

OTHER DISCLOSURES



Corporate Governance Code (GCGC), taking into account German Accounting Standard No. 17 (DRS 17) and International Financial Reporting Standards (IFRS).

Remuneration of members of the Management Board

There were no changes in the composition of the Management Board in 2018. Management Board member Markus Haas was reappointed as a member of the company's Management Board and appointed as the new Chief Executive Officer (CEO) of Telefónica Deutschland Holding AG with effect from 1 January 2017 until the end of 31 December 2019 by a resolution of the Supervisory Board dated 11 December 2016. With a resolution of the Supervisory Board dated 20 July 2017, the Management Board members, Markus Rolle, Wolfgang Metze, Alfons Lösing, Guido Eidmann, Valentina Daiber and Nicole Gerhardt were appointed as Management Board members of the company with effect from 1 August 2017 until the end of 31 July 2020 and the Management Board member, Cayetano Carbajo Martín, with effect from 1 August 2017 until the end of 31 December 2018. The appointment of Management Board member Cayetano Carbajo Martín was extended by resolution of the Supervisory Board of 24 October 2018 by one year until the end of 31 December 2019. The employment contracts were concluded for the respective term of their appointment.

Structure and components of the remuneration of the Management Board

The total remuneration of the Management Board members consists of a fixed remuneration, fringe benefits, a one-year variable remuneration (Bonus I) and long-term remuneration components (Bonus II, Bonus III / PSP, PIP). In addition, the members of the Management Board receive pension commitments.

The fixed, non-performance-related remuneration components (fixed remuneration and fringe benefits) accounted for 57% of total remuneration in 2018. The variable, performance-related remuneration components accounted for 43%. Of this, 34% is attributable to the one-year variable remuneration and 9% to components with a long-term incentive effect.

Remuneration Report

The remuneration report describes the structure and design of the remuneration for the Management Board and Supervisory Board of Telefónica Deutschland Holding AG. Furthermore, the remuneration of each member of the Management Board and Supervisory Board is disclosed for the 2018 financial year and reported according to integral parts.

The report complies with the requirements of the German Commercial Code (HGB) and the recommendations of the German

Fixed remuneration and fringe benefits

The fixed component comprises the annual fixed salary, which is paid in twelve equal monthly instalments, and the fringe benefits. The fringe benefits mainly comprise a company car, life and accident insurance, travel allowances, rent allowances, reimbursement of social security costs, committee fees and expat bonuses. Not all Management Board members receive all of these fringe benefits.

One-year variable remuneration

The one-year variable remuneration component is an annual cash bonus (Bonus I). Bonus I is calculated using the formula target bonus multiplied by the business performance. The target bonus is equivalent to a set percentage of the annual fixed salary. The business performance factor can have a minimum value of 0% and a maximum value of 125%. The members of the Management Board can therefore receive a maximum payment of 125% of the respective target bonus (CAP).

The business performance factor consists of two components: The first component is based on the success of Telefónica Deutschland Holding AG (Telefónica Deutschland component) and has a weighting of 70%. The second component is based on the success of Telefónica, S.A. (Telefónica, S.A. component) and has a weighting of 30%.

The parameters for the calculation of the Telefónica Deutschland component, their weighting and the respective target achievements are set by the Supervisory Board on an annual basis. Besides the financial targets, targets directly and indirectly in connection with customer satisfaction were agreed for 2018. If the minimum percentage of the respective target value set annually by the Supervisory Board is not achieved, the value for the company performance factor is 0% (knock-out). If the target is reached, the factor is 100%. If the target value is exceeded, the factor increases up to an upper limit, which for 2018 is 140% for one financial target and 125% for all other targets. Intermediate values of target achievement are not linearly interpolated, but calculated according to a payout curve set by the Supervisory Board. The payout curve assigns a corresponding company's performance factor (in %) to the percentage of the target value actually achieved for each parameter determined annually by the Supervisory Board. In order to create an increased incentive for the simultaneous achievement of all annual targets, the Supervisory Board has decided for 2018 that those factors below 120% will be increased to 120% if all targets are achieved. The sum of the weighted company performance factors determines the Telefónica Deutschland component.

The Telefónica, S.A. component is set by the Supervisory Board at its due discretion. This discretionary decision is guided by the business performance of Telefónica, S.A. in the respective year.

