

# Invitation\_

Annual General Meeting  
Telefónica Deutschland Holding AG  
17 May 2018

*Telefonica*

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Deutschland

# Telefónica Deutschland Holding AG Munich

WKN: A1J5RX

ISIN: DE000A1J5RX9

We hereby invite our shareholders to attend the  
**annual general meeting**

on 17 May 2018, at 10:00 a.m.  
(Central European Summer Time - CEST)

at Hilton Munich Park Hotel, Am Tucherpark 7,  
80538 Munich, Germany

This document is a convenience translation of the German original.  
In case of any discrepancy the German version is decisive.

# I. Agenda

- 1. Submission of the adopted annual financial statements of Telefónica Deutschland Holding AG and the approved consolidated financial statements including the combined management report, each as of 31 December 2017, the descriptive report of the management board pursuant to sections 289a para. 1, 315a para. 1 of the German Commercial Code (HGB) and the report of the supervisory board each for the financial year 2017**

The above mentioned documents as well as the proposal by the management board for the distribution of net retained earnings can be found on the internet at [www.telefonica.de](http://www.telefonica.de) under Investor Relations/AGM.

- 2. Resolution on appropriation of balance sheet profit**

The management board and the supervisory board propose to resolve as follows:

“The net retained earnings for the year shown in the adopted financial statements of Telefónica Deutschland Holding AG as of 31 December 2017 in the amount of EUR 2,317,553,560.51

will be distributed as follows:

|   |                       |
|---|-----------------------|
| Distribution of dividend<br>in the amount of EUR 0.26<br>for each share entitled to<br>dividends,<br>in total | EUR 773,384,298.18    |
| Profit carried forward  | EUR 1,544,169,262.33. |

The dividend is due for payment on the third business day following the annual general meeting, i.e. on 23 May 2018.”

### **3. Resolution on the discharge of the members of the management board**

The management board and the supervisory board propose to resolve as follows:

“The members of the management board in the financial year 2017 are discharged for this period.”

### **4. Resolution on the discharge of the members of the supervisory board**

The management board and the supervisory board propose to resolve as follows:

“The members of the supervisory board in the financial year 2017 are discharged for this period.”

**5. Resolution on the appointment of the auditor and the group auditor for the financial year 2018, as well as the auditor for a potential review of the half-year financial report for the first six months of the financial year 2018 and any other interim financial information**

The supervisory board proposes, at the recommendation of its audit committee, to pass the following resolutions:

- “a) PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft with its registered seat in Frankfurt am Main (Munich office), is appointed as auditor and group auditor for the financial year 2018, as auditor for a potential review of the condensed financial statements and interim management report contained in the half-year financial report as of 30 June 2018 and as auditor for a potential review of additional interim financial information pursuant to section 115 para. 7 German Securities Trading Act (WpHG) for the financial year 2018.
  
- b) PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft with its registered seat in Frankfurt am Main (Munich office), is appointed as auditor for a potential review of additional interim financial information pursuant to section 115 para. 7 German Securities Trading Act (WpHG) for the

financial year 2019, if such review is conducted before the next general meeting.”

The audit committee has stated that its recommendation is free from improper influence by a third party and that no clause restricting the choice within the meaning of Article 16 para. 6 of the Auditor Regulation (Regulation (EU) No. 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC) has been imposed upon it.

## **6. Election to the supervisory board**

Mr Ángel Vilá Boix, who had been elected as shareholder representative to the supervisory board by the general meeting on 9 May 2017, resigned from office effective 4 October 2017. Mr Ángel Vilá Boix had been elected as shareholder representative to the supervisory board until the end of the general meeting resolving on the discharge for the financial year 2021.

By order of the Local Court of Munich dated 16 October 2017, Mr Julio Estebán Linares López was appointed as shareholder representative to the supervisory board of the Company in place of the resigned Mr Ángel Vilá Boix, and is now to be elected as shareholder representative to the supervisory board of the Company by the annual general meeting.

