

Appendix:

Report of the Board of Directors
of Telefónica Czech Republic, a.s.

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Report of the Board of Directors of Telefónica Czech Republic, a.s.

on relationships between the controlling and the controlled entity and on relationships between the controlled entity and other entities controlled by the same controlling entity for 2011

(pursuant to provisions of Section 66a(9) of the Act No. 513/1991 Coll., the Commercial Code)

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Part A Applicable period

The report pursuant to Section 66a(9) of the Commercial Code, on relationships between the controlling and the controlled entity and on relationships between the controlled entity and other entities – related undertakings controlled by the same controlling entity (Report) is compiled for the last accounting period, i.e. for the period started on 1 January 2011 and ended on 31 December 2011.

Part B Entities forming a holding

Section I. Identification details of the controlled entity – Telefónica Czech Republic, a.s. (Company)

The company is registered in the Commercial Register of the Municipal Court in Prague, Section B, File 2322.

Registration date:	1 January 1994
Corporate name:	Telefónica Czech Republic, a.s.
Registered address:	Prague 4, Michle, Za Brumlovkou 266/2, postal code 140 22
Identification number:	60 19 33 36
Legal form:	Joint-stock company

Section II. Identification details of the controlling entity

Controlling entity:	Telefónica, S.A.
Registered address:	Gran Vía, 28, 28013 Madrid, Spain
Identification number:	A 28015865

The controlling entity held shares of the controlled entity in the aggregate nominal value of 69.41% of the share capital of the controlled entity.

Overall summary of shares in Telefónica Czech Republic, a.s.:

69,41% Telefónica, S.A
30,59% ostatní investoři

Section III. Related undertakings

Entities controlled by Telefónica, S.A.:

The list of relevant undertakings controlled directly or indirectly by Telefónica, S.A. forms the Appendix to this Report. The list was compiled from inputs from Telefónica, S.A. and verified using information from Commercial Registers or other available data.

Part C Contracts and agreements between the controlled entity and the controlling entity and contracts and agreements between the controlled entity and other related undertakings including details of performance and counter-performance provided under these contracts and agreements.

In the applicable period, contracts between the controlled entity and the controlling entity and the related undertakings were entered into and performed under in the following areas: IT maintenance and service (warranty and post-warranty service and systems support), IT operations, SMC network management services, telecommunications services (carrier capacity), sale and installation of telecommunications technology, quality assurance in telecommunications networks, fixed-term deposits, organisational support, sharing of intellectual property and industrial ownership rights, trademark sub-licensing, email server capacity and related software protection, insurance, global wholesale roaming services at preferential rates, services of external call centres, foreign internships and training for employees, foreign currency accounts, derivatives transactions (ISDA), HR management services, global employee share plan programme, secondment of employees,

accounting and bookkeeping, monitoring of the fixed electronic communications network and the mobile electronic communications network.

These contracts were concluded with either the controlling entity Telefónica S.A., or with the following related undertakings: Telefónica O2 Business Solutions, spol. s r.o., TELEFONICA GLOBAL TECHNOLOGY S.A. UNIPERSONAL, CZECH TELECOM Austria GmbH, CZECH TELECOM Germany GmbH, Telefónica Slovakia, s.r.o., Telfisa Global, B.V., O2 Holdings Ltd., Altair Assurances, S.A., Telefónica UK Ltd., Telefónica Global Services GmbH, Telefónica Global Roaming GmbH, Atento Česká republika a.s., Telefónica Europe plc, Telefónica Finanzas, S.A. (TELFISA), Telefonica Europe People Services Ltd, Telefónica Germany GmbH & Co. OHG.

In keeping with the Commercial Code and other internal governance documents, the details of the contracts are regarded as a trade secret by the controlled entity. The controlled entity has not suffered any damage in connection with contracts and agreements concluded in 2011 between the controlled entity and controlling entity and between controlled entity and other related undertakings, under which performance and counter-performance was given, or in connection with the provision of performance and counter-performance in 2011 under contracts and agreements concluded before 1 January 2011.

