Financial Statements for the year 2013

### **Resolution No. 8**

The General Meeting, based on recommendation of Audit Committee, appoints the auditing company Ernst & Young Audit, s.r.o., ID 267 04 153 with its registered office at Karlovo náměstí 10, Prague 2, postal code 120 00, to carry out mandatory audit of Telefónica Czech Republic, a.s. for the year 2013.

### **Resolution on item 9) of the agenda**

Resolution on the reduction of the registered capital

### **Resolution No. 9.1**

The General Meeting adopts the following resolution on reducing the registered capital:

- The reason of the registered capital reduction:  
On 9 May 2012, the Board of Directors approved and announced its intention to submit a proposal to the General Meeting to cancel the acquired shares of the Company after the completion of the acquisition of shares, together with the proposal to reduce the registered capital by the amount of the nominal value of the acquired shares.  
The acquired shares shall be cancelled with respect to the capital structure optimization.
- The manner and the scope of the registered capital reduction:  
The Company's registered capital shall be reduced by cancellation of its own shares.  
The Company's registered capital shall be reduced by CZK 560,436,426 (in words: five hundred sixty million four hundred thirty-six thousand four hundred twenty-six Czech crowns) in total, i.e. from CZK 28,021,821,300 (in words: twenty-eight billion twenty-one million eight hundred twenty-one thousand three hundred Czech crowns) to CZK 27,461,384,874 (in words: twenty-seven billion four hundred sixty-one million and three hundred eighty-four thousand eight hundred seventy-four Czech crowns).  
After the registered capital reduction, the amount of 6,441,798 (in words: six million four hundred and forty-one thousand and seven hundred and ninety-eight ordinary shares) own shares with the nominal value of CZK 87 (in words: eighty-seven Czech crowns) (hereinafter "Cancelled Shares") shall be cancelled by their deletion from the statutory register, where Company's shares are registered and which replaces the list

of shareholders. The total amount of the nominal value of the Cancelled Shares is equal to the amount of the registered capital reduction, i.e. CZK 560,436,426 (in words: five hundred sixty million four hundred thirty-six thousand four hundred twenty-six Czech crowns).

- Utilisation of the sum corresponding to the amount of the registered capital reduction:  
Given the Cancelled Shares are the own shares of the Company, the respective sum corresponding to the total amount of the registered capital reduction, i.e. CZK 560,436,426 (in words: five hundred sixty million four hundred thirty-six thousand four hundred twenty-six Czech crowns) can neither be paid out to the Company's shareholders nor transferred into any other equity account, but shall reduce the balance of the registered capital. Thus, the sum corresponding to the amount of the registered capital reduction shall be captured in terms of accounting only.

The total amount of purchase price, for which the Company acquired the Cancelled Shares in 2012, amounts to CZK 2,482,507,930.65 (in words: two billion four hundred eighty-two million five hundred seven thousand nine hundred thirty Czech crowns and sixty-five hellers). The share premium shall be reduced by the difference between the purchase price and the nominal value of the Cancelled Shares, i.e. by the amount of CZK 1,922,071,504.65 (in words: one billion nine hundred twenty-two million seventy-one thousand five hundred four Czech crowns and sixty-five hellers). For the sake of completeness, this amount cannot be paid out to the shareholders.

- Special provisions – basic rules of the registered capital reduction procedure:  
In the course of the registered capital reduction, including capturing the amount corresponding to the registered capital reduction and related accounting transactions, the Board of Directors is to comply with law and applicable international accounting standards ("IFRS"), the Company is obliged to comply with, including the Section 33 of the international accounting standard IAS 32.

Without any undue delay the Board of Directors shall notify of:

- (a) the date on which the resolution of the General Meeting regarding reduction of the Company's registered capital was registered in the Commercial Register and the date as at which it took effect towards third parties within the meaning of Sec. 215 (1) of the Commercial Code;
- (b) the date on which the notification to creditors within the meaning of Sec. 215 (2) of the Commercial Code was published for the first time;
- (c) the date on which the notification to creditors within the meaning of Sec. 215 (2) of the Commercial Code was published for the second time;

at the Company's web site ([www.telefonica.cz](http://www.telefonica.cz) under the link "Investors Relations").

Furthermore, the Board of Directors shall inform (in the manner specified in the previous provision) of the date on which the registered capital reduction is going to be registered in the Commercial Register in 2 weeks advance.

