



Documents for shareholders

on item No. 5) 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 providing consent with the contract for deposition of a part of the enterprise (Call-based information services and On-line business catalogue) in a subsidiary

Deposition of the part of the enterprise of “Call-based information services a On-line business catalogue“ into 100% owned subsidiary

(Ladies and gentlemen, dear shareholders,

Please allow me to introduce you the statement regarding the deposition of part of the enterprise “Informační a asistenční služby a katalog firem“ (“Call-based information services a On-line business catalogue“) into 100% owned subsidiary.)

For a longer period of time, Telefónica O2 Czech Republic, a.s. has been analyzing possibilities for the future development of information and assisted lines business in context of its core business and current changes in the telecommunication market. This business has a long history on the Czech market and is connected with a merger of ČESKÝ TELECOM, a.s. and Eurotel Praha, spol. s r.o. back in the year 2006. Nowadays, the information and assisted lines business has the biggest market share on the Czech market and provides the most extensive portfolio of information services to all operators' customers.

Nevertheless, over the last five years the trend has showed the market keeps turning towards broadband and internet and thus negatively influences traffic on these lines.

Taking into consideration this fact, Telefónica O2 Czech Republic, a.s. realized to carry out a market research which identified more natural owners of these lines which may bring much better customer experience.

During the last months, several potential investors have expressed their interest to acquire this business and deposit it into their own business.

As the Business is currently an integral part of Telefónica O2 Czech Republic, a.s., the carve out of the Business and subsequent contribution into a newly established 100 % subsidiary should provide much more flexibility in negotiations with potential investor.

Based on legal, tax and business analysis, the deposition of the part of the enterprise of the Business has been chosen as the best option for this exercise. This selected model is transparent from legal, business as well as employment aspect.

According to Section § 67a of the Commercial Code the agreement on transfer of the part of the enterprise requires approval from the General Meeting of Telefónica O2 Czech Republic, a.s. Based on the respective provisions of the Commercial Code, all rights and obligations concerning the part of the enterprise will be transferred into the newly established entity; such as, *inter alia*, ownership rights (e.g. assets, trademarks), rights and obligations from ordinary contractual relations (business contracts), and all rights and obligations arising from employment contracts.

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

A Telefónica company