Components with a long-term incentive effect

The multi-year variable remuneration of the members of the Management Board consists of several components. All members of the Management Board participate in the Deferred Bonus Plan (Bonus II) of Telefónica Deutschland Holding AG.

The CEO is also generally entitled to participate in a long-term variable remuneration plan of Telefónica, S.A. These are the "Performance & Investment Plan" (PIP) and its successor plan, the "Performance Share Plan" (PSP). The Supervisory Board has approved participation in the Performance Share Plan (PSP) for 2018.

For the other Management Board members, however, it has been agreed as Bonus III that the Supervisory Board will decide annually whether they will receive an additional allocation from the Deferred Bonus Plan (Bonus II) or an allocation from a long-term variable remuneration plan of Telefónica, S.A. or an allocation from another long-term variable remuneration plan to be approved by the Supervisory Board of the company. The grant value corresponds to a certain portion of the annual fixed salary. For 2018, the Supervisory Board approved an allocation from the current long-term variable remuneration plan of Telefónica, S.A., the Performance Share Plan (PSP).

Deferred Bonus Plan (Bonus II): Bonus II is a deferred bonus.

The members of the Management Board are promised an amount equal to a percentage of their annual fixed salary as a bonus. The Management Board member has the right to the full amount (CAP) after a period of three years if the total shareholder return of Telefónica Deutschland Holding AG is in the upper quartile of the total shareholder return of the peer group comprising the DAX 30 companies. Each Management Board member has the right to receive 50% of Bonus II if the total shareholder return of Telefónica Deutschland Holding AG corresponds to the median of the peer group. If the total shareholder return of Telefónica Deutschland Holding AG lies between the median and the upper quartile, Bonus II is calculated on a linear proportional basis. If the total shareholder return of Telefónica Deutschland Holding AG lies below the median, there is no entitlement to payments.

In 2018, the grant value equals 80% of the annual fixed salary for the CEO and 33% for each of the other Management Board members. Participation in Bonus II for the period from 2015 to 2018 did not result in any payment.

Performance & Investment Plan (PIP): The Performance & Investment Plan was approved by the Annual General Meeting of Telefónica, S.A. on 30 May 2014 and consists of three allocation cycles starting on 1 October 2014, 1 October 2015 and 1 October 2016. The term is three years in each case. There are two versions, namely the version applicable to members of the ExComm of Telefónica, S.A., Markus Haas, and the version for senior management; the difference between the two versions is that members of the ExComm of Telefónica, S.A. – as described in greater detail below – may be allocated 125% of the performance shares awarded.

In accordance with the PIP, members of the Management Board are, with the approval of the Supervisory Board, allocated a certain number of performance shares as an award. The number of performance shares is calculated by dividing an amount corresponding to a certain proportion of the annual fixed salary of the relevant Management Board member by the average share price of Telefónica, S.A. (Core Award). After three years, the performance shares give the right to the acquisition of the corresponding number of Telefónica, S.A. shares (free of charge) providing that the beneficiary is still employed by a company of Telefónica, S.A. Group at the end of the time period and that the total shareholder return of Telefónica, S.A. over the three-year “vesting period” is at least equal to the median of the total shareholder return of a peer group of global telecommunication companies. 30% of the performance shares are awarded if Telefónica, S.A.'s total shareholder return corresponds to the median of these companies. The number of shares awarded increases to 100% if Telefónica, S.A.'s total shareholder return is in the upper quartile of the peer group. If Telefónica, S.A.'s total shareholder return is between the median and the upper quartile, the number of awarded shares is calculated on a linear proportional basis. If Telefónica, S.A.'s total shareholder return is below the median of the peer group, the entitlements are forfeited. Members of the ExComm of Telefónica, S.A. earn 125% if the total shareholder return of Telefónica, S.A. reaches at least the total shareholder return of the upper decile of the peer group. The members of the Management Board can therefore receive a maximum entitlement to 100% or 125% of the originally allocated performance shares in the form of real shares (CAP).

As an alternative to the Core Award, the PIP also provides for an Enhanced Award whereby the number of performance shares is increased by 25% in comparison with the Core Award. To be entitled to receive the Enhanced Award, a Management Board member must personally own a certain number of shares in Telefónica, S.A.

(currently 25% of the Core Award). If the conditions for the Enhanced Award are met, the number of shares to be actually allocated is calculated on the basis of the Enhanced Award rather than the Core Award.

