



## INVITATION TO GENERAL MEETING

The Board of Directors of Telefónica O2 Czech Republic, a.s.  
with its registered seat at Prague 4, Za Brumlovkou 266/2, Postal Code 140 22, registered in  
the Commercial Register maintained by the Municipal Court in Prague under Section B, File 2322, hereby convenes

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### REGULAR GENERAL MEETING

to be held on April 28, 2011 at 2:00 p.m.  
at the Conference Centre Tower, Hvězdova 1716/2b, 140 78 Prague 4

### Agenda of the Regular General Meeting

1. Opening
2. Approval of Rules of Procedure of the General Meeting, election of the chairman of the General Meeting, the minutes clerk, minutes verifiers and persons to count the votes
3. Report by the Board of Directors on business activities of the Company and situation of its assets as a part of the annual report of the Company for the year 2010, a summary explanatory report concerning certain matters set out in the Company's 2010 Annual Report
4. Information on the results of inspection activities of the Company's Supervisory Board, including information on review of the report on relations among interconnected entities
5. Approval of the Company's Financial Statements for the year 2010
6. Resolution on distribution of the Company's profit for 2010 and retained Company's profit from previous years and, as the case may be, other available funds of the Company, and determination of royalties for 2010
7. Resolution on an amendment to the Company's Articles of Association
8. Determination of an auditor to carry out mandatory audits of the Company's Financial Statements for the year 2011
9. Recall of members of the Supervisory Board except for those elected by the Company employees in accordance with Section 200 of the Commercial Code
10. Election of the Company's Supervisory Board members
11. Approval of agreements on performance of the office of the Company's Supervisory Board members
12. Recall of members of the Audit Committee
13. Election of members of the Audit Committee
14. Approval of agreements on performance of the office of the Audit Committee members
15. Conclusion

#### **Decisive Date:**

**April 21, 2011** shall constitute the decisive date for attendance at the General Meeting. The meaning of the decisive date for attendance at the General Meeting lies in the fact that a person listed, as of the decisive date, in the extract from the statutory registration, which extract shall be procured by the Company (unless it proves that the entry in the registration does not correspond to the actual situation) or a proxy of such person shall have the right to attend the regular General Meeting and exercise shareholder's rights, including voting.

#### **Participation in the General Meeting:**

##### **a) Registration and representation at the General Meeting**

Registration in the attendance list (hereinafter referred to as the "Registration") will take place on the date of the regular General Meeting from **1 p.m.** at the venue of the regular General Meeting. Shareholder-individuals shall identify themselves by an identity card during the Registration. Unless set out otherwise hereinbelow, a proxy of a shareholder-individual, in addition to the above, shall present a power of attorney signed by such shareholder. The statutory body of a shareholder-legal entity shall identify themselves by an identity card and shall present an original or an officially verified copy of a document demonstrating the existence of the legal entity and the manner of acting of the statutory body thereof on its behalf. Unless set out otherwise hereinbelow, the proxy of a shareholder-legal entity shall, in addition to the above, present a power of attorney signed by the statutory body. The signature of the principal (whether of a legal entity or an individual) affixed to the power of attorney must be officially verified.

The power of attorney granted for representation of the shareholder at the General Meeting shall be in writing and it must indicate whether it was granted by the shareholder to the attorney for representation at one or more than one General Meeting of the Company within a certain period.

To grant a power of attorney, shareholders may also use a form to be made available by the Company from **March 29, 2011** until the date of the General Meeting. The form shall be available to everybody at the Company's registered office in a written form, its electronic form shall be available in the same manner as the Company publishes other information concerning the General Meeting in question; everybody has the right to request that the form will be sent to him/her at his/her own costs and risk in a written form or electronically (for more information on the above mentioned see the part "Note").

An apostille or another clause or verification required by Czech bodies for foreign documents must be affixed to the documents mentioned above, should they be issued or provided with an apostille by foreign bodies or institutions. Should such documents or apostilles be made in a foreign language, an official translation in Czech language must be affixed thereto.

At the electronic address [valnahromada@o2.com](mailto:valnahromada@o2.com), shareholders may notify the Company in an electronic form of a granted power of attorney for representation at the General Meeting, as well as withdrawal thereof by the principal. Where such notification does not enable the Company to check whether statutory requirements of the power of attorney have been met or to unambiguously identify the signed person (in particular where a guaranteed electronic signature based on a qualified certificate issued by an

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accredited certification services provider is not attached to the notification), the Company shall be entitled but not obliged to request additional information to avoid unclarity. The shareholders may send the notifications pursuant to first sentence also to the Company's databox, the address (ID) of which is d79ch2h. Such notification must also enable to check whether statutory requirements of the power of attorney have been met and, for the sake of trouble-free processing thereof, it is required that the respective message duly identifies the matter (dmAnnotation) with the text "Plna moc na VH". Where representation of the shareholder is demonstrated in some of the above mentioned manners, the Company shall not request presentation of the written power of attorney during the Registration.