Pursuant to section 11 para. 1 of the Articles of Association the supervisory board of Telefónica Deutschland Holding AG has 16 members, and is pursuant to sections 96 para. 1 and para. 2, 101 para. 1 German Stock Corporation Act (AktG) in conjunction with section 7 para. 1 German Co-Determination Act (MitbestG) of 4 May 1976 composed of eight members who are elected by the general meeting and eight members who are elected by the employees and at least of 30% women and 30% men. In principle, the minimum gender quota has to be fulfilled by the supervisory board as a whole. However, on the basis of a majority resolution, the shareholder representatives objected to the joint fulfilment of the quota pursuant to section 96 para. 2 sentence 3 German Stock Corporation Act (AktG) vis-à-vis the chairwoman of the supervisory board. Therefore, the minimum quota for this election has to be fulfilled separately by the shareholder representatives and the employee representatives and corresponds to at least two women and at least two men for each side. At the time of the announcement of the convening of this annual general meeting, four shareholder representatives are women and four shareholder representatives are men. On the basis of separate fulfilment, the minimum gender quota is thus fulfilled by the shareholder representatives and would continue to be fulfilled after the election of the proposed candidate.

If a supervisory board member elected by the general meeting resigns from the supervisory board before the end of his term of office, a successor shall be elected pursuant to section 11 para. 2 sentence 3 of the Articles of Association for the remainder of the term of office of the resigned supervisory board member, unless the general meeting resolves on a different term of office.

The supervisory board proposes to pass the following resolution:

**„Mr Julio Estebán Linares López,**  
with residence in Madrid, Spain,  
Member of the Board of Directors  
of Telefónica Brazil, S.A., São Paulo, Brazil,

is elected as shareholder representative to the supervisory board of Telefónica Deutschland Holding AG.

He is elected for the remaining term of office of the resigned member of the supervisory board Ángel Vilá Boix, i.e., until the end of the general meeting which passes the resolution on the discharge for the financial year 2021."

The above proposal for election is based on the recommendation of the supervisory board nomination committee, takes into account the objectives set by the supervisory board with respect to its composition and strives to fill out the competence profile for the entire supervisory board drawn up by the supervisory board; it is also in line with the diversity concept pursued by the Company. As part of the setting of the objectives



for its composition, the supervisory board has provided with regard to the age limit for members of the supervisory board that the term of office of members of the supervisory board shall usually end at the general meeting following the 75th birthday of a member, unless the experience of an individual member is of particular importance for the Company and the supervisory board agrees to such an exception. Julio Estebán Linares López was born in December 1945, so that the proposed term of office would lead to the legal age limit being exceeded. However, the supervisory board attaches particular importance to Mr Linares López's membership in the supervisory board of the Company due to his many decades of experience in management positions in various areas of the telecommunications industry and would not like to forego this experience in the future and beyond his 75th birthday. Accordingly, the supervisory board approved an exception to the age limit for the election of Julio Estebán Linares López and decided to propose him for election to the supervisory board for the full remaining term of office of the resigned supervisory board member.

The CV of Mr Julio Estebán Linares López, which provides information in particular on relevant knowledge, skills and experience, is available to the shareholders from the day on which the general meeting is convened under [www.telefonica.de](http://www.telefonica.de) under Investor Relations/AGM.

## **Information pursuant to section 125 para. 1 sentence 5 German Stock Corporation Act (AktG)**

Mr Julio Estebán Linares López is at the time of this notification of convention of this annual general meeting not a member of any legally required supervisory boards, but a member of the following comparable German or foreign supervisory bodies of business enterprises:

- Member of the Board of Directors and chairman of the Strategy Committee of Telefónica Brazil, S.A., São Paulo, Brazil,
- Non-executive Director of Telefónica de España, S.A.U., Madrid, Spain,
- Non-executive Director of Telefónica Móviles España, S.A.U., Madrid, Spain.

## **Information pursuant to section 5.4.1 paras. 5 to 8 of the German Corporate Governance Code**

The supervisory board has received assurance from Mr Linares López that he can provide the amount of time expected to carry out the supervisory board mandate.