In 2018, no shares were earned by the members of the Management Board from the 2015 allocation cycle.

Performance Share Plan (PSP): The Performance Share Plan was approved by the Annual General Meeting of Telefónica, S.A. on 8 June 2018 and consists of three allocation cycles starting on 1 January 2018, 1 January 2019 and 1 January 2020. The term is three years in each case. At the beginning of the term, with the approval of the Supervisory Board, a certain number of performance shares are allocated to the members of the Management Board corresponding to a certain proportion of the annual fixed salary of the respective member of the Management Board. The number of shares actually earned at the end of the three-year term is calculated as the product of the number of allocated performance shares and a target achievement factor that depends on the fulfilment of certain performance conditions and can reach a minimum value of 0% and a maximum value of 100%. The members of the Management Board can therefore receive a maximum entitlement to 100% of the originally allocated performance shares in the form of real shares (CAP). For plan participants who are also members of the Executive Committee of Telefónica, S.A. (Markus Haas), a holding period of 12 months for at least 25% of the shares earned is provided for.

The target achievement factor for the 2018 allocation cycle consists of two components: The first component is based on the total shareholder return of Telefónica, S.A. (TSR target achievement factor) and has a weighting of 50%. The second component is based on the achievement of free cash flow targets (FCF target achievement factor) and also has a weighting of 50%.

The TSR target achievement factor depends on how the total shareholder return of Telefónica, S.A. has developed over the three years compared to the total shareholder return of selected global telecommunication companies: If Telefónica, S.A.'s total shareholder return is below the median of the peer group, the TSR target achievement factor is 0%. If the median is reached, the TSR target achievement factor is 30%. The TSR target achievement factor is increased by linear interpolation to up to 100% if the total shareholder return of Telefónica, S.A. reaches the upper quartile of the peer group.

The FCF target achievement factor corresponds to the average of annual target achievement factors, which can be between 0% and 100% depending on the achievement of annual targets for free cash flow. The respective annual targets for free cash flow and the associated target achievement curve are generally calculated annually by the Board of Directors of Telefónica, S.A.

All members of the Management Board received performance shares from the 2018 allocation cycle after approval by the Supervisory Board of the company.

Pension commitments

Markus Haas, Markus Rolle, Guido Eidmann, Valentina Daiber, Wolfgang Metze and Nicole Gerhardt participate in the company's pension plan. Alfons Lösing receives a fixed contribution for a reinsured commitment from the Essener Verband (EV). The Management Board member Cayetano Carbajo Martín has no commitment regarding company-financed retirement pension from the company, but participates in the Spanish plan for Directors.

The Management Board members who participate in the company's pension plan, will receive an annual financing contribution in the amount of 20% of the annual fixed salary, which is invested in a reinsured support fund. The Management Board members may choose between 6 specified pension packages, which hedge the risks of surviving dependants' pension, work disability and old-age to varying degrees. Besides the statutory guaranteed interest, there is no further interest guarantee. The Management Board members have the option to choose between a one-off payment, a payment in 3 or 6 instalments or the drawing of a pension. Old-age pension or the payout is received by the Management Board member when they have reached the age limit and left the services of the company.

The Management Board member who is a member of the Essener Verband (EV), receives a fixed financing amount for the so-called BOLO (contribution-based benefit ordinance of the EV). There is a specific pensionable age. Furthermore, surviving dependants' and work disability pension benefits are granted. The Management Board member also receives a pension from Benefit Ordinance B of the EV. Commitments are also provided for retirement, surviving dependants' and work disability pensions. The benefits from the commitments, which are not covered by the pension insurance association, are insured within the scope of reinsurance policy.

Commitments in the event of premature termination of business activities

Early termination of the service agreement: In the event of premature termination of the employment contract without good cause, the Management Board contracts contain a clause within the meaning of section 4.2.3 of the GCGC that any payments to be made to the Management Board member, including fringe benefits, should not exceed the value of two years' remuneration and the value of the remuneration for the remaining term of the Management Board member service agreement. This is to be based on the total remuneration for the past financial year and, if applicable, also on the expected total remuneration for the current financial year.

Change of Control In the event of a change of control, the Management Board member has the right to terminate the employment relationship extraordinarily with a notice period of three months to the end of the month and to resign from office as a Management Board member with this notice period. In this case, the company shall pay the Management Board member a one-time remuneration equal to a fixed annual salary and the last annual cash bonus received (Bonus I), but not exceeding the remuneration that would have been payable up to the end of the employment contract.