The shareholder may also be represented at the General Meeting or in exercising other rights attached to shares by a person entered in the investment tools register or in the book-entry securities register as an administrator or a person authorized to exercise the rights attached to the share. Authorization of such person shall be demonstrated by the extract from the statutory registration, which extract shall be procured by the Company. Where the shareholder's representation is proven in the above-mentioned manner, the Company shall not request presentation of the written power of attorney. Should the shareholder, pursuant to the first sentence of this paragraph, be interested in being present at the General Meeting otherwise than through the administrator or another designated person authorized to exercise the rights attached to the share on behalf of the shareholder, they must submit an extract from the statutory registry at the registration to demonstrate that they were the company's shareholder on the decisive date.

## **b) Shareholders' rights and exercise thereof**

### **b.1. Shareholders' rights connected with the participation in the General Meeting - general summary**

The shareholder shall exercise his/her/its rights at the General Meeting in person, through a person authorized to act on behalf of him/her/it or in representation, unless the law stipulates otherwise; such participating shareholder shall be deemed present at the General Meeting.

The shareholder shall thus be entitled in compliance with the Commercial Code to participate in the General Meeting, to vote at the General Meeting, to request and obtain at or before the General Meeting an explanation of matters concerning the Company or persons controlled by the Company if such explanation is necessary to assess an item on the agenda of the General Meeting, and to raise proposals and counterproposals. Proposals, counterproposals and requirements for an explanation shall be made at the General Meeting in suitable form. Shareholders may be requested to make them in writing; such requirement, however, cannot be binding for the shareholder.

### **b.2. Number of shares and voting rights**

The registered capital of the Company amounts to CZK 32,208,990,000 (in words: thirty-two billion two hundred and eight million nine hundred and ninety thousand Czech crowns) and is divided to 322,089,890 registered common shares with the nominal value of CZK 100 per share and one registered common share with the nominal value of CZK 1,000. Each CZK 100 of the nominal value of the shares represents one vote. The shareholder shall not be obliged to exercise the voting rights attached to all his/her/its shares in the same manner.

### **b.3. Participation in and voting at the General Meeting**

The present shareholder (in the sense of point b.1.) shall register upon arrival at the General Meeting (see point a) above). Upon the Registration, the shareholder shall receive materials regarding the individual items of the General Meeting agenda and voting ballots for voting at the General Meeting.

The individual items of the agenda of the General Meeting shall be discussed in the order of the agenda.

Prior to the voting, the chairperson of the General Meeting shall be obliged to ensure that the shareholders are acquainted with all proposals and counterproposals presented by the convening party or by shareholders in respect of the relevant item of the General Meeting agenda. He/she shall also be obliged to ensure that, in compliance with law, the shareholders receive answers at the General Meeting to their requirements concerning the explanation of matters regarding the Company or entities controlled by the Company necessary for the assessment of the relevant item of the General Meeting's agenda, unless such explanation was provided to the shareholders prior to the General Meeting in compliance with the Commercial Code.

The General Meeting shall decide by the simple majority of the votes of the present shareholders, unless legal regulation or a provision of the Company's Articles of Association sets forth otherwise.

The voting shall take place in compliance with the Company Articles of Association and the Rules of Procedure of the General Meeting, which specify the voting rules stipulated in the Articles of Association and which are approved by the General Meeting (concerning the draft of Rules of Procedure, see the section "Note" as well).

The voting shall take place by ballots to be signed by the present shareholders. Where a present shareholder is not able to write, the person to count votes shall sign such shareholder's ballot on behalf of him/her. At first, the voting shall take place on the proposal by the convening party and, where such proposal was not approved, votes shall be cast on further proposals and counterproposals regarding the discussed item in the order in which such proposals and counterproposals were presented. When the presented proposal was approved, no votes shall be cast on any other proposals and counterproposals conflicting with the approved proposal.

### **b.4. Right to present proposals and counterproposals**

Where the shareholder wishes to present at the General Meeting counterproposals to proposals, the contents of which were stated in the invitation to the General Meeting, or in the event that a notarial record must be prepared documenting the decision of the General Meeting, the shareholder shall be obliged to deliver a written wording of the proposal or counterproposal to the Company at least five working days prior to the date of the General Meeting; the foregoing shall not apply to proposals for election or dismissal of concrete persons to/from the Company's bodies. The Board of Directors shall be obliged to publish the shareholder's counterproposal, including its standpoint, if possible, at least three days prior to the announced date of the General Meeting.