Pursuant to the recommendation in section 5.4.1 paras. 6 to 8 of the German Corporate Governance Code the information deemed relevant by the supervisory board for this election relating to the personal and business relationships of the proposed candidate to the Company, the corporate bodies of the Company and any shareholder holding a significant interest in the Company is disclosed as follows:

Mr Julio Estebán Linares López is member of the Board of Directors and chairman of the Strategy Committee of Telefónica Brazil, S.A., São Paulo, Brazil, non-executive Director of Telefónica de España, S.A.U., Madrid, Spain, and non-executive Director of Telefónica Móviles España, S.A.U., Madrid, Spain, that are each affiliated companies to our indirect majority shareholder Telefónica, S.A., Madrid, Spain. He is also member of the Board of Trustees of Telefónica Foundation (*Fundación Telefónica*), Madrid, Spain. Mr Julio Estebán Linares López holds shares in Telefónica S.A., Madrid, Spain.

## **7. Resolution on the approval of the control agreement between Telefónica Deutschland Holding AG and Telefónica Germany Management GmbH**

On 6 March 2018, Telefónica Deutschland Holding AG as the controlling company (controlling company) and Telefónica Germany Management GmbH with its registered office in Munich (controlled company), a wholly-owned subsidiary of Telefónica Deutschland Holding AG, concluded a control agreement.

The essential content of the control agreement is as follows:

- Telefónica Germany Management GmbH subordinates the management of its company to Telefónica Deutschland Holding AG. Accordingly, Telefónica Deutschland Holding AG is entitled to give the board of directors of Telefónica Germany Management GmbH unrestricted instructions regarding the management of its company. The

authority to issue instructions may be exercised by Telefónica Deutschland Holding AG in general or on a case-by-case basis. Telefónica Deutschland Holding AG may not issue instructions to maintain, amend or terminate the control agreement. Instructions must be given in writing. Telefónica Germany Management GmbH is required by law to follow the instructions of Telefónica Deutschland Holding AG.

- During the term of the agreement, Telefónica Deutschland Holding AG is entitled to inspect the books and balance sheets of Telefónica Germany Management GmbH at any time. The board of directors of Telefónica Germany Management GmbH is obliged to inform Telefónica Deutschland Holding AG about all business matters.
- Without prejudice to Telefónica Deutschland Holding AG's right to issue instructions, the management and representation of Telefónica Germany Management GmbH remain the responsibility of the board of directors of Telefónica Germany Management GmbH.
- Assumption of losses: The provisions of section 302 German Stock Corporation Act (AktG), as amended from time to time, shall apply mutatis mutandis.
- The control agreement is concluded subject to the approval of the general meeting of Telefónica Deutschland Holding AG and of the shareholders'

meeting of Telefónica Germany Management GmbH. It becomes effective upon registration in the commercial register of Telefónica Germany Management GmbH.

- The control agreement is valid indefinitely. It can be terminated only to the end of the financial year of Telefónica Germany Management GmbH by giving three months' notice.
- The right to terminate the control agreement for good cause without observing a notice period remains unaffected. The parties shall in particular be entitled to terminate the agreement for good cause if (a) due to a sale of shares or for other reasons the preconditions for the financial integration of Telefónica Germany Management GmbH into Telefónica Deutschland Holding AG in terms of tax law are no longer met after completion of the respective measure, (b) Telefónica Deutschland Holding AG contributes or otherwise transfers its interest in Telefónica Germany Management GmbH to another company, or (c) Telefónica Deutschland Holding AG or Telefónica Germany Management GmbH is merged, split or liquidated.
- The termination of the control agreement must be made in writing.
- Changes and additions to the control agreement require the approval of the general meeting of Telefónica Deutschland Holding AG and of the shareholders' meeting of Telefónica Germany

Management GmbH. The approval of Telefónica Germany Management GmbH must be unanimous and must be registered in the commercial register of Telefónica Germany Management GmbH. In addition, changes and additions to the control agreement must be made in writing unless notarisation by a notary is required. This also applies to the cancellation of the written form requirement.

- The control agreement contains a so-called severability clause. Should a provision of the control agreement be or become invalid, infeasible or unenforceable in whole or in part, this shall not affect the validity, feasibility and enforceability of the remaining provisions of the control agreement. The parties undertake to agree on an effective, feasible and enforceable provision in place of the invalid, infeasible or unenforceable provision which comes closest to the economic purpose pursued by the parties with the invalid, infeasible or unenforceable provision. The same applies if the control agreement should contain a loophole.