Death benefit: In the event of the death of a member of the Management Board during the term of the employment contract, such member's widow/widower and children, provided they are under the age of 27, shall be entitled as joint creditors to the continued payment in full of such member's annual fixed salary. Such payment shall be received for the month in which death occurred and the following six months. Such payment shall not exceed the term of the contract.

Other remuneration components

Discretionary bonus: The Supervisory Board is authorised, at its discretion, to award members of the Management Board a discretionary bonus, which may not exceed 100% of their annual fixed salaries, for extraordinary merits that are not already rewarded by the regular remuneration and which cause a material economic advantage for the company. As in previous years, the Supervisory Board did not grant any discretionary bonus to members of the Management Board in 2018.

D&O insurance: The company has taken out D&O insurance (Directors & Officers Liability Insurance) for the benefit of the members of the Management Board with a deductible of 10% of the loss up to one and a half times the annual fixed salary of the respective Management Board member.

Collateral/loans/guarantees: The Telefónica Deutschland Group has not currently granted the members of its Management Board any security or loans and have not assumed any guarantees for them.

Post-contractual non-competition covenant: A non-competition covenant and/or post-contractual non-competition covenant has been agreed with the members of the Management Board. During the term of the post-contractual non-competition covenant, members of the Management Board will receive a compensation equal to 50% of the most recently received contractual remuneration. The company shall be entitled to waive compliance at any time.

Return of company property: Members of the Management Board must immediately return all objects in their possession due to the company, including company cars, upon termination of their employment relationship as well as in the event of dismissals.

Management Board remuneration in accordance with HGB

The members of the Management Board received the following compensation in 2018:

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MANAGEMENT BOARD REMUNERATION 2018

	Non-performance-related components		Performance-related components	Components with a long-term incentive effect					TOTAL: Components with a long-term incentive effect	Total remuneration
	Fixed remuneration	Fringe benefits		TOTAL	One-year variable remuneration	Multi-year cash remuneration	Number ²⁾	Multi-year share remuneration ¹⁾ Fair Value		
2018										
Markus Haas	700,000	16,616	716,616	594,020	–	27,570	145,979	145,979	1,456,615	
Markus Rolle	400,000	18,602	418,602	243,599	–	12,998	68,820	68,820	731,021	
Wolfgang Metze	400,000	17,496	417,496	243,599	–	12,998	68,820	68,820	729,914	
Alfons Lösing	400,000	61,193	461,193	243,599	–	12,998	68,820	68,820	773,611	
Cayetano Carbajo Martín	300,000	225,099 ³⁾	525,099	192,215	–	9,748	51,616	51,616	768,929	
Nicole Gerhardt	300,000	18,550	318,550	182,699	–	9,748	51,616	51,616	552,865	
Valentina Daiber	300,000	16,538	316,538	182,699	–	9,748	51,616	51,616	550,853	
Guido Eidmann	300,000	64,607	364,607	182,699	–	9,748	51,616	51,616	598,922	

¹⁾ The share-based remuneration for the members of the Management Board recorded in accordance with IFRS for the financial year amounted to EUR 130,795. The following amounts were attributable to the members of the Management Board: Markus Haas EUR 34,162, Markus Rolle EUR 16,105, Wolfgang Metze 16,105, Alfons Lösing EUR 16,105, Cayetano Carbajo Martín EUR 12,079, Nicole Gerhardt EUR 12,079, Valentina Daiber EUR 12,079, Guido Eidmann EUR 12,079.

²⁾ The number shown takes account of the fact that under IFRS 2, only those performance shares for which corresponding target values were fixed at the time of granting are considered to be allocated

³⁾ The fringe benefits for Mr Cayetano Carbajo Martín include various expatriate allowances, in particular rental costs, cost-of-living allowance, school fees, tax compensation.