In terms of the price and quality, performance provided under the above contracts always corresponded to the customary market conditions for third party services, while on selected occasions the Company benefited from synergies and the possibility to participate in globally negotiated conditions in various areas.

Part D Other legal acts between holding entities in the accounting period 2011

In accounting period 2011, no other unilateral or other legal acts were made by the controlled entity on behalf of or instigation from the controlling entity or related undertakings, which would result in damage or profit, an advantage or a disadvantage to the controlled entity.

Part E Measures between holding entities in the accounting period 2011

In accounting period 2011, no other unilateral or other legal acts were made by the controlled entity on behalf of or instigation from the controlling entity or related undertakings, which would result in damage or profit, an advantage or a disadvantage to the controlled entity.

Part F Conclusion

- a) The Report was prepared by the Board of Directors of the controlled entity, Telefónica Czech Republic, a.s., and approved at the meeting of the Board of Directors held on 8 March 2012.
- b) The Report was prepared using data and information obtained from the controlling entity and other related undertakings, other available documents, and using results of examinations of relationships between the controlled entity on the one hand and the controlling entity and other related undertakings on the other hand. The Board of Directors of the controlled entity, Telefónica Czech Republic, a.s., declares that it proceeded with the duty of care when collecting the data and information.
- c) With regard to the fact that the controlled entity, Telefónica Czech Republic, a.s., is obliged by law to make an Annual Report pursuant to Act No. 563/1991 Coll., on accounting, as amended this Report will be appended to the 2011 Annual Report. Shareholders will have the opportunity to read the Report at the same time and under the same conditions as the financial statements.

In Prague, on 8 March 2012

Telefónica Czech Republic, a.s.
Board of Directors



Appendix

List of companies directly or indirectly controlled by Telefónica, S.A. in the period from 1 January 2011 to 31 December 2011

Name and corporate purpose	Country	% Telefónica Group	Holding company
Parent company:			
Telefónica, S.A.	Spain		
Telefónica Spain			
Telefónica de España, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Telefónica Móviles España, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Acens Technologies, S.L.	Spain	100%	Telefónica de España, S.A.U. (100%)
Telefónica Soluciones Sectoriales, S.A.U.	Spain	100%	Telefónica de España, S.A.U. (100%)
Teleinformática y Comunicaciones, S.A.U. (TELYCO)	Spain	100%	Telefónica de España, S.A.U. (100%)
Telefónica Serv. de Informática y Com. de España, S.A.U.	Spain	100%	Telefónica de España, S.A.U. (100%)
Telefónica Cable, S.A.U.	Spain	100%	Telefónica de España, S.A.U. (100%)
Iberbanda, S.A.	Spain	100%	Telefónica de España, S.A.U. (100%)
Telefónica Telecomunicaciones Públicas, S.A.U.	Spain	100%	Telefónica de España, S.A.U. (100%)
Interdomain, S.A.U.	Spain	100%	Telefónica Soluciones Sectoriales, S.A. (100%)
Telefónica Remesas, S.A.	Spain	100%	Telefónica Telecomunicaciones Públicas, S.A.U. (100%)
Tuenti Technologies, S.L.	Spain	91.38%	Telefónica Móviles España, S.A.U. (91.38%)
Telefónica Latin America			
Telefónica Internacional, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Telefónica International Holding, B.V.	Netherlands	100%	Telefónica Internacional, S.A.U. (100%)
Latin American Cellular Holdings, B.V.	Netherlands	100%	Telefónica, S.A. (100%)
Telefónica Datacorp, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Telefónica Brasil, S.A.	Brazil	73.92%	Telefónica Internacional, S.A.U. (29.42%) Sao Paulo Telecomunicações Participações, Ltda. (19.72%) Telefónica, S.A. (24.72%) Telefónica Chile, S.A. (0.06%)
Vivo, S.A.	Brazil	73.9%	Telefónica Brasil, S.A.(100%)
Compañía Internacional de Telecomunicaciones, S.A.	Argentina	100%	Telefónica Holding de Argentina, S.A. (47.22%) Telefónica Móviles Argentina Holding, S.A. (42.77%) Telefónica International Holding, B.V. (10.01%)
Telefónica de Argentina, S.A.	Argentina	100%	Compañía Internacional de Telecomunicaciones, S.A. (51.49%), Telefónica Internacional, S.A. (16.20%) Telefónica Móviles Argentina, S.A. (29.56%) Telefónica International Holding, B.V. (0.95%) Telefónica, S.A. (1.80%)

