

# **INVITATION TO GENERAL MEETING**

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

with its registered seat at Prague 4, Za Brumlovkou 266/2, Postal Code 140 22, recorded in the Commercial Register maintained by the Municipal Court in Prague under Section B, File 2322, hereby convenes

## **REGULAR GENERAL MEETING**

**to be held on 28 April 2015 at 10:00 a.m.**

**at the address Forum Karlin, Pernerova 51, 186 00 Praha 8**

### **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. The Board of Directors' Report on the Company's Performance and the status of its assets (integral part of the 2014 Annual Report), a summary explanatory report concerning certain matters set out in the company's 2014 Annual Report, conclusions of the 2014 Report on Relations**
- 4. Presentation of the Supervisory Board's surveillance activities including information on the Report on Relations review**
- 5. Approval of the company's 2014 Financial Statements**
- 6. Decision on the distribution of company's profit for 2014 and retained earnings from the previous years**
- 7. Discussion over and approval of the separation of the company by spin-off with the formation of a new company**
- 8. Appointment of an auditor to conduct mandatory audit of the company in 2015**
- 9. Conclusion**

#### **Decisive Date:**

**21 April 2015** shall constitute the decisive date for attendance at the General Meeting ("decisive date"). 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 register (where company shares are registered), 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 8:00 a.m. at the venue of the regular General Meeting. Shareholder-individual 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 a 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 hereunder, 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.

Unless specified otherwise hereunder, the power of attorney granted for representation of the shareholder at the General Meeting shall be made 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.

To grant a power of attorney, shareholders may also use a form to be made available by the company from **28 March 2015** until the date of the General Meeting. The form shall be available to everybody at the company's registered seat in a written form, its electronic form shall be available in the same manner as the company publishes other supporting documents relating to 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 similar foreign documents must be affixed to the documents mentioned above, should they be issued by foreign bodies or institutions or provided with their apostilles. 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.cz, 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 accredited certification services provider is not attached to the notification), the company shall be entitled but not obliged to request additional information to verify the attorney's empowerment. The shareholders may send the notifications pursuant to first sentence also to the company's data-box, 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 registered in the investment tools register or in the book-entered securities register as an administrator or a person authorized to exercise the rights attached to

the share. Authorization of the administrator or such person shall be demonstrated by the extract from that register, 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 (within the meaning of Art. b.1.) 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 register (where the company's shares are registered) at the registration to demonstrate that they were the company's shareholder on the decisive date.

**b) Correspondence voting**

The shareholders are entitled to vote on respective matters on the agenda of this General Meeting also in the form of correspondence voting. Correspondence voting is allowed under the company's Articles of Association, Article 12 (Para.1) and § 398 Para. 2 of the Business Corporations Act. Pursuant to the Articles of Association, Article 12 Para.1) and Article 15 (a) and § 398 Para. 3 of the Business Corporations Act, the company's Board of Directors has decided to use the following conditions for the process of correspondence voting:

1. All correspondence votes must meet all parameters stipulated in the company's Articles of Association, Art. 12 Para. 16, which includes:
  - a) first name, surname, date of birth and place of residence of the shareholder (in case of natural person) or name of business, registered seat and identification code (or in the case of foreigners a similar identification number or code to identify each entity) in case of legal entity. The same identification details are required for the shareholders' proxies,
  - b) agenda item that is subject of the correspondence voting or the wording of the draft resolution which is subject to voting,
  - c) number and nominal value of shares of a given shareholder,
  - d) certified signature of a person casting the vote. This also applies to all people acting as shareholder proxies in correspondence voting. The official certification of signature and the proving of the right to act as someone's proxy is ruled by Article 10 para. 1 and 3 of the Articles of Association (for further details see items 4 to 6 of the conditions of correspondence voting),
  - e) legal entity must add to the correspondence vote (the package containing a document used for correspondence voting – hereinafter referred to as "correspondence ballot") the original or certified copy of the extract from the Commercial Register or some other document proving the existence of the legal entity and the manner of acting of members of the statutory body on his or her behalf. The Articles of Association, Article 10, Para. 3 will be applied adequately (for further details see item 6 of the conditions of correspondence voting).
2. The correspondence ballot must clearly show which type of voting the shareholder is using for a particular agenda item. If a shareholder casts a correspondence ballot on a specific item without unambiguously showing the type of voting (e.g. on specimen correspondence ballot – see item 10 of the conditions of correspondence voting), the will of the shareholder expressed on a pre-printed motion will be regarded as "abstained".
3. If any of the shareholders fails to specify the number and nominal value of shares on the correspondence ballot (see item 1.c) of the conditions of correspondence voting), this correspondence ballot will nevertheless be taken into account and the relevant details will be taken from the statutory register containing all the booked company shares as of the Decisive day. The same applies to cases in which the shareholder has typed wrong nominal value of his/her shares. If the number of shares on the correspondence ballot is lower than the one shown in the register the lower number will prevail. In the case of a shareholder represented by power of attorney, any ballot filled in conflict with power of attorney will be ignored unless the company finds this discrepancy bona fide as evidently surmountable through interpretation in line with relevant law.
4. Unless otherwise stipulated by law or below in item 5 of these conditions of correspondence voting, all shareholders using at the General Meeting a proxy, document bearing the power of attorney must be in writing with a certified signature of the represented shareholder added to the correspondence ballot. The power of attorney document must clearly indicate whether this power of attorney granted by the shareholder relates to this particular General Meeting or to multiple General Meetings.
5. Shareholders may use a standard form of the power of attorney mentioned above (see (a) Registration and representation at General Meeting). If the power of attorney includes proxy at the General Meeting it may be used for correspondence voting. Representation of shareholders by proxy in correspondence voting may be exercised by tools and under terms and conditions set in the last two paragraphs of (a) Registration and representation at General Meeting).
6. An apostille or another clause or verification required by Czech bodies for similar foreign documents must be affixed to the documents mentioned above, should they be issued by foreign bodies or institutions or provided with their apostilles. Should such documents or apostilles be made in a foreign language, an official translation into the Czech language must be affixed thereto.
7. The above does not affect other terms and conditions for the representation of shareholders arising from law.
8. The right of shareholders to use correspondence voting will be reviewed based on the extract from the statutory register (where the company's shares are registered) at the registration to demonstrate that they were the company's shareholder on the decisive date. The shareholders may however vote by correspondence before the decisive date.
9. Shareholders cast their votes by sending the correspondence ballot to the following address: O2 Czech Republic a.s., P.O.BOX 11, 284 01 Kutná Hora. All correspondence ballots must be delivered to the address of the respective P.O. BOX before 22 April 2015 incl. (i.e. six calendar days prior to the General Meeting). Delayed votes will be ignored.
10. To facilitate the process of correspondence voting shareholders are encouraged to use a specimen of correspondence ballot recommended in order to ensure compliance with all conditions of correspondence voting by the shareholders (with all details completed under instructions on the specimen ballot). At the same time, the company distributes the specimen of correspondence ballot in one package with this invitation (however, not as a formal annex or attachment).
11. Shareholders may use the method of correspondence voting solely for the proposals shown in the invitation to the General Meeting i.e. not for any posterior proposals or counter-proposals.
12. In order to determine whether a resolution was adopted, all shareholders using correspondence voting (including all those who abstained – see these conditions of correspondence voting, item 2) will be deemed present.

Unless otherwise specified above, the failure to meet the above conditions of correspondence voting regulated by the company's Articles of Association and identified by the Board of Directors will result in the ignoring of the correspondence vote (when the failure applies to one specific item on the agenda the ignoring of the vote will purely apply to this particular item, not the entire meeting agenda) and the shareholder casting such vote will not be deemed present at the General Meeting in regard to correspondence vote on a particular agenda item, for which the shareholder failed to meet the conditions of the correspondence vote.

It is not allowed to change or cancel any correspondence ballots after being cast. However, it is allowed for the shareholder to be present at the General Meeting in any of the ways described in item c.1. below (Shareholders' rights pertaining to the participation in the General Meeting - general summary). In such case, all correspondence ballots cast for items later on the agenda than the shareholder's registration in the list of attendees will be ignored.

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

#### **c.1. Shareholders' rights pertaining to 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 legal regulations 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 or to exercise rights of the shareholder at the General Meeting, and to raise proposals and counterproposals. Requests 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.