The following remuneration was paid to the members of the Management Board who were active in 2017:

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MANAGEMENT BOARD REMUNERATION 2017

	Non-performance-related components		TOTAL	Performance-related components	Components with a long-term incentive effect			TOTAL: Components with a long-term incentive effect	Total remuneration ²⁾
	Fixed remuneration	Fringe benefits		One-year variable remuneration	Multi-year cash remuneration	Number	Multi-year share remuneration ¹⁾ Fair Value		
2017									
Markus Haas	700,000	18,236	718,236	642,150	–	–	–	–	1,360,386
Markus Rolle	166,667	5,003	171,670	108,333	–	–	–	–	280,003
Wolfgang Metze	166,667	5,943	172,610	108,333	–	–	–	–	280,943
Alfons Lösing	166,667	22,336	189,003	108,333	–	–	–	–	297,336
Cayetano Carbajo Martín	125,000	66,108	191,108	81,250	–	–	–	–	272,358
Nicole Gerhardt	125,000	4,787	129,787	81,250	–	–	–	–	211,037
Valentina Daiber	125,000	5,555	130,555	81,250	–	–	–	–	211,805
Guido Eidmann	125,000	25,114	150,114	81,250	–	–	–	–	231,364
Rachel Empey (until 31 July 2017)	350,000	159,535	509,535	228,992	–	–	–	–	738,527

¹⁾ The expense from share-based payment for the former members of the Management Board recognised in accordance with IFRS in the 2017 financial year amounted to EUR 85,740. The following amounts were attributable to the former members of the Management Board: Markus Haas EUR 102,141, Rachel Empey EUR -16,401.

²⁾ For Markus Haas the information is given for 12 months, for Rachel Empey pro rata temporis until 31 July 2017, for the other members of the Management Board pro rata temporis from 1 August 2017.

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PENSION COMMITMENTS AND OTHER BENEFITS

	Service cost according to IFRS		Service cost according to HGB ¹⁾		Project unit credit value of the pension benefit commitment according to IFRS		Project unit credit value of the pension benefit commitment according to HGB	
	2018	2017	2018	2017	2018	2017	2018	2017
Markus Haas	142,308	66,131	250,263	65,502	860,277	602,284	622,074	358,646
Markus Rolle	37,574	17,828	68,573	31,985	481,681	472,009	311,446	234,265
Wolfgang Metze	37,869	–	22,531	10,398	45,877	15,945	33,300	10,398
Alfons Lösing	97,934	80,937	206,453	372,877	2,352,689	2,368,472	1,793,862	1,531,102
Cayetano Carbajo Martín	86,804	58,550	86,898	58,878	1,108	847	1,093	819
Nicole Gerhardt	196	–	8,449	179	13,429	2,163	10,683	2,159
Valentina Daiber	39,619	21,154	57,909	24,551	194,831	135,610	145,244	84,243
Guido Eidmann	26,736	23,646	36,208	9,567	92,092	47,569	72,716	35,228
Rachel Empey (until 31 July 2017)	–	–	–	(362)	–	–	–	–

¹⁾ Personnel expenses recognised in the respective financial year without interest effect

MANAGEMENT BOARD REMUNERATION IN ACCORDANCE WITH GERMAN CORPORATE GOVERNANCE CODE (BENEFITS GRANTED AND INFLOWS)

		Markus Haas Chief Executive Officer (CEO) Since: 1 January 2017			Markus Rolle Chief Financial Officer Since: 1 August 2017			Wolfgang Metze Chief Consumer Officer Since: 1 August 2017				
Benefits granted	2017	2018	2018 (min)	2018 (max)	2017	2018	2018 (min)	2018 (max)	2017	2018	2018 (min)	2018 (max)
Fixed remuneration	700,000	700,000	700,000	700,000	166,667	400,000	400,000	400,000	166,667	400,000	400,000	400,000
Fringe benefits	18,236	16,616	16,616	16,616	5,003	18,602	18,602	18,602	5,943	17,496	17,496	17,496
Total	718,236	716,616	716,616	716,616	171,669	418,602	418,602	418,602	172,609	417,496	417,496	417,496
One-year variable remuneration	700,000	700,000	–	875,000	108,333	260,000	–	325,000	108,333	260,000	–	325,000
Multi-year variable remuneration	700,001	705,979	–	n.a.	109,000	200,820	–	n.a.	119,167	200,820	–	n.a.
Bonus II (2017-2020)	700,001	–	–	–	109,000	–	–	–	119,167	–	–	–
PIP / Bonus III (2017-2020)	–	–	–	–	–	–	–	–	–	–	–	–
Bonus II (2018-2021)	–	560,000	–	560,000	–	132,000	–	132,000	–	132,000	–	132,000
PSP / Bonus III (2018 - 2020) ¹⁾	–	145,979	–	n.a.	–	68,820	–	n.a.	–	68,820	–	n.a.
Total	2,118,237	2,122,595	716,616	n.a.	389,003	879,422	418,602	n.a.	400,110	878,316	417,496	n.a.
Pension expenses	66,131	142,308	142,308	142,308	17,828	37,574	37,574	37,574	–	37,869	37,869	37,869
Total remuneration	2,184,368	2,264,903	858,924	n.a.	406,831	916,996	456,176	n.a.	400,110	916,185	455,365	n.a.