The shareholder shall be entitled to present proposals concerning the items to be included in the General Meeting's agenda prior to the publication of the invitation to the General Meeting. The Board of Directors shall publish a proposal, that will be delivered to the Company by no later than seven days prior to the publication of the invitation to the General Meeting, together with the invitation to the General Meeting. The preceding paragraph shall similarly apply to proposals delivered after expiration of the said deadline.



#### **b.5. Right to request inclusion of a certain matter to the agenda**

Shareholder(s) holding shares or interim certificates, the nominal value of which amounts to at least three per cent of the Company's registered capital, may ask the Board of Directors to convene an extraordinary General Meeting to discuss proposed matters. Each of the proposed matters must be supplemented by a justification or draft resolution. The shareholder(s) shall substantiate such request with a current extract from the property account of book-entered securities; should the shareholder(s) fail to do so, the Company itself shall be entitled to obtain the necessary extract of the relevant issue from book-entered securities register at the costs of such shareholder(s).

The cited shareholder(s) shall also have the right that the matter proposed by them be included in the General Meeting agenda on the assumption that such proposal containing a justification or draft resolution in respect of each of such items shall be delivered to the Company's Board of Directors by no later than 20 days prior to the decisive date for participation in the General Meeting; where such request was received after the invitation to the General Meeting was sent, the Board of Directors shall publish a supplemented agenda of the General Meeting within ten days prior to the decisive date for participation in the General Meeting in the manner set forth by law and the Articles of Association for convening of the General Meeting; where such publication is no longer possible, such matter may only be included in such General Meeting agenda subject to the participation of, and consent from, all Company shareholders.

#### **b.6. Other rules for exercise of shareholders' rights**

The shareholder shall be obliged to exercise his/her/its rights vis-à-vis the Company in a responsible manner, in particular in such manner that no unjustified interference is incurred in rights and rightful interests of the Company and other shareholders, which are known or can and shall be known to the shareholders.

#### **Payment of revenues from shares:**

The Board of Directors shall present a proposal to the General Meeting on the basis of which shareholders may decide on the Company's profit distribution, including payments of revenues per share. The proposal shall be based on the following principles:

- Proposed payment break-down:  
Dividend per share: CZK 40 before tax per a share with the nominal value of CZK 100 and CZK 400 before tax per the share with the nominal value of CZK 1,000  
Resources for dividend payment: unconsolidated profit for 2010 in the amount of **CZK 12,680,745, 921.87** and unconsolidated retained profits in the amount of **CZK 202,850, 078.13**
- Financial institution through which the payment shall be made: **Česká spořitelna, a.s.**
- Dividend due date: **October 6, 2011**
- Decisive date for exercising the right to dividend: **September 7, 2011**

The decisive date for exercising the right to dividend may be, in accordance with rules set out by the Commercial Code, determined by the General Meeting in such manner that it does not precede the date of the General Meeting and does not take place after the dividend due date. The meaning of this decisive date lies in the fact that the person entitled to the dividend payment shall be identified according to the state in the excerpt from the statutory register, which excerpt shall be procured by the Company.

More detailed information is available at the electronic address [www.cz.o2.com/en/](http://www.cz.o2.com/en/) under link "Investor relations", section "General Meetings".

#### **Amendment to the Articles of Association:**

The Board of Directors suggests that various amendments be made to the Articles of Associations. Namely, the alteration of the company name to Telefónica Czech Republic, a.s., the extension of the subject of the Company's business with the provision of low-volume financial services. Another major amendment is the adjustment of the Board of Directors' position and responsibilities consisting in the expunging the Board of Directors' obligation to ask the Supervisory Board for its prior consent with entering into contracts, the subject of which is the transfer of a business or any of its parts and its lease, should the contract be entered into by a person, controlled by the Company. Another proposed major amendment would be the reduction of the number of the Audit Committee members from the existing six members to five members. Moreover, the Board of Directors suggests updating the Company's Internet address that is used to convey information to shareholders.