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

The registered capital of the company amounts to CZK 27,461,384,874 (in words: twenty-seven billion four hundred and sixty one million three hundred and eighty four thousand eight hundred and seventy four Czech crowns) and is divided in 315,648,092 registered common shares with the nominal value of CZK 87 per share and one registered common share with the nominal value of CZK 870. Each CZK 87 of the nominal value of the shares represents one vote; the total number of votes pertaining to company shares equals 315,648,102.

#### **c.3. Description of the participation in and voting at the General Meeting**

The present shareholder (in the sense of point c.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 General Meeting shall be deemed as having a quorum if shareholders who have shares with an aggregate nominal value exceeding a half of the share capital of the company are present (in accordance with rules for shareholders' participation at the General Meeting – see above).

The individual items of the agenda of the General Meeting will be discussed in an order displayed on 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 or for exercise of shareholders' rights at the General Meeting, unless such explanation was provided to the shareholders prior to the General Meeting or will be provided subsequently in compliance with the law.

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 minimum percentage of votes needed for the adoption of the resolution on the separation of the company by spin-off presented in item 7 of the General Meeting agenda is 75%.

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, being one of the documents concerning the agenda of the General Meeting, see the sections "Draft resolutions regarding the General Meeting items and their justification" and "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.

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

Where the shareholder wishes to present at the General Meeting counterproposals to the items on the General Meeting's agenda, 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, unless the proposal deals with a recall or election of corporate bodies member.

The Board of Directors shall announce to the shareholders in a manner specified for the convening of the General Meeting the counterproposal of a shareholder with its opinion in accordance with law and the Articles of Association. This shall not apply if the proposal is delivered less than two days prior to the General Meeting should the disclosure cost unreasonably exceed the purpose and content of the counterproposal, or in case the counterproposal contains more than 100 words. Should the counterproposal contain more than 100 words, the Board of Directors shall present the essence of the proposal to shareholders along with their standpoint, and they shall publish the counterproposal at the web site [www.ico6019336.cz](http://www.ico6019336.cz) (ref. „Investor relations“ section „General Meetings“ (hereinafter „**Company web site**“)). The Board of Directors shall be obliged to publish at least the shareholder's proposals or counterproposals at the company's web site provided that they are submitted prior to the General Meeting.

#### **c.5. Right to request addition of a certain matter to the agenda**

Shareholder(s) holding registered shares the nominal value of which amounts to at least one per cent of the company's registered capital, may ask the Board of Directors to convene a 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 statutory register, where the company's shares are registered; should the shareholder(s) fail(s) to do so, the company shall be entitled to obtain the necessary extract on its own at the costs of such shareholder(s).

The cited shareholder(s) shall also have the right that the matter proposed by them be added to the General Meeting agenda on condition that a justification or draft resolution is attached to each proposal. Provided that the request was delivered after the publication and distribution of the invitation to the General Meeting, the Board of Directors shall amend the agenda of the General Meeting 5 days before the General Meeting decisive date at the latest in a manner set out by law and the regulations for the convention of the General Meeting.

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

The shareholder is obliged to abide by law, be fair, comply with the company's internal rules, incl. the Articles of Association, and to exercise their rights towards the company in a way that prevents interventions in rights and rightful interests of the company and other shareholders, which are known or can and shall be known to the shareholders.

#### **Draft resolutions on individual items of the General Meeting including justification:**

**On Item 2 of the agenda** (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):

##### Draft Resolution:

The General Meeting approves the Rules of Procedure of the General Meeting as submitted by the Board of Directors.

##### Justification:

The Rules of Procedure are an instrument anticipated by the company's Article of Association and they have been used as a standard at all General Meetings so far. The submitted version is based on the company's best practice and it was amended in such a way which is seen by the Board of Directors as beneficial for the exercising of shareholder rights and the efficient procedure of the General Meeting.

The draft Rules of Procedure of the General Meeting form an inseparable part hereto as Annex 1.

##### Draft resolution:

The General Meeting elects Petr Kasík as Chairman of the General Meeting, Michaela Kršková as Minutes Clerk, Eva Stočková and Václav Filip as Minutes Verifiers and Messrs Petr Brant, Milan Vácha and Martin Hlaváček as scrutineers.