Since Telefónica Deutschland Holding AG is the sole shareholder of Telefónica Germany Management GmbH, there is no obligation to pay compensation or severance payments to outside shareholders (sections 304, 305 German Stock Corporation Act); for the same reason, the control agreement does not need to be audited by a contractual auditor (section 293b para. 1 German Stock Corporation Act).

The control agreement only becomes effective with the approval of the general meeting of Telefónica Deutschland Holding AG and the approval of the shareholders' meeting of Telefónica Germany Management GmbH and only after its existence has been registered in the commercial register of Telefónica Germany Management GmbH.

The management board and the supervisory board propose to pass the following resolution:

"The control agreement between Telefónica Deutschland Holding AG and Telefónica Germany Management GmbH dated 6 March 2018 is hereby approved."

The following documents will be available on the website of Telefónica Deutschland Holding AG at [www.telefonica.de](http://www.telefonica.de) under Investor Relations/AGM from the time this annual general meeting is convened:

- Control agreement between Telefónica Deutschland Holding AG and Telefónica Germany Management GmbH dated 6 March 2018;
- The annual financial statements and the consolidated financial statements of Telefónica Deutschland Holding AG for the financial years 2015, 2016 and 2017;
- The combined management reports for Telefónica Deutschland Holding AG and the Group for the financial years 2015, 2016 and 2017;

- The annual financial statements of Telefónica Germany Management GmbH for the financial years 2015, 2016 and 2017 (Due to the use of the exemption provision of section 264 para. 3 German Commercial Code (HGB) for the financial years 2016 and 2017, no notes were prepared for these two financial years. As a small corporation, Telefónica Germany Management GmbH was further exempted from the obligation to prepare a management report for the financial years 2015, 2016 and 2017 pursuant to section 264 para. 1 sentence 4 of the German Commercial Code (HGB).);
- The joint report of the management board of Telefónica Deutschland Holding AG and the management board of Telefónica Germany Management GmbH on the control agreement pursuant to Section 293a German Stock Corporation Act (AktG).

Upon request, each shareholder will receive a copy of the aforementioned documents immediately and free of charge. The documents will also be available at the annual general meeting of Telefónica Deutschland Holding AG.



## **8. Resolution on an increase of capital from company funds, a subsequent ordinary capital reduction, the reduction of the Conditional Capital 2014/I and related amendments to the Articles of Association**

Based on its annual financial statements as of 31 December 2017, the Company has a capital reserve in the amount of EUR 4,832,539,244.82. This is a so-called "tied" capital reserve within the meaning of section 272 para. 2 no. 1 German Commercial Code (HGB). This capital reserve is subject to strict restrictions under German stock corporation law on the use of the amounts, which, among other things, prevent the distribution of these amounts as dividend payments.

In order to enable an efficient equity capital management in line with the capital market requirements and to provide the conditions for a flexible dividend policy, a partial amount of EUR 4,535,097,828.00 of the tied capital reserve shall be converted into a free capital reserve (section 272 para. 2 no. 4 German Commercial Code).

The conversion of the tied capital reserve into a free capital reserve requires a multi-stage, uniform procedure: The first step is to decide on an increase of capital from company funds. EUR 4,535,097,828.00 will be converted from the capital reserve into share capital and the share capital will be increased by this amount without issuing new non-par value shares. Subsequently, the increased share capital will be reduced by the amount of the capital increase resolved upon beforehand by means of an ordinary capital reduction and thus again reduced to the original amount without changing the number of shares.

The ordinary capital reduction is carried out for the purpose of allocating the reduction amount to the free capital reserve (section 272 para. 2 no. 4 German Commercial Code).

Pursuant to section 218 German Stock Corporation Act (AktG), the Conditional Capital 2014/I will increase as a result of the capital increase from company funds by operation of law in the same ratio as the share capital, i. e. from EUR 558,472,700.00 to EUR 1,409,937,317.30. Due to the subsequent capital reduction, the Conditional Capital 2014/I shall also be reduced to the original amount.

The management board and the supervisory board therefore propose to pass the following resolutions:

a) Increase of capital from company funds

"The Company's share capital of EUR 2,974,554,993.00 is increased in accordance with the provisions of the German Stock Corporation Act on the capital increase from company funds (sections 207 et seq. German Stock Corporation Act) by EUR 4,535,097,828.00 to EUR 7,509,652,821.00 by converting a partial amount of EUR 4,535,097,828.00 of the capital reserve shown in the balance sheet as of 31 December 2017 into share capital. The capital increase will be effected without issuing new shares by increasing the arithmetical portion of the Company's share capital attributable to each non-par value share.