On the day the registered capital reduction is entered in the Commercial Register or without any undue delay, the Board of Directors is to make sure that the Cancelled Shares, i.e. 6,441,798 (in words: six million four hundred forty-one thousand seven hundred and ninety-eight ordinary shares) own shares with the nominal value of CZK 87 (in words: eighty-seven Czech crowns) shall be deleted in the statutory register, where the Company's shares are registered and which replaces the list of shareholders.

The registered capital reduction and cancellation of the Cancelled Shares shall have no impact on the ratio of shareholders' share in the Company. The reduction of the registered capital shall have no direct impact on shareholders' rights.

## **Resolution No. 9.2**

The General Meeting shall assign the Board of Directors to prepare an unabridged version of the Articles of Association taking effect on the day the registered capital reduction is entered into the Commercial Register, and publish it in the manner and time required by law. The

unabridged version shall reflect the following amendments implied by the Company's registered capital reduction:

- (a) Art. 4 (1) of the Articles of Association – the text “CZK 28,021,821,300 (in words: twenty-eight billion twenty-one million eight hundred twenty-one thousand three hundred Czech crowns)” shall be altered to “CZK 27,461,384,874 (in words: twenty-seven billion four hundred sixty-one million three hundred eighty-four thousand eight hundred seventy-four Czech crowns)”;
- (b) Art. 4 (2) (a) – the text “322,089,890” shall be altered to “315,648,092”.

### **Resolution on item 10) of the agenda**

Resolution on an amendment of rules for provision of non-claim prerequisites to members of the Supervisory Board of the Company

#### **Resolution No. 10**

**The General Meeting resolves on the amendments to the rules for provisioning of non-claim prerequisites to members of the Supervisory Board of the Company whereby the current text shall be replaced with amended text, as proposed by the Company's Board of Directors. This resolution shall take effect as of 30 June 2013.**

### **Resolution on item 11) of the agenda**

Resolution on an amendment of rules for provision of non-claim prerequisites to members of the Audit Committee of the Company

#### **Resolution No. 11**

**The General Meeting resolves on the amendments to the rules for provisioning of non-claim prerequisites to members of the Audit Committee of the Company whereby the current text shall be replaced with amended text, as proposed by the Company's Board of Directors.**

### **Resolution on item 12) of the agenda**

Recall of members of the Supervisory Board except for those elected by the Company employees in accordance with Section 200 of the Commercial Code

**No Resolution proposed by the Board of Directors regarding this item.**

### **Resolution on item 13) of the agenda**

Election of the Company's Supervisory Board members

#### **Resolution No. 13.1**

**The General Meeting elects Mr. Jesús Pérez de Uriguen, born on 4 August 1970, residing at C. la Salle 94 PB B, Madrid, Kingdom of Spain, to the office of the member of the Company's Supervisory Board.**

### **Resolution No. 13.2**

The General Meeting elects Mr. Antonio Manuel Ledesma Santiago, born on 9 June 1972, residing at C. Dorado Montero 10 2 B, Salamanca, Kingdom of Spain, to the office of the member of the Company's Supervisory Board.

### **Resolution on item 14) of the agenda**

Approval of agreements on performance of the office of the Company's Supervisory Board members

### **Resolution No. 14.1**

The General Meeting approves conclusion of the agreement on performance of the office of a member of the Supervisory Board in the submitted wording between the Company and Mr. Jesús Pérez de Uriguen, born on 4 August 1970, residing at C. la Salle 94 PB B, Madrid, Kingdom of Spain.

### **Resolution No. 14.2**

The General Meeting approves conclusion of the agreement on performance of the office of a member of the Supervisory Board in the submitted wording between the Company and Mr. Antonio Manuel Ledesma Santiago, born on 9 June 1972, residing at C. Dorado Montero 10 2 B, Salamanca, Kingdom of Spain.

### **Resolution on item 15) of the agenda**

Recall of members of the Audit Committee

**No Resolution proposed by the Board of Directors regarding this item.**

### **Resolution on item 16) of the agenda**

Election of members and substitute members of the Audit Committee

**No Resolution proposed by the Board of Directors regarding this item.**

### **Resolution on item 17) of the agenda**

Approval of agreements on performance of the office of the Audit Committee members

**If Audit Committee members are elected under item 16 of the agenda, the Board of Directors shall propose that the General Meeting shall approve agreements on performance of the office of a member of the Audit Committee with such members.**

**Otherwise, no Resolution shall be proposed by the Board of Directors regarding this item.**

**The Board of Directors of Telefónica Czech Republic, a.s.**