Results of the Annual General Meeting

April 19, 2012

- Approval of the unconsolidated and consolidated 2011 financial statements
- Resolution on distribution of the Company's profit
- Reduction of the registered capital and an approval of the ordinary share acquisition (share buy-back) program
- Amendment to the Articles of Association, election of Supervisory Board and Audit Committee members.

Shareholders possessing 81.76% of shares, which constituted a quorum, attended the General Meeting.

The Board of Directors submitted the Company's annual and consolidated 2011 financial statements audited by Ernst & Young to the General Meeting for approval. The auditor issued unqualified statements regarding both financial statements. In that respect, both financial statements were approved by the General Meeting. The 2011 financial statements imply that the Company generated a consolidated net profit in the amount of CZK 8,684 million and a standalone net profit in the amount of CZK 7,648 million.

Upon the Board of Directors' proposal, the Company's General Meeting decided by resolution on the distribution of Company's 2011 profit and a part of retained profits. The dividend from 2011 profit will be paid out in the amount of CZK 7,633 million. Furthermore, the General Meeting approved using a part of the Company's standalone retained profits in the amount of CZK 1,063 million for the dividend payout. According to the General Meeting's resolution, the profit balance in the amount of CZK 594 million shall remain undistributed. The dividend to be paid out in total shall thus be CZK 8,696 million, which corresponds to a dividend of CZK 27 (before tax) per share with a nominal value of CZK 100. The conclusive day for dividend, the payout of which shall be carried out by Česká Spořitelna, shall be Wednesday, 12 September 2012. The dividend shall be payable on 10 October 2012.

Jesús Pérez de Uriguen, 1st Board of Directors Vice-chairman and Director, Finance Division ,Telefónica Czech Republic explains that: "*The proposal for dividend payout was based on the Board of Directors' intention not to hold excess cash and to pay it out to shareholders.*" In addition, the proposal was based on a detailed analysis carried out by the Board of Directors evaluating Company results from previous years, the current balance sheet and estimated future results, including investment plans and cash flow generation outlook.

Upon the Board of Directors' proposal, the General Meeting approved reduction of the registered capital via a decrease of each share's nominal value by CZK 13 (considering shares with a nominal value of CZK 100). The total amount corresponding to the registered capital reduction, i.e. CZK 4,187 million, shall be paid out to all shareholders. Along with the dividend, the sum to be paid out

Telefónica Czech Republic, a.s.
Za Brumlovkou 266/2
140 22 Praha 4 – Michle
Czech Republic
T +420 271 462 076
http://www.telefonica.cz/en/investor-relations/

in cash corresponds to CZK 12,884 million, i.e. CZK 40 per each share with a nominal value of CZK 100 (before reduction), thus the same sum that was paid out for the last two years.

Upon the Board of Director's proposal, the General Meeting approved the ordinary share acquisition (share buy-back) program for up to 10% of the total number of 322,089,890 of ordinary shares with a nominal value of CZK 100 (before reduction), i.e. 32,208,989 of ordinary shares at maximum. The allowed acquisition period is 5 years. This step is another opportunity for the Company to make use of its cash surplus that exceeds its dividend capacity. At the same time, the ordinary share acquisition program may help the Company to improve its currently very conservative capital structure.

With respect to the recently amended Commercial Code, the supreme corporate body also approved an amendment to the Articles of Association. In addition, changes were also made to the composition of the Supervisory Board, which is to have 12 instead of the existing 15 members. The General Meeting confirmed by election Messrs José María Álvarez-Pallete López and Enrique Medina Malo and Ms Patricia Cobian Gonzalez in their offices of Supervisory Board members. Being elected by the General Meeting, Mr Javier Santiso Guimaras has become a new member of the Company's Supervisory Board.

Contacts

Investor Relations
Telefónica Czech Republic, a.s.
investor.relations@o2.com
t +420 271462076

About Telefónica Czech Republic

Telefónica Czech Republic is a major integrated operator in the Czech Republic. It is now operating almost seven million lines, both fixed and mobile, making it one of the world's leading providers of fully converged services. The organization offers the most comprehensive portfolio of voice and data services in this country. It is paying special attention to the exploitation of the growth potential, particularly in the data and Internet sector. Telefónica Czech Republic operates the largest fixed and mobile network including a 3rd generation network, CDMA (for data), and UMTS, enabling voice, data and video transmission. Telefónica Czech Republic is also a notable provider of ICT services.

About Telefónica

Telefónica is one of the world's largest telecommunications operators by market capitalisation. Its activities are centred mainly on the fixed and mobile telephony businesses, while its broadband business is the key growth driver underpinning both. It operates in 25 countries and has a global customer base of almost 300 million. Telefónica's growth strategy is focused on the markets in which it has a strong foothold: Spain, Europe and Latin America. Telefónica is a 100% private sector company with its shares listed in Madrid and other stock exchanges and more than 1.5 million individual shareholders.