This resolution is based on the annual financial statements of the Company as of 31 December 2017 as adopted by the management board and the supervisory board. These financial statements were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft based in Frankfurt am Main (Munich office) who issued an unqualified audit opinion.

The management board is authorized to determine the details of the execution of the capital increase.

Section 4 para. 1 sentence 1 of the Articles of Association (Share Capital) shall be amended as follows with effect from the date on which the capital increase is entered in the Company's commercial register:

*"The share capital of the Company amounts to EUR 7,509,652,821.00 (in words: seven billion five hundred nine million six hundred fifty two thousand eight hundred twenty one Euros)."*

The management board is instructed to apply for registration of the capital increase from the Company's funds pursuant to this letter a) in the commercial register only, and in the order only prior to the capital reduction proposed under the following letter b), if the annual general meeting has approved both resolutions

pursuant to letter a) and letter b) under this agenda item 8."

b) Ordinary capital reduction

"The Company's share capital is reduced from EUR 7,509,652,821.00 by EUR 4,535,097,828.00 to EUR 2,974,554,993.00 in accordance with the provisions of the German Stock Corporation Act on the Ordinary Capital Reduction (sections 222 et seq. German Stock Corporation Act). The capital reduction is carried out by reducing the arithmetical portion of the Company's share capital attributable to each non-par value share for the purpose of allocating the reduction amount of EUR 4,535,097,828.00 to the Company's free capital reserve (section 272 para. 2 no. 4 German Commercial Code).

The management board is authorized to determine the details of the execution of the capital reduction.

Section 4 para. 1 sentence 1 of the Articles of Association (share capital) shall be amended as follows with effect from the date on which the capital reduction is entered in the Company's commercial register:

*"The share capital of the Company amounts to EUR 2,974,554,993.00 (in words: two billion nine hundred seventy four million five hundred fifty*

*four thousand nine hundred ninety three Euros).*"

The management board is instructed to apply for registration of the capital reduction pursuant to this letter b) in the commercial register only if the annual general meeting has approved both resolutions pursuant to letter a) and letter b) of this agenda item 8 and to ensure, when filing the capital reduction application, that it is only entered in the commercial register after the capital increase proposed under letter a) above has been entered in the commercial register."

c) Reduction of Conditional Capital 2014/I

"The Conditional Capital 2014/I that was increased as a result of the capital increase from company funds pursuant to letter a) of this agenda item 8 by operation of law (section 218 German Stock Corporation Act) to EUR 1,409,937,317.30 is herewith reduced by EUR 851,464,617.30 to EUR 558,472,700.00.

Section 4 para. 4 sentence 1 of the Articles of Association (share capital) is accordingly amended as follows with effect from the date on which the reduction of the Conditional Capital 2014/I is entered in the Company's commercial register:

*"The share capital is conditionally increased by up to EUR 558,472,700.00 (in words: five hundred and fifty eight million four hundred and seventy two thousand and seven hundred Euros) by issuing up to 558,472,700 (in words: five hundred and fifty eight million four hundred and seventy two thousand and seven hundred) new non-par value registered shares (Conditional Capital 2014/I)."*

The management board is instructed to ensure, when filing the application for registration of the reduction of the Conditional Capital 2014/I in accordance with this letter c), that it is only entered in the commercial register after the capital increase from company funds pursuant to letter a) of this agenda item 8, the increase of the Conditional Capital 2014/I by operation of law pursuant to section 218 German Stock Corporation Act and the capital reduction pursuant to letter b) of this agenda item 8 have been entered in the commercial register."

## II. Further Information for the Annual General Meeting

### **Total number of share and voting rights**

The share capital of Telefónica Deutschland Holding AG amounts to EUR 2,974,554,993.00 and is divided into 2,974,554,993 non-par value shares. The total number of shares and voting rights amounts to 2,974,554,993. These figures relate to the date of publication of this invitation in the Federal Gazette (*Bundesanzeiger*).