Name and corporate purpose	Country	% Telefónica Group	Holding company
Telefónica Latin America (pokračování)			
Telefónica Móviles Argentina Holding, S.A.	Argentina	100%	Telefónica, S.A. (75%) Telefónica Internacional, S.A.U. (25%)
Telefónica Venezolana, C.A.	Venezuela	100%	Latin America Cellular Holdings, B.V. (97.05%) Telefónica, S.A. (0.09%) Comtel Comunicaciones Telefónicas, S.A. (2.86%)
Telefónica Móviles Chile, S.A.	Chile	99.99%	TEM Inversiones Chile Ltda. (99.99%)
Telefónica Chile, S.A.	Chile	97.89%	Inversiones Telefónica Internacional Holding Ltda. (53%) Telefónica Internacional de Chile, S.A. (44.89%)
Telefónica del Perú, S.A.A.	Peru	98.33%	Telefónica Internacional, S.A.U. (49.90%) Latin America Cellular Holdings, B.V. (48.28%) Telefónica, S.A. (0.15%)
Telefónica Móviles Perú, S.A.C.	Peru	99.99%	Telefónica del Perú, S.A.A. (99.99%)
Colombia Telecomunicaciones, S.A. ESP	Columbia	52.03%	Telefónica Internacional, S.A.U. (52.03%)
Telefónica Móviles Colombia, S.A.	Columbia	100%	Olympic, Ltda. (50.60%) Telefónica, S.A. (49.40%)
Telefónica Móviles México, S.A. de C.V. (MEXICO)	Mexico	100%	Telefónica, S.A. (100%)
Pegaso Comunicaciones y Sistemas, S.A. de C.V.	Mexico	100%	Telefónica Móviles México, S.A. de C.V. (100%)
Telefónica Móviles del Uruguay, S.A.	Uruguay	100%	Latin America Cellular Holdings, B.V. (68%) Telefónica, S.A. (32%)
Telefónica Larga Distancia de Puerto Rico, Inc.	Puerto Rico	98%	Telefónica Internacional Holding, B.V. (98%)
Telefónica Móviles Panamá, S.A.	Panama	100%	Telefónica, S.A. (56.31%) Panamá Cellular Holdings, B.V. (43.69%)
Telefónica Móviles El Salvador, S.A. de C.V.	El Salvador	99.18%	Telefónica El Salvador Holding, S.A. de C.V. (99.18%)
Telefónica Móviles Guatemala, S.A.	Guatemala	99.98%	TCG Holdings, S.A. (65.99%) Telefónica, S.A. (13.60%) Guatemala Cellular Holdings, B.V. (13.12%) Panamá Cellular Holdings, B.V. (7.27%)
Telefonía Celular de Nicaragua, S.A.	Nicaragua	100%	Latin America Cellular Holdings, B.V. (100%)
Otecel, S.A.	Ecuador	100%	Ecuador Cellular Holdings, B.V. (100%)
Telefónica de Costa Rica TC, S.A.	Costa Rica	100%	Telefónica, S.A. (100%)
Wayra Investigacion y Desarrollo, S.L.	Spain	100%	Telefónica Internacional, S.A.U. (100%)
WY Telecom, S.A. de C.V.	Mexico	100%	Telefónica Móviles México, S.A. de C.V. (99,98%) Pegaso PCS, S.A. de C.V. (0,02%)
Wayra Argentina, S.A.	Argentina	100%	Telefónica Móviles Argentina, S.A. (90%) Telefónica Internacional Holding, B.V. (10%)
Wayra Colombia, S.A.S.	Columbia	100%	Telefónica Móviles Colombia, S.A. (100%)
Proyecto Wayra, C.A.	Venezuela	100%	Telefónica Venezolana, C.A. (100%)