##### Justification:

The nominations to General Meeting bodies are implied by mandatory requirements and the company's Articles of Association and follow the company's practices. The Board of Directors considers the nominees suitable candidates in the respective offices, given their experience and expertise.

**On Item 3 of the agenda** (The Board of Directors' Report on the Company's Performance and the status of its assets (integral part of the 2014 Annual Report), a summary explanatory report concerning certain matters set out in the company's 2014 Annual Report, conclusions of the 2014 Report on Relations):

##### Board of Director's statement:

The Board of Directors is submitting its report on **the Company's performance and the state of assets** pursuant to § 436 Para. 2 of the Business Corporations Act and the Company's Articles of Association. This report is contained in the Company's 2014 Annual report (hereinafter „2014 Annual Report“) in chapter 4. Further, pursuant to the requirement of § 118 Para. 8 of the Act on Business Activities on Capital Market, the Board of Directors is submitting to its shareholders an explanatory report. Information in the summarised explanatory report dealing with issues under § 118 Para. 5 (a)–(k) of the Act on Business Activities on Capital Market, is contained in chapter 7.9 of the 2014 Annual Report. The 2014 Annual Report (see its Appendix) also contains a report on relations developed under § 82 and the Business Corporations Act (conclusions from the Report will be presented at the General Meeting). The full version of the 2014 Annual Report i.e. all cited parts, is available at the company's seat and on the web site. It will also be ready for all shareholders during the General Meeting. A vote on this item is not expected.

**On Item 4 of the agenda** (Presentation of the Supervisory Board's surveillance activities including information on the Report on Relations review):

The subject of this agenda item is the presentation of the results of the Supervisory Board's surveillance activities and the submission of report on the results of the review of the 2014 Report on Relations to be presented by an appointed member of the Company's Supervisory Board pursuant to the requirement of § 83 Para. 1, § 447 Para. 3 and § 449 Para. 1 of the Business Corporations Act. The Board of Directors hereby declares that the Supervisory Board did not raise any reservations on the regular financial statements 2014 and the 2014 Report on Relations by the Board of Directors. The report of the Supervisory Board is available at the Company's seat and on the web site. It will also be ready for all shareholders during the General Meeting. A vote on this item is not expected.

**On Item 5 of the agenda** (Approval of the company's 2014 Financial Statements):

##### Draft resolution:

The General Meeting approves the regular financial statements of the company for 2014 verified by the auditor and submitted by the company's Board of Directors.

##### Justification:

The company has the obligation, based on the applicable law, to develop the regular financial statements for the past accounting period. The Board of Directors is presenting its statement as stipulated in the Business Corporations Act to the General Meeting. The regular financial statements are available to all shareholders at the company's seat and on the company's web site. The regular financial statements offer a truthful and honest picture of the status of and the transactions with the property, assets, obligations and other receivables, as well as about the revenues and costs and the overall financial performance of the company. They were approved by the auditor with an unqualified opinion and then reviewed by the Supervisory Board, which found no discrepancies, and thus recommended the financial statements to be approved by the General Meeting (see report of the Supervisory Board, agenda item 4).

##### Draft resolution:

The General Meeting approves the consolidated financial statements of the company for 2014 verified by the auditor and submitted by the company's Board of Directors.

Justification:

The company has also the obligation, based on the applicable law, to develop the consolidated financial statements for the past accounting period. The Board of Directors is presenting the statements to the General Meeting as stipulated in the Business Corporations Act. The consolidated financial statements are available to all shareholders at the company's seat and on the company's web site. The consolidated financial statements offer a truthful and honest picture of the status of and the transactions with the property, assets, obligations and other receivables, as well as about the revenues and costs and the overall financial performance of the company. They were approved by the auditor with an unqualified opinion and then reviewed by the Supervisory Board, which found no discrepancies, and thus recommended the consolidated financial statements to be approved by the General Meeting (see report of the Supervisory Board on agenda item 4).