### **Conditions for attending the annual general meeting and for exercising voting rights**

The conditions for attendance are determined in accordance with sections 121 et seq. German Stock Corporation Act (AktG) and sections 23 and 25 of the Articles of Association. Only those shareholders who are registered in the shareholders' register on the date of the registration deadline, i.e. 24:00 (midnight) CEST on 10 May 2018, and who have registered for attendance in due time are entitled to attend the annual general meeting and exercise their voting rights.

The registration must be received by Telefónica Deutschland Holding AG at the following address no later than 24:00 (midnight) CEST on 10 May 2018:

Telefónica Deutschland Holding AG  
c/o Link Market Services GmbH  
Landshuter Allee 10  
80637 Munich  
Germany  
or e-mail: [namensaktien@linkmarketservices.de](mailto:namensaktien@linkmarketservices.de)  
or telefax: +49-(0)89-21027-288

or electronically by using the internet service for the annual general meeting at [www.telefonica.de](http://www.telefonica.de) under Investor relations/AGM

The registration must be made in text form and may also be transmitted by fax or e-mail or electronically via the internet service. To facilitate the registration, a registration form will be sent to the shareholders together with the notifications pursuant to section 125 German Stock Corporation Act (AktG). Shareholders may also request a registration form from the mailing address, e-mail-address or telefax number specified above. For using the internet service for the annual general meeting at [www.telefonica.de](http://www.telefonica.de) under Investor Relations/AGM an access authorization is required. The necessary access details (shareholder number and password) are provided to the shareholders together with the notifications pursuant to section 125 German Stock Corporation Act (AktG).

Please note that no deletions from or registrations with the shareholders' register may be made on the day of the annual general meeting or during the six days preceding the date of the annual general meeting, i.e. from 00:00 CEST on 11 May 2018 until 24:00 CEST on



17 May 2018. Trading in shares is not limited, the shares are not blocked.

Please note, that, after timely registration, admission tickets will be forwarded, unless the shareholder at the time of registration has chosen to grant proxy authorization to the proxies nominated by the Company. Admission tickets are merely an organizational aid and are not a prerequisite for attending the annual general meeting and exercising voting rights.

### **Procedure for casting votes by proxy**

Shareholders are entitled to vote and exercise their other rights by proxy, e.g. by a financial institution, a shareholders' association, or by any other person of their choice. The grant and revocation of the proxy authorization as well as the evidence of proxy authorization to the Company must be provided in text form (section 126b German Civil Code (BGB)), if neither a financial institution nor a shareholders' association nor persons, institutions or companies treated as such pursuant to section 135 para. 8 German Stock Corporation Act (AktG) or section 135 para. 10 German Stock Corporation Act (AktG) in conjunction with section 125 para. 5 German Stock Corporation Act (AktG) are authorized to act as proxies. Evidence of proxy authorization may also be sent to the Company by e-mail to the following e-mail address:

[namensaktien@linkmarketservices.de](mailto:namensaktien@linkmarketservices.de).

A form which shareholders may use for granting proxy will be sent to the shareholders together with their admission tickets as well as upon such a request to

Telefónica Deutschland Holding AG  
c/o Link Market Services GmbH  
Landshuter Allee 10  
80637 Munich  
Germany  
or e-mail: [namensaktien@linkmarketservices.de](mailto:namensaktien@linkmarketservices.de)  
or telefax: +49-(0)89-21027-288

The form may also be downloaded from [www.telefonica.de](http://www.telefonica.de) under Investor Relations/AGM. In addition, the proxy can be granted there electronically using the internet service for the annual general meeting. The access details (shareholder number and password) required for the use of the internet service will be sent to the shareholders together with the notifications pursuant to section 125 German Stock Corporation Act (AktG).

Financial institutions, shareholders' associations and persons, institutions and companies treated as such pursuant to section 135 para. 8 German Stock Corporation Act (AktG) or section 135 para. 10 German Stock Corporation Act (AktG) in conjunction with section 125 para. 5 German Stock Corporation Act (AktG) may provide for different regulations regarding their own authorization. Shareholders who wish to authorize a financial institution, a shareholders' association or one of the persons, institutions or companies treated as such pursuant to section 135 para. 8 or section 135 para. 10 German Stock Corporation Act (AktG) in conjunction

with section 125 para. 5 German Stock Corporation Act (AktG) are therefore asked to consult with the person to be authorized regarding the procedure for granting the proxy and the possibly required form of the proxy in good time.