Name and corporate purpose	Country	% Telefónica Group	Holding company
Telefónica Latin America (pokračování)			
Wayra Perú Aceleradora de Proyectos, S.A.C.	Peru	100%	Telefónica del Perú, S.A.A. (99.99%) Telefónica Móviles Perú, S.A.C. (0.01%)
Terra Networks Brasil, S.A.	Brazil	100%	Sao Paulo Telecomunicações Participações, Ltda. (100%)
Terra Networks México, S.A. de C.V.	Mexico	99.99%	Terra Networks Mexico Holding, S.A. de C.V. (99.99%)
Terra Networks Perú, S.A.	Peru	99.99%	Telefónica Internacional, S.A.U. (99.99%)
Terra Networks Argentina, S.A.	Argentina	100%	Telefónica Internacional, S.A.U. (99.99%) Telefónica International Holding, B.V. (0.01%)
Terra Networks Guatemala, S.A.	Guatemala	99.99%	Telefónica Internacional, S.A.U. (99.99%)
Telefónica Holding Atticus, B.V.	Netherlands	100%	Telefónica Internacional, S.A.U. (100%)
Telefónica Europe			
Telefónica Europe plc	UK	100%	Telefónica, S.A. (100%)
Mm02 plc	UK	99.99%	Telefónica Europe plc (99.99%)
O2 Holdings Ltd.	UK	100%	Mm02 plc (100%)
Telefónica UK Ltd.	UK	100%	O2 Networks Ltd. (80%) O2 Cedar Ltd. (20%)
Tesco Mobile Ltd. ¹	UK	50%	O2 Communication Ltd. (50%)
O2 (Europe) Ltd.	UK	100%	Telefónica, S.A. (100%)
Telefónica Germany GmbH & Co. OHG	Germany	100%	Telefónica Germany Verwaltungs GmbH (99.99%) Telefónica O2 Germany Management GmbH (0.01%)
Telefonica Ireland Ltd.	Ireland	100%	O2 Netherland Holdings B.V. (99%) Kilmaine, Ltd. (1%)
Jajah Inc.	US	100%	Telefónica Europe plc (100%)
Telefónica Czech Republic, a.s.	Czech Republic	69.41%	Telefónica, S.A. (69.41%)
Telefónica Slovakia, s.r.o.	Slovak Republic	69.41%	Telefónica Czech Republic, a.s. (100%)
Telefónica International Wholesale Services II, S.L.	Spain	100%	Telefónica, S.A. (100%)
Telefónica International Wholesale Services, S.L.	Spain	100%	Telefónica, S.A. (92.51%) Telefónica International Wholesale Services, S.L. (7.49%)
Telefónica International Wholesale Services America, S.A.	Uruguay	100%	Telefónica, S.A. (74.36%) Telefónica International Wholesale Services, S.L. (25.64%)
Telefónica International Wholesale Services USA, Inc.	US	100%	T. International Wholesale Services America, S.A. (100%)
Ostatní společnosti			
Telefónica Global Services, GmbH	Germany	100%	Telefónica Germany GmbH & Co. OHG (100%)
Telefónica Global Roaming, GmbH	Germany	100%	Telefónica Global Services, GmbH (100%)
Telefónica Compras Electrónicas, S.L.	Spain	100%	Telefónica Global Services, GmbH (100%)

