





A dividend of CZK 50.00 before tax shall thus be paid to each share with the nominal value of CZK 100, and a dividend of CZK 500.00 before tax shall be paid to each share with the nominal value of CZK 1,000.

The dividend proposal is based on a thorough analysis undertaken by the Board of Directors regarding the past performance of the Company, the current balance sheet position, the expected future performance including its investment and cash flow plans. Presented results of 2008 financial year show solid profitability, sound cash flow generation, low debt levels and strong overall balance sheet situation. In 2008, The Company proved a positive trend in business revenues, when recorded 2.9% growth and 1% year-over-year growth of the operating income before depreciation and amortization (OIBDA). In addition, the dividend proposal is consistent with the company's strategy to focus on the investments into growth areas (fixed and mobile broadband, business solutions for corporate and SME customers and further development in Slovakia) and is based on the Board's intention not to hold cash balances and distribute the surplus cash to shareholders.

Based on the above, the Board of Directors is confident that a distribution of the full amount of 2008 profit and substantial part of the previous years' retained profits represents fair return for the shareholders, and should at the same time have no negative effect on future performance of the company. Board of Directors expects, that continuing strong positive cash flow in 2009 will allow the Company to pay the dividend funded from accumulated cash.

Based on the above-mentioned facts, the Board of Directors recommends to the Regular General Meeting to adopt the following resolution:

**The Board of Directors' draft resolution regarding item 6) of the agenda:**

**Resolution on distribution of the Company profit for 2008 and retained Company profit from previous years or, as the case may be, other available funds of the Company, and determination of royalties for 2008**

**Resolution No. 6**

The regular General Meeting approves the unconsolidated profit of Telefónica O2 Czech Republic, a.s. (hereinafter "Company") for 2008 in the amount of CZK 13,092,928,908.44 after tax to be distributed as follows:

1) contribution to the reserve fund	0.00 CZK
2) contribution to the social fund	23,000,000.00 CZK
3) royalties	0.00 CZK
4) dividends	13,069,928,908.44 CZK

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Additionally, the General Meeting approves the unconsolidated retained profits from previous years (in the current total amount of CZK 5,309,102,151.87) in the amount of CZK 3,034,566,091.56 to be used as follows:

1) contribution to the reserve fund	0.00 CZK
2) contribution to the social fund	0.00 CZK
3) royalties	0.00 CZK
4) dividends	3,034,566,091.56 CZK

Further, the General Meeting proposes to the Regular General Meeting that the unconsolidated retained profits of previous years in the total amount of CZK 2,274,536,060.31 shall remain undistributed.

A dividend of CZK 50.00 before tax shall thus be paid to each share with the nominal value of CZK 100, and a dividend of CZK 500.00 before tax shall be paid to each share with the nominal value of CZK 1,000. Under the conditions arising from the Czech legal regulations, the relevant tax shall be deducted (subtracted) by the Company before effecting the payment.

Those persons will have the title to dividend who will be the shareholders of the Company as at the conclusive day (hereinafter "conclusive day for dividend"), or their heirs or legal successors, provided that they prove the existence of their title. In the case of book-entry bearer shares, these are the shareholders registered as at the conclusive day for dividend in the register of book-entry securities kept by the Securities Centre, in the section determined for the issuer. In the case of registered shares, it is the shareholder registered as at the conclusive day for dividend in the list of shareholders kept by the Company.

The conclusive day for dividend shall be 9th September 2009.

The dividend shall be payable on 7th October 2009. The payment of the dividend shall be the responsibility of the Board of Directors of the Company, and the payment shall be effected at the costs of the Company and in compliance with legal regulations and the Articles of Association. The Board of Directors of the Company shall notify the shareholders of the date, venue and method of payment of the dividend and of the conclusive day for dividend in the manner set forth by the Articles of Association and by the Act on Convocation of General Meeting.

Without undue delay after holding this regular General Meeting, the Board of Directors shall send to the shareholders holding the registered share a notification of the date, venue and method of payment of the dividend and of the conclusive day for dividend, in writing at the address given in the list of shareholders.

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