We also offer our shareholders prior to the annual general meeting the opportunity to authorize a proxy nominated by the Company for the annual general meeting who will vote in accordance with the voting instructions of the shareholder. Details are provided in the documents sent to the shareholders pursuant to section 125 German Stock Corporation Act (AktG). In addition, more information on voting via the proxies nominated by the Company as well as a form for granting a proxy authorization and issuing instructions to the proxies nominated by the Company are also available to the shareholders on the internet at [www.telefonica.de](http://www.telefonica.de) under Investor Relations/AGM. In addition, proxy authorizations and voting instructions can be issued there to the proxies nominated by the Company electronically using the internet service for the annual general meeting. Respective details, in particular the access details required for using the internet service, can be found in the documents sent to the shareholders pursuant to section 125 German Stock Corporation Act (AktG). Shareholders wishing to authorize and instruct the proxies nominated by the Company prior to the annual general meeting have to send their proxies with instructions by no later than 16 May 2018, 6:00 p.m. (CEST), (receipt) to:

Telefónica Deutschland Holding AG  
c/o Link Market Services GmbH  
Landshuter Allee 10  
80637 Munich  
Germany  
or e-mail: [namensaktien@linkmarketservices.de](mailto:namensaktien@linkmarketservices.de)  
or telefax: +49-(0)89-21027-288

or have to issue the proxy authorization and instructions up to the aforementioned date by using the internet service for the annual general meeting at [www.telefonica.de](http://www.telefonica.de) under Investor Relations/AGM. The possibility to issue proxy authorization and voting instructions to the proxies nominated by the Company by using the e-mail-address

[namensaktien@linkmarketservices.de](mailto:namensaktien@linkmarketservices.de)

is furthermore available until the beginning of the annual general meeting (17 May 2018, 10:00 a.m. (CEST)). For the revocation of the proxy authorization granted to proxies nominated by the Company or the amendment of instructions prior to the annual general meeting, the aforementioned information on the possibilities for transmission and the deadlines shall apply *mutatis mutandis*.

### **Motions or election proposals from shareholders**

Pursuant to section 122 para. 2 German Stock Corporation Act (AktG), shareholders whose combined shares amount to at least one twentieth of the share capital or a nominal value of EUR 500,000.00 may

request that additional items are added to the agenda and published. An explanation or a proposed resolution has to be enclosed with each additional agenda item. Pursuant to section 122 para. 2 German Stock Corporation Act (AktG) in conjunction with section 122 para. 1 sentence 3 German Stock Corporation Act (AktG) the petitioners must prove that they have been owners of the shares at least 90 days before submitting the request and that they will remain the owners of the shares until the management board has made a decision about the motion. When calculating this 90-day period there are certain set-off options to which reference is specifically made pursuant to section 70 German Stock Corporation Act (AktG). In calculating this period the provisions of section 121 para. 7 German Stock Corporation Act (AktG) have to be observed.

Such requests must be made in written form to the management board and must be received by the Company no later than 30 days prior to the annual general meeting (not counting the day of the annual general meeting and the day of receipt), this is by no later than 24:00 (midnight) CEST on 16 April 2018. Please send such requests to the following address:

Telefónica Deutschland Holding AG  
- Management Board -  
Georg-Brauchle-Ring 23-25  
80992 Munich  
Germany.

Pursuant to section 126 para. 1 German Stock Corporation Act (AktG), any shareholder of the Company may submit a counter-proposal to a proposal made

by the management board and/or the supervisory board relating to a specific item on the agenda. Counter-proposals must be made available on the website subject to the provisions of section 126 paras. 1 and 2 German Stock Corporation Act (AktG), provided they have been received by the Company at the address provided below no later than 14 days prior to the annual general meeting (not counting the day of the annual general meeting and the day of receipt), this is by no later than 24:00 (midnight) CEST on 2 May 2018.