		Alfons Lösing Chief Partner and Business Officer Since: 1 August 2017			Cayetano Carbajo Martín Chief Technology Officer Since: 1 August 2017			Nicole Gerhardt Chief Human Resources Officer Since: 1 August 2017				
Benefits granted	2017	2018	2018 (min)	2018 (max)	2017	2018	2018 (min)	2018 (max)	2017	2018	2018 (min)	2018 (max)
Fixed remuneration	166,667	400,000	400,000	400,000	125,000	300,000	300,000	300,000	125,000	300,000	300,000	300,000
Fringe benefits	22,336	61,193	61,193	61,193	66,108	225,099	225,099	225,099	4,787	18,550	18,550	18,550
Total	189,002	461,193	461,193	461,193	191,108	525,099	525,099	525,099	129,787	318,550	318,550	318,550
One-year variable remuneration	108,333	260,000	–	325,000	81,250	195,000	–	243,750	81,250	195,000	–	243,750
Multi-year variable remuneration	130,000	200,820	–	n.a.	97,500	150,616	–	n.a.	82,500	150,616	–	n.a.
Bonus II (2017-2020)	130,000	–	–	–	97,500	–	–	–	82,500	–	–	–
PIP / Bonus III (2017 - 2020)	–	–	–	–	–	–	–	–	–	–	–	–
Bonus II (2018-2021)	–	132,000	–	132,000	–	99,000	–	99,000	–	99,000	–	99,000
PSP / Bonus III (2018 - 2020) ¹⁾	–	68,820	–	n.a.	–	51,616	–	n.a.	–	51,616	–	n.a.
Total	427,336	922,012	461,193	n.a.	369,858	870,714	525,099	n.a.	293,537	664,166	318,550	n.a.
Pension expenses	80,937	97,934	97,934	97,934	58,550	86,804	86,804	86,804	–	196	196	196
Total remuneration	508,273	1,019,946	559,127	n.a.	428,408	957,519	611,903	n.a.	293,537	664,362	318,746	n.a.

¹⁾ Under the PSP, the maximum number of shares to be earned is limited. The maximum is 100% of the originally allotted performance shares. However, there is no limitation on the development of the share price. Consequently, it is not possible to specify a maximum value.

		Valentina Daiber Chief Officer for Legal and Corporate Affairs Since: 1 August 2017			Guido Eidmann Chief Information Officer Since: 1 August 2017			Rachel Empey Chief Financial Officer Until: 31 July 2017				
Benefits granted	2017	2018	2018 (min)	2018 (max)	2017	2018	2018 (min)	2018 (max)	2017	2018	2018 (min)	2018 (max)
Fixed remuneration	125,000	300,000	300,000	300,000	125,000	300,000	300,000	300,000	350,000	-	-	-
Fringe benefits	5,555	16,538	16,538	16,538	25,114	64,607	64,607	64,607	159,535	-	-	-
Total	130,555	316,538	316,538	316,538	150,114	364,607	364,607	364,607	509,535	-	-	-
One-year variable remuneration	81,250	195,000	-	243,750	81,250	195,000	-	243,750	280,000	-	-	-
Multi-year variable remuneration	97,500	150,616	-	n.a.	97,500	150,616	-	n.a.	-	-	-	-
Bonus II (2017-2020)	97,500	-	-	-	97,500	-	-	-	-	-	-	-
PIP / Bonus III (2017-2020)	-	-	-	-	-	-	-	-	-	-	-	-
Bonus II (2018-2021)	-	99,000	-	99,000	-	99,000	-	99,000	-	-	-	-
PSP / Bonus III (2018 - 2020) ¹⁾	-	51,616	-	n.a.	-	51,616	-	n.a.	-	-	-	-
Total	309,305	662,154	316,538	n.a.	328,864	710,223	364,607	n.a.	789,535	-	-	-
Pension expenses	21,154	39,619	39,619	39,619	23,646	26,736	26,736	26,736	-	-	-	-
Total remuneration	330,459	701,773	356,157	n.a.	352,510	736,959	391,343	n.a.	789,535	-	-	-

¹⁾ Under the PSP, the maximum number of shares to be earned is limited. The maximum is 100% of the originally allotted performance shares. However, there is no limitation on the development of the share price. Consequently, it is not possible to specify a maximum value.