Name and corporate purpose	Country	% Telefónica Group	Holding company
Ostatní společnosti (pokračování)			
Telefónica de Contenidos, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Televisión Federal S.A.- TELEFE	Argentina	100%	Atlántida Comunicaciones S.A. (79.02%) Enfisar S.A. (20.98%)
Atlántida Comunicaciones, S.A.	Argentina	100%	Telefónica Media Argentina S.A. (93.02%) Telefónica Holding de Argentina, S.A. (6.98%)
Telefónica Servicios Audiovisuales, S.A.U.	Spain	100%	Telefónica de Contenidos, S.A.U. (100%)
Telefónica On The Spot Services, S.A.U.	Spain	100%	Telefónica de Contenidos, S.A.U. (100%)
Telefónica Broadcast Services, S.L.U.	Spain	100%	Telefónica Servicios Audiovisuales, S.A.U. (100%)
Telefónica Learning Services, S.L.	Spain	100%	Telefónica Digital España, S.L. (100%)
Red Universal de Marketing y Bookings Online, S.A. (RUMBO) ¹	Spain	50%	Telefónica Digital España, S.L. (50%)
Atento Inversiones y Teleservicios, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Atento Česká Republika, a.s.	Czech Republic	100%	Atento Inversiones y Teleservicios, S.A. (100%)
Atento Teleservicios España, S.A.U.	Spain	100%	Atento N.V. (100%)
Atento Impulsa, S.L.U.	Spain	100%	Atento Teleservicios España, S.A. (100%)
Atento N.V.	Netherlands	100%	Atento Inversiones y Teleservicios, S.A. (100%)
Atento Brasil, S.A.	Brazil	100%	Atento N.V. (100%)
Atento Colombia, S.A.	Columbia	100%	Atento N.V. (94.98%) Atento Mexicana, S.A. De C.V. (5%) Atento Venezuela, S.A. (0.01%) Atento Brasil, S.A. (0.004%) Teletento del Perú, S.A.C. (0.004%)
Atento Argentina, S.A.	Argentina	100%	Atento Holding Chile, S.A. (75.56%) Atento N.V. (24.44%)
Atento Mexicana, S.A. de C.V.	Mexico	100%	Atento N.V. (100%)
Teletento del Perú, S.A.C.	Peru	100%	Atento N.V. (83.33%) Atento Holding Chile, S.A. (16.67%)
Atento Chile, S.A.	Chile	100%	Atento Holding Chile, S.A. (71.16%) Telefónica Chile, S.A. (27.44%) Telefónica Empresas Chile, S.A. (0.96%) Telefónica Larga Distancia, S.A. (0.44%)
Atento Centroamérica, S.A.	Guatemala	100%	Atento N.V. (99.99%) Atento El Salvador, S.A. de C.V. (0.01%)
Telfin Ireland Ltd.	Ireland	100%	Telefónica, S.A. (100%)
Telefónica Digital España, S.L.	Spain	100%	Telefónica, S.A. (100%)
Telefónica Ingeniería de Seguridad, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Telefónica Engenharia de Segurança do Brasil, Ltda.	Brazil	99.99%	Telefónica Ingeniería de Seguridad, S.A. (99.99%)
Telefónica Capital, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Lotca Servicios Integrales, S.L.	Spain	100%	Telefónica, S.A. (100%)