Moreover, any shareholder may submit an election proposal for the election of the auditor or the election of members of the Supervisory Board subject to the provisions of section 127 German Stock Corporation Act (AktG). Election proposals must be made available on the website subject to the provisions of sections 127 and 126 para. 1 and para. 2 German Stock Corporation Act (AktG), provided they have been received by the Company at the address provided below no later than 14 days prior to the annual general meeting (not counting the day of the annual general meeting and the day of receipt), this is by no later than 24:00 (midnight) CEST on 2 May 2018.

Counter-proposals or election proposals from shareholders must be sent to the following address:

Telefónica Deutschland Holding AG  
Investor Relations  
Georg-Brauchle-Ring 23-25  
80992 Munich  
Germany

or telefax: +49-(0)89-2442-2000

or e-mail: [hauptversammlung@telefonica.com](mailto:hauptversammlung@telefonica.com)

No counter-proposals or election proposals otherwise addressed will be considered.

More information on the rights pursuant to sections 122 para. 2, 126 para. 1 and 127 German Stock Corporation Act (AktG) is available to shareholders at [www.telefonica.de](http://www.telefonica.de) under Investor Relations/AGM. Motions and election proposals from shareholders that are required to be made available will be made available under the aforementioned internet address.

### **Right to obtain information**

Please note that pursuant to section 131 para. 1 German Stock Corporation Act all shareholders are to be given information on Company matters by the Management Board upon request at the annual general meeting, provided such information is necessary in order to properly assess an agenda item. In addition, each shareholder must also be given information at the annual general meeting pursuant to section 293g para. 3 German Stock Corporation Act (AktG) with respect to agenda item 7 on all matters of Telefónica Germany Management GmbH that are essential for the conclusion of the control agreement.

More information on the rights to obtain information pursuant to section 131 para. 1 German Stock Corporation Act (AktG) and section 293g para. 3 German Stock Corporation Act (AktG) is available to shareholders at [www.telefonica.de](http://www.telefonica.de) under Investor Relations/AGM.

### **Information on the Company's website**

All information required to be published pursuant to section 124a German Stock Corporation Act (AktG) is available at [www.telefonica.de](http://www.telefonica.de) under Investor Relations/AGM.



## **Inquiries**

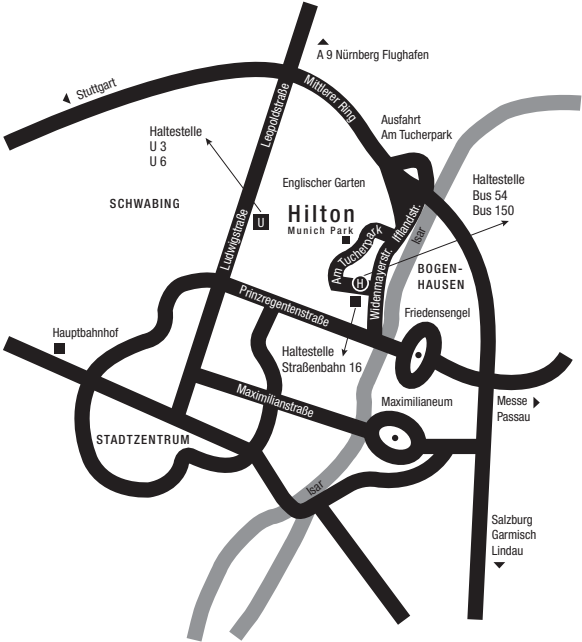
To facilitate preparations for the annual general meeting and to ensure that responses by the Company to inquiries regarding the annual general meeting are provided as quickly as possible, we ask for inquiries solely being directed to:

Telefónica Deutschland Holding AG  
Investor Relations  
Georg-Brauchle-Ring 23-25  
80992 Munich  
Germany  
or telefax: +49-(0)89-2442-2000  
or e-mail: [hauptversammlung@telefonica.com](mailto:hauptversammlung@telefonica.com)

**Munich, April 2018**

**Telefónica Deutschland Holding AG  
The Management Board**

Note: In the interest of all participants, we will carry out security checks. Should short waiting period arise due to these controls, we ask for your understanding. Please note this when planning your journey. We ask you in this context to bring no dangerous objects, as for example knives or scissors. These must be taken into custody by us until you leave the Annual General Meeting. Please abstain from bringing your own drinks or other liquids. On Site drinks are provided for you.





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80992 Munich, Germany

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