**On Item 6 of the agenda** (Decision on the distribution of company's profit for 2014 and retained earnings from the previous years):

Draft resolution:

The General Meeting approves the distribution of unconsolidated profit generated by the company in 2014 worth CZK 3,962,502,106.13 (after tax) as follows:

1) contributions to reserve fund	CZK 0.00
2) contributions to social fund	CZK 11,400,000.00
3) royalties	CZK 0.00
4) dividends	CZK 3,951,102,106.13
5) retained earnings from previous years	CZK 0.00

The General Meeting approves that CZK 152,323,219.87 of the unconsolidated retained earnings from the previous years (in total of CZK 744,128,368.70) should be used as follows:

1) dividends	CZK 152,323,219.87
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The company assets also include treasury shares. Pursuant to § 309 Para. 2 of the Business Corporations Act, the entitlement to share some of the profit from this type of shares shall extinct on the payment date. The company will transfer this unpaid share of profit to the account of the retained earnings from the previous years.

A dividend of CZK 13 (before tax) will be paid to each share with the nominal value of CZK 87. A dividend of CZK 130 (before tax) will be paid to the each share with the nominal value of CZK 870. Under the terms & conditions arising from the Czech law, the relevant tax will be deducted (subtracted) from the above sum before the dividend is paid out.

Those persons who will be the shareholders of the company as at the conclusive day shall have the right for a dividend (hereinafter "Conclusive day for dividend") including their heirs and/or legal successors showing evidence of their entitlements. The respective shareholders will be identified based on the dividend status registered as of the Conclusive day for dividend in an extract from the statutory register enabled by the company (unless the records in the register differ from the actual).

The dividend payment date will be 28 May 2015. The responsibility for the payment of dividends rests with the company's Board of Directors. The costs of the payment transaction will be borne by Česká spořitelna, a.s. and where not regulated by this resolution, the payment shall be carried out in compliance with legal regulations and the company's Articles of Association.

The Conclusive day for dividend will be, in accordance with the company's Articles of Association, 28 April 2015. Without any undue delay after the General Meeting, the Board of Directors shall publish on the company's web site and mail to the shareholders the resulting resolution of the General Meeting on the dividend payment of including the information on the dividend pay out schedule, the Conclusive day for dividend, the dividend payment date and the financial institution designated to pay the dividend out. This information must be mailed to the shareholder's at the address of their registered office or their place of residence listed in the securities register administrated in accordance with Act No. 256/2004 Coll., on Business Activities on Capital Market, as amended.

Justification:

In accordance with the Business Corporations Act and the company's Articles of Association, it is the responsibility of the General Meeting to resolve on the distribution of profit including retained earnings from the previous years. The dividend is determined on the grounds of the annual financial statements. The Board of Directors proposes that the profit 2014 shall be distributed in amounts compliant with the provisions of the Business Corporations Act and the company's Articles of Association. The amount of distributed profit is stated in the draft resolution. The resolution specifies the amount of dividend per share as well as other details relevant for the payout of dividend such as the Conclusive day for dividend, the dividend due date and the payment method.

The Board of Directors believes that the proposed dividend is adequate to the financial position and needs of the company, namely the exercising of shareholder rights to receive the dividend in proposed amount not put the existing or future business of the company at risk. Having reviewed the proposal of the Board of Directors, the Supervisory Board recommends this item be approved by the General Meeting.

Shareholders will be informed about the pay out of dividend in line with the Act on Business Activities on Capital Market, on the company's web site and also by letter mailed to the shareholder's address registered in the securities register.

**On Item 7 of the agenda** (Discussion over and approval of the separation of the company by spin-off with the formation of a new company)

Draft resolution:

The General Meeting approves the separation of O2 Czech Republic a.s., (registered seat Praha 4, Za Brumlovkou 266/2, Post code 140 22, ID No. 60193336) by spin off under § 243 Para. 1 (b) point 1 of Act No. 125/2008 Coll., on transformation of business corporations and collectives incl. later amendments (hereinafter "the Transformation Act") in line with the separation project described in (a) below, whereas "Separation" means separation, and approves the following:

- a) The Separation project of O2 Czech Republic a.s., (registered seat Praha 4, Za Brumlovkou 266/2, Post code 140 22, ID No. 60193336 - hereinafter „Demerged company“) by spin off with formation of a new company called "Česká telekomunikační infrastruktura a.s." with registered seat at Olšanská 2681/6, Praha 3, Post code 130 00, (hereinafter „Successor company“) as a successor organisation prepared by the Board of Directors of O2 Czech Republic a.s. on 13 March 2015 (hereinafter „Separation project“);
- b) The closing financial statements and the opening balance sheet of the Demerged company submitted by the Board of Directors of the Demerged company;
- c) Opening balance sheet of the Successor company submitted by the Board of Directors of the Demerged company.

