

TELEFÓNICA CZECH REPUBLIC ANNOUNCES 2013 DIVIDEND PROPOSAL

May 19, 2014

Telefónica Czech Republic announces the intention of the Board of Directors to submit a proposal of a resolution to the General Meeting on a **payment of a dividend for 2013** in the amount of **CZK 18** before tax per share with the nominal value of CZK 87 and **CZK 180** before tax per share with the nominal value of CZK 870. The resource for the dividend payment is the unconsolidated profit for 2013 in the amount of CZK 5,743,131,321.64.

The proposed dividend due date is November 26, 2014, with the conclusive date for exercising the right to dividend being October 27, 2014.

The proposal will form a part of the invitation to the General Meeting of the company to be held in June 2014. The invitation will be published in accordance with the timeline required by the law.

The proposal will be subject to a vote at the General Meeting in June 2014, where the shareholders of the company will be deciding on its adoption.

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About Telefónica Czech Republic

Telefónica Czech Republic is the largest integrated telecommunications provider in the Czech market, trading under the O2 brand. At present the Company operates close to eight million mobile and fixed accesses, which places it among the market leaders in fully converged services in Europe. To the users of mobile services in the Czech Republic O2 offers state-of-the-art HSPA+ and LTE technology. O2 has the most comprehensive proposition of voice and data services in the Czech Republic, and actively exploits the growth potential of its various business lines, especially ICT. O2 data centres, with total floor area of 7,300 square metres, rank O2 among the leaders in hosting, cloud and managed services. O2 data centres are the only centres in the Czech Republic and in Central Europe with TIER III certification. With the O2 TV the Company is also the largest IPTV service provider in the Czech Republic. The Company is present on the mobile market in Slovakia since 2007, through its 100% subsidiary Telefónica Slovakia. In January 2014, Telefónica Czech Republic became a member of the Czech investment group PPF.

About PPF Group

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).