Name and corporate purpose	Country	% Telefónica Group	Holding company
Ostatní společnosti (pokračování)			
Fonditel Pensiones, Entidad Gestora de Fondos de Pensiones, S.A.	Spain	70%	Telefónica Capital, S.A. (70%)
Fonditel Gestión, Soc. Gestora de Instituciones de Inversión Colectiva, S.A.	Spain	100%	Telefónica Capital, S.A. (100%)
Telefónica Investigación y Desarrollo, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Telefónica Investigación y Desarrollo de México, S.A. de C.V.	Mexico	100%	Telefónica Investigación y Desarrollo, S.A. (100%)
Telefónica Luxembourg Holding, S.à.r.L.	Luxembourg	100%	Telefónica, S.A. (100%)
Casiopea Reaseguradora, S.A.	Luxembourg	100%	Telefónica Luxembourg Holding, S.à.r.L. (100%)
Pléyade Peninsular, Correduría de Seguros y Reaseguros del Grupo Telefónica, S.A.	Spain	100%	Telefónica Finanzas, S.A.U. (TELFISA) (83.33%) Telefónica, S.A. (16.67%)
Telefónica Insurance, S.A.	Luxembourg	100%	Casiopea Reaseguradora, S.A. (95%) Seguros de Vida y Pensiones Antares, S.A. (5%)
Seguros de Vida y Pensiones Antares, S.A.	Spain	100%	Telefónica, S.A. (89.99%) Casiopea Reaseguradora, S.A. (10.01%)
Telefónica Finanzas, S.A.U. (TELFISA)	Spain	100%	Telefónica, S.A. (100%)
Fisatel Mexico, S.A. de C.V.	Mexico	100%	Telefónica, S.A. (100%)
Telfisa Global, B.V.	Netherlands	100%	Telefónica, S.A. (100%)
Telefónica Europe, B.V.	Netherlands	100%	Telefónica, S.A. (100%)
Telefónica Finance USA, L.L.C. ²	US	0.01%	Telefónica Europe, B.V. (0.01%)
Telefónica Emisiones, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Spiral Investments, B.V.	Netherlands	100%	Telefónica Móviles España, S.A.U. (100%)
Telefónica Global Technology, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Telefónica Móviles Soluciones y Aplicaciones, S.A.	Chile	100%	Telefónica S.A. (100%)
Aliança Atlântica Holding B.V.	Netherlands	93.99%	Telefónica, S.A. (50%) Telefónica Brasil, S.A. (43.99%)
Telefónica Gestión de Servicios Compartidos España, S.A.	Spain	100%	Telefónica, S.A. (100%)
Telefónica Gestión de Servicios Compartidos, S.A.	Argentina	99.99%	T. Gestión de Servicios Compartidos España, S.A. (95%) Telefónica, S.A. (4.99%)
Telefónica Gestión de Servicios Compartidos, S.A.	Chile	97.9%	Telefónica Chile, S.A. (97.89%)
Telefónica Gestión de Servicios Compartidos, S.A.	Peru	100%	T. Gestión de Servicios Compartidos España, S.A. (99.99%) Telefónica del Perú, S.A.A. (0.01%)
Cobros Serviços de Gestao, Ltda.	Brazil	99.33%	T. Gestión de Servicios Compartidos España, S.A. (99.33%)
Tempotel, Empresa de Trabajo Temporal, S.A.	Spain	100%	T. Gestión de Servicios Compartidos España, S.A. (100%)

Name and corporate purpose	Country	% Telefónica Group	Holding company
Ostatní společnosti (pokračování)			
Telefónica Serviços Empresariais do BRASIL, Ltda.	Brazil	99.99%	T. Gestión de Servicios Compartidos España, S.A. (99.99%)
Telefónica Gestión de Servicios Compartidos México, S.A. de C.V.	Mexico	100%	T. Gestión de Servicios Compartidos España, S.A. (100%)
Telefónica Servicios Integrales de Distribución, S.A.U.	Spain	100%	T. Gestión de Servicios Compartidos España, S.A. (100%)
Společnosti konsolidované jednořádkovou metodou			
Telefónica Factoring España, S.A.	Spain	50%	Telefónica, S.A. (50%)
Telefónica Factoring Do Brasil, Ltd.	Brazil	50%	Telefónica, S.A. (40%) Telefónica Factoring España, S.A. (10%)
Telefónica Factoring Mexico, S.A. de C.V. SOFOM ENR	Mexico	50%	Telefónica, S.A. (40.5%) Telefónica Factoring España, S.A. (9.5%)
Telefónica Factoring Perú, S.A.C.	Peru	50%	Telefónica, S.A. (40.5%) Telefónica Factoring España, S.A. (9.5%)
Telefónica Factoring Colombia, S.A.	Columbia	50%	Telefónica, S.A. (40.5%) Telefónica Factoring España, S.A. (9.5%)
Telco, S.p.A.	Italy	46.18%	Telefónica, S.A. (46.18%)
DTS Distribuidora de Televisión Digital, S.A.	Spain	22%	Telefónica de Contenidos, S.A.U. (22%)
Hispasat, S.A.	Spain	13.23%	Telefónica de Contenidos, S.A.U. (13.23%)
China Unicom (Hong Kong) Limited	China	9.57%	Telefónica Internacional, S.A.U. (9.57%)

¹ Consolidated using proportionate consolidation

² Fully consolidated with 100% of voting rights

Through these consolidated financial statements, Telefónica (Germany) GmbH & Co. OHG, complies with the provision of Art. 264b HGB ["Handelsgesetzbuch": Germany code of commerce], and is exempt in accordance with the stipulations of Art. 264b HGB.