- d) In connection with the Separation the Demerged company will reduce its registered capital in accordance with § 266a Para. 1 and Para. 2 plus § 110 Para. 2 Transformation Act with the following circumstances:
- i) The goal of the registered capital reduction is the optimisation of the structure of the Demerged company's shareholder's equity after the Separation as follows:
    - i.A) shareholder's equity reported in the opening balance sheet of the Demerged company must not be lower than the Demerged company's registered capital and
    - i.B) the Demerged company must in future have a sufficient amount of funds not dedicated for a particular purpose.
  - ii) The nominal value of each share with current nominal value of CZK 87 ("eighty seven Czech crowns") will be reduced by CZK 77 ("seventy seven Czech crowns") i.e. to CZK 10 ("ten Czech crowns") while the nominal value of the share with current nominal value of CZK 870 ("eight hundred and seventy Czech crowns") will be reduced by CZK 770 ("seven hundred and seventy Czech crowns") i.e. to CZK 100 ("one hundred Czech crowns").
  - iii) When reducing the registered capital, treasury shares of the Demerged company in the total of CZK 5,428,035 (in words: five million four hundred and twenty eight thousand thirty five Czech crowns) shares with nominal value of CZK 87 (in words: eighty seven Czech crowns) (hereinafter „Treasury shares“) per share will be used; the Demerged company will instruct a competent person responsible for the keeping the record of these shares to cancel the treasury shares.
  - iv) Given the facts in item ii) and iii) of letter (d), the registered capital of the Demerged company will be reduced from the current CZK 27,461,384 874 (in words: twenty seven billion four hundred and sixty one million three hundred and eighty four thousand eight hundred and seventy four Czech crowns) to CZK 3,102,200,670 (in words: three billion one hundred and two million two hundred thousand six hundred and seventy Czech crowns) i.e. by CZK 24,359,184,204 (in words: twenty four billion three hundred and fifty nine million one hundred and eighty four thousand two hundred and four Czech crowns).
  - v) The sum of 24,359,184,204 (in words: twenty four billion three hundred and fifty nine million one hundred and eighty four thousand two hundred and four Czech crowns) equivalent to the total reduction of registered capital will be used as follows:
    - v.A) No payment will be made to shareholders of the Demerged company in connection with the reduction of registered capital of the Demerged company
    - v.B) The amount of CZK 23,886,945,159 (in words: twenty three billion eight hundred and eighty six million nine hundred and forty five thousand one hundred and fifty nine Czech crowns) equivalent to total reduction of the nominal value of shares of the Demerged company (i.e. shares that are not classified as Treasury shares not to be cancelled as described in item iii) of letter (d), will be booked to the account of other capital funds; this amount will thus be treated as a purely accounting transaction;
    - v.C) The amount equivalent to the total of nominal values of treasury shares, i.e. CZK 472,239,045 (in words: four hundred and seventy two million two hundred and thirty nine thousand and forty five Czech crowns) can neither be paid to the shareholders of the Demerged company nor transferred to any other shareholder's equity account; it will be used for the reduction of the registered capital of the Demerged company; this amount will thus be treated as a purely accounting transaction;
    - v.D) The total purchase price of treasury shares for the Demerged company amounts to CZK 1,595,751,801.84 (in words: one billion five hundred and ninety five million seven hundred and fifty one thousand eight hundred and one Czech crowns and eighty four Heller); The difference between the purchase price and the total nominal value of all treasury shares. i.e. CZK 1,123,512,756.84 (in words: one billion one hundred and twenty three million five hundred and twelve thousand seven hundred and fifty six Czech crowns and eighty four Heller) will be deducted from the share premium account (i.e. the balance on the account used for share premium will be lowered).
  - vi) When reducing registered capital (including the treatment of the amount equivalent to the reduction of registered capital and related accounting transactions), the Board of Directors of the Demerged company will follow the International Financial Reporting Standards („IFRS“), obligatory for the company, particularly § 33 of International Accounting Standard IAS 32, constituting an integral part of IFRS.
  - vii) The reduction of registered capital and the cancellation of treasury shares will not change the proportions of real shares among individual shareholders in the Demerged company. The reduction of registered capital will have no direct impact the rights of the shareholders.