		Markus Haas Chief Executive Officer (CEO) Since: 1 January 2017		Markus Rolle Chief Financial Officer Since: 1 August 2017		Wolfgang Metzger Chief Consumer Officer Since: 1 August 2017	
Benefits received		2018	2017	2018	2017	2018	2017
Fixed remuneration		700,000	700,000	400,000	166,667	400,000	166,667
Fringe benefits		16,616	18,236	18,602	5,003	17,496	5,943
Total		716,616	718,236	418,602	171,669	417,496	172,609
One-year variable remuneration¹⁾		717,500	594,020	266,500	91,932	266,500	91,932
Multi-year variable remuneration		-	-	-	-	-	-
Bonus II (2014-2017)		-	-	-	-	-	-
PIP / Bonus III (2014-2017)		-	-	-	-	-	-
Bonus II (2015-2018)		-	-	-	-	-	-
PIP / Bonus III (2015-2018)		-	-	-	-	-	-
Other		-	-	-	-	-	-
Total		1,434,116	1,312,256	685,102	263,601	683,996	264,541
Pension expenses		142,308	66,131	37,574	17,828	37,869	-
Total remuneration		1,576,424	1,378,387	722,676	281,429	721,865	264,541

¹⁾ At the time the report was prepared, the Supervisory Board had not yet decided on the amounts to be paid for the one-year variable remuneration. The one-year variable remuneration is reported on the basis of the estimated amount paid out.

	Alfons Lösing Chief Partner and Business Officer Since: 1 August 2017		Cayetano Carbajo Martín Chief Technology Officer Since: 1 August 2017		Nicole Gerhardt Chief Human Resources Officer Since: 1 August 2017	
	2018	2017	2018	2017	2018	2017
Benefits received						
Fixed remuneration	400,000	166,667	300,000	125,000	300,000	125,000
Fringe benefits	61,193	22,336	225,099	66,108	18,550	4,787
Total	461,193	189,002	525,099	191,108	318,550	129,787
One-year variable remuneration¹⁾	266,500	91,932	199,875	68,949	199,875	68,949
Multi-year variable remuneration						
Bonus II (2014-2017)	-	-	-	-	-	-
PIP / Bonus III (2014 - 2017)	-	-	-	-	-	-
Bonus II (2015-2018)	-	-	-	-	-	-
PIP / Bonus III (2015 - 2018)	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	727,693	280,934	724,974	260,057	518,425	198,736
Pension expenses	97,934	80,937	86,804	58,550	196	-
Total remuneration	825,627	361,871	811,778	318,607	518,621	198,736

	Valentina Daiber Chief Officer for Legal and Corporate Affairs Since: 1 August 2017		Guido Eidmann Chief Information Officer Since: 1 August 2017		Rachel Empey Chief Financial Officer Until: 31 July 2017	
	2018	2017	2018	2017	2018	2017
Benefits received						
Fixed remuneration	300,000	125,000	300,000	125,000	-	350,000
Fringe benefits	16,538	5,555	64,607	25,114	-	159,535
Total	316,538	130,555	364,607	150,114	-	509,535
One-year variable remuneration¹⁾	199,875	68,949	199,875	68,949	-	280,000²⁾
Multi-year variable remuneration						
Bonus II (2014-2017)	-	-	-	-	-	-
PIP / Bonus III (2014-2017)	-	-	-	-	-	-
Bonus II (2015-2018)	-	-	-	-	-	-
PIP / Bonus III (2015-2018)	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	516,413	199,504	564,482	219,063	-	789,535
Pension expenses	39,619	21,154	26,736	23,646	-	-
Total remuneration	556,032	220,658	591,218	242,709	-	789,535

¹⁾ At the time the report was prepared, the Supervisory Board had not yet decided on the amounts to be paid for the one-year variable remuneration. The one-year variable remuneration is reported on the basis of the estimated amount paid out.

