



Documents for shareholders

on item No. 3) of the agenda of the Extraordinary General Meeting
of Telefónica O2 Czech Republic, a.s.,
which is to be held on September 10, 2010

Resolution on the change of a form of shares

Information on reasons for a change of the shares form and its impacts on the rights of the shareholder

Why does Telefónica O2 Czech Republic, a.s. intend to realize the change of the shares form?

The reason for the change of the shares form is the adoption of amendment to the Procurement Act from May of this year, which will come into force on 15 September 2010. This amendment extends the list of basic qualification requirements, which must be fulfilled by an applicant in the public bid. The new requirement means that each applicant, which has the form of joint stock company, must have issued registered shares only and must submit up-to-date list of shareholders. By this requirement Telefónica O2 Czech Republic, a.s. was excluded from any participation in all public bids, because it has issued the shares in the form on bearer. Change of the shares form is the only way how to comply with this statutory requirement.

What is the shares form? Why do different forms of shares exist?

Commercial Code distinguishes between two forms of shares – shares on bearer and registered shares. Share form determines the method of transfer of ownership to the share and is also determining for the knowledge of the shareholder structure. Should the company issue shares in the registered form it has obligation to maintain the list of shareholders. A company that has issued shares on bearer does not maintain such a list and is not obliged to know its shareholders.

What impact will change of the shares form have on the rights of the shareholders?

Change of the shares form will not have any impact on existing rights of the shareholder. Shares remain dematerialized and par value remains the same. Shares will remain freely transferable and tradable on the regulated market. All shareholders will keep the same voting rights that have belonged to them so far. The change of the form will neither affect the right for the payment of dividend on which decided annual general meeting, nor other shareholder's rights.

Which changes will occur in connection with the change of the shares form?

The form of shares is determining the method for calling a general meeting. The legal regulation of calling a general meeting is based on assumption that in case of bearer shares the company does not know its shareholders. Therefore, the Commercial Code mandatorily prescribes calling of general meeting by publishing the announcement in the Commercial Bulletin and by other relevant manner stipulated by the Articles of Association. Telefónica O2 Czech Republic, a.s. in its Articles of Association stipulates that these manners are publishing the announcement on company internet web sites and London Stock Exchange web sites. By the change of the form to registered shares Telefónica O2 Czech Republic, a.s. is obliged to change the manner of calling shareholders to the general meeting. After the change of shares form shareholders will be informed by written invitation sent to each shareholder to its address. As the shareholders list will serve the register of dematerialized securities maintained in accordance with Act No. 256/2004 Coll., on undertaking on capital markets.

The Board of Directors of Telefónica O2 Czech Republic, a.s

A Telefónica company