#### **Note:**

In connection with the items on the agenda of the General Meeting, shareholders or, by law, other persons have the following rights from **March 29, 2011** to the date of the General Meeting (incl.):

- the right to inspect, on business days from 9:00 a.m. to 4:00 p.m. in the Company's registered seat, the Annual and the Consolidated Financial Statements of the Company;
- the right to inspect, on business days from 9:00 a.m. to 4:00 p.m. in the Company's registered seat, the report on relations among interconnected entities prepared pursuant to Section 66a of the Commercial Code;
- the right to inspect, on business days from 9:00 a.m. to 4:00 p.m. in the Company's registered seat, the proposal for an amendment to the Articles of Association (and, as the case may be, to request at their own cost and risk that a copy of the proposal for the amendment to the Articles of Association be sent to them);
- the right to receive, on business days from 9:00 a.m. to 4:00 p.m. in the Company's registered seat, a written copy of the form of power of attorney mentioned above in point a) in the section "Participation in the General Meeting" (and, as the case may be, to request at their own cost and risk that the form be sent to them);
- the right to obtain at the electronic address [www.cz.o2.com/en/](http://www.cz.o2.com/en/) under link "Investor relations", section "General Meetings" the form of the power of attorney mentioned above in point a) in the section "Participation in the General Meeting" (or to ask at the electronic address [valnahromada@o2.com](mailto:valnahromada@o2.com) for sending such form in its electronic version);
- the right to obtain at the electronic address [www.cz.o2.com/en/](http://www.cz.o2.com/en/) under link "Investor relations", section "General Meetings" each document concerning the agenda of the General Meeting, unless the law stipulates otherwise; in addition, such documents are available for inspection on business days from 9:00 a.m. to 4:00 p.m. in the Company's registered seat;



- the right to obtain at the electronic address [www.cz.o2.com/en/](http://www.cz.o2.com/en/) under link "Investor relations", section "General Meetings" draft resolutions of the General Meeting, including the shareholders' relevant proposals or counterproposals, and a standpoint of the Company's Board of Directors to the individual items of the General Meeting's agenda; in addition, such information and documents are available for inspection on business days from 9:00 a.m. to 4:00 p.m. in the Company's registered seat.
- the right to get acquainted with the text of this invitation to the General Meeting at the Company's web sites [www.cz.o2.com/en/](http://www.cz.o2.com/en/), section "Investors Relations", section "General Meetings" and at the London Stock Exchange web sites [www.londonstockexchange.com](http://www.londonstockexchange.com). In addition to that the invitation may be published in other information sources.

**Key Figures of the Telefónica O2 Czech Republic, a.s. Consolidated Financial Statements for 2010 prepared in accordance with International Financial Reporting Standards (in CZK million):**

Non-current assets	78 285	Equity	73 176
Current assets	14 495	Non-current liabilities	6 896
Non-current assets classified as held for sale	12	Current liabilities	12 720
<b>Total assets</b>	<b>92 792</b>	<b>Total equity and liabilities</b>	<b>92 792</b>

Revenues and other income*)	55 804
Operating expenses and other losses**)	(40 280)
Financial profit/(loss)	(206)
<b>Profit before tax</b>	<b>15 318</b>

\*) excluding financial income

\*\* ) including Depreciation and amortisation, Impairment and Internal expenses capitalized in fixed assets; excluding financial costs and losses and income tax

**Key Figures of the Telefónica O2 Czech Republic, a.s. Financial Statements for 2010 prepared in accordance with International Financial Reporting Standards (in CZK million):**

Non-current assets	81 812	Equity	77 609
Current assets	14 442	Non-current liabilities	6 891
Non-current assets classified as held for sale	12	Current liabilities	11 766
<b>Total assets</b>	<b>96 266</b>	<b>Total equity and liabilities</b>	<b>96 266</b>

Revenues and other income*)	53 250
Operating expenses and other losses**)	(37 406)
Financial profit/(loss)	(115)
<b>Profit before tax</b>	<b>15 729</b>

\*) excluding financial income

\*\* ) including Depreciation and amortisation, Impairment and Internal expenses capitalized in fixed assets; excluding financial costs and losses and income tax

**Main Data from the Report of the Company as a Controlled Entity on Relations among Interconnected Entities:**

**No detriment arose to the controlled entity in the 2010 accounting period**

- in connection with agreements and arrangements concluded in 2010 between the controlled entity and the controlling or other interconnected entities, on the basis of which performance and counterperformance were provided; or
- in connection with provision of performance and counterperformance in 2010 on the basis of valid agreements and arrangements concluded between the controlled entity and the controlling or other interconnected entities prior to January 1, 2010.

**Further, in the 2010 accounting period**

- no legal acts were performed between the controlled entity and the controlling or other interconnected entities in the interests or at the instigation of such controlling or other interconnected entities; and
- no measures were adopted or implemented on the part of the controlled entity in the interests or at the instigation of the controlling or other interconnected entities, from which any detriment, benefit, advantage or disadvantage would arise.

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

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