²⁾ Here, the one-year variable remuneration is reported on a pro rata basis based on 100% target achievement.

Remuneration of members of the Supervisory Board

The members of the Supervisory Board receive fixed remuneration of EUR 20 thousand annually in accordance with the articles of association, payable at the end of the financial year. The Chairperson of the Supervisory Board receives EUR 80 thousand and the Deputy Chairperson of the Supervisory Board receives EUR 40 thousand. The Chairperson of the Audit Committee receives an additional EUR 50 thousand if the Chairperson of the Supervisory Board or the Deputy Chairperson does not hold the chair in this committee. Supervisory Board members who hold office in the Supervisory Board or the position of Chairperson of the Supervisory Board or Chairperson of a Committee only for a certain part of the financial year receive proportionate remuneration on a pro rata temporis basis.

In addition to the remuneration, the company reimburses the members of the Supervisory Board for the expenses arising in the fulfilment of their duties as Supervisory Board members as well as any value-added tax on their remuneration and their expenses.

Four members of the Supervisory Board and one former member of the Supervisory Board who have an executive function in one of the Telefónica, S.A. Group companies waived their remuneration for their current term of office up to an amount of EUR 2,000 per year.

Outside of the aforementioned activities of the Supervisory Board and the committees, no services, in particular no consulting or mediation services, were provided.

Name	Member of the Supervisory Board	Remuneration (in EUR) 2018	Remuneration (in EUR) 2017
Eva Castillo Sanz*	since 5 October 2012 to 25 May 2018	26,849	80.000
Laura Abasolo García de Baquedano**	since 12 May 2015	2,000	2.000
Angel Vilá Boix	from 18 September 2012 to 4 October 2017	–	2,000
María García-Legaz Ponce	since 7 June 2018	2,000	–
Patricia Cobian González	since 18 September 2012	2,000	2.000
Michael Hoffmann	since 5 October 2012	70,000	70.000
Enrique Medina Malo	from 18 September 2012 to 24 July 2018	2,000	2.000
Pablo de Carvajal Gonzalez	since 25 July 2018	2,000	–
Sally Anne Ashford	since 18 September 2014	20,000	20.000
Peter Erskine	since 19 May 2016	20,000	20.000
Julio Linares López	since 16 October 2017	20,000	4,219
Christoph Braun***	since 1 July 2016	38,575	40.000
Thomas Pfeil	since 3 June 2013	20,000	20.000
Dr. Jan-Erik Walter	since 3 June 2013	20,000	20.000
Marcus Thurand	from 3 June 2013 to 17 May 2018	7,507	20.000
Martin Butz	since 17 May 2018	12,548	–
Christoph Heil	from 3 June 2013 to 17 May 2018	7,507	20.000
Sandra Hofmann	since 17 May 2018	12,548	–
Claudia Weber	since 3 June 2013	20,000	20.000
Joachim Rieger****	since 31 October 2014	24,500	24.500
Jürgen Thierfelder****	since 31 October 2014	23,168	24.500

*Ms Castillo Sanz was Chairperson of the Supervisory Board until 25 April 2018 (inclusive) and an ordinary member of the Supervisory Board from 26 April 2018.

**Ms Abasolo García de Baquedano has been Chairperson of the Supervisory Board since 3 May 2018.

***Mr Braun was no longer Deputy Chairperson after the end of his first term of office at the close of the Annual General Meeting on 17 May 2018 until his re-election as Deputy Chairperson on 13 June 2018.

****In addition to their remuneration in accordance with section 20 of the Telefónica Deutschland Holding AG's Articles of Association, Mr Joachim Rieger and Mr Jürgen Thierfelder shall receive annual remuneration for their activities as members of the Supervisory Board of the subsidiaries TGCS Essen & Potsdam GmbH and Telefónica Germany Retail GmbH. Such remuneration amounts to EUR 4,500 each and is already included in the table (pro rata if applicable). Mr Thierfelder is no longer a member of the Supervisory Board of Telefónica Germany Retail GmbH as of 14 September 2018.

The members of the Supervisory Board received remuneration for their activities on the Supervisory Board of Telefónica Deutschland Holding AG of EUR 346 thousand in 2018 and EUR 382 thousand in 2017.

As of 31 December 2018, the Telefónica Deutschland Group has not granted the members of its Supervisory Board any securities or loans, and has not assumed any guarantees on their behalf.