Justification:

As a result of the Separation (defined in the draft resolution on this item), mainly assets of the original organisations (Demerged company) relating to fixed public communications network, physical infrastructure of mobile public networks and data centres as well as the related employees, contracts and documentation should be transferred to the Successor company (as defined in the draft resolution on this item).

The Board of Directors has identified three main benefits that the Separation is expected to bring to all shareholders:

The first benefit is the chance to independently focus on two key aspects of the company's business in the future. Currently, the company deals in fact with two areas of business different by nature, investment perspective and customer base. The first one concentrates on retail services for consumers, corporates and public administration (government) authorities in the area of fixed and mobile voice and data services, in the sphere of audio entertainment and various integrated solutions of information and communications technologies. The second one entails planning, building and operation of top-quality mobile networks, copper, fibre optic networks, countrywide top-capacity data network for other operators, services in the area of porting and termination of services for domestic and international operators.

Given the disparate nature of the businesses, the company's Board of Directors believes that the separation of the management of both of these businesses will allow each to focus exclusively on their core operations more effectively. The Board of Directors believes that tangible and material improvements shall arise from this Separation for both business segments of the company and hence for all shareholders.

The second benefit is the easing of limitations arising for the Demerged company's business from the regulatory framework. Due to the fact that the Successor company will not have any retail proposition the burden of regulatory duties connected to its business will be less onerous. The Demerged company will win more room for retail pricing and will be in a better position to balance its service portfolio.

The third undeniable benefit of the Separation is the fact that it enables the shareholders to realize the potential of shareholder value. The separation into two entities the share value increased value for shareholders through higher profitability and greater flexibility in both arms and more freedom for key investments in relevant time horizons (different for both companies depending on the nature of business - a short investment horizon of the Demerged company compared to far longer one for the Successor company). This shall bring benefits thanks to better

management of both companies among others from the perspective of debt financing structures and hence to ease the potential acquisitions, domestically or abroad.

Shareholders who do not wish to continue as shareholders of the Successor company whose shares will not be listed in any regulated EU market will have the right, following conditions described in the Separation project (under definition in the relevant draft resolution), to sell the shares of the Successor company at a reasonable price adequate to the real value of shares supported by an expert valuation.

The company's Board of Directors also identified and assessed the potential risks of the Separation. The Board of Directors is confident that the risks can be minimised. At the same time, the Board of Directors is convinced that the expected benefits of the Separation will significantly exceed the estimated costs of the transaction.

Based on the above rationale, the company's Board of Directors is of the opinion that the Separation will be beneficial for the shareholders.

In the context of the Separation, the registered capital of the Demerged company shall be reduced. The registered capital shall be reduced in order to optimise the shareholder equity structure of the Demerged company as shown in the draft resolution for this agenda item, letter d), item i). Registered capital will be reduced through the combination of the reduction of the nominal value of shares and the cancellation of treasury shares of the Demerged company (see the draft resolution for this agenda item, letter (d) items ii) and iii).

Changes to the Articles of Association of the Demerged company in the context of the Separation will be driven by the reduction of registered capital as well as the reduction of the number of Board of Directors members in the Demerged company from 5 to 3 members.

The Articles of Association of the Successor Company are based on the Articles of Association of the Demerged company. The differences stem primarily from the nature of the business, in particular from the fact that the shares of the Successor company are not supposed to be listed on a regulated EU market. This means that some requirements that are specific for organisations with such type of shares will not be applied including the requirement to establish an audit committee.

The closing financial statements developed for the purposes of the Separation (under definition in the draft resolution) are identical with the regular financial statements of the company for 2014 (to be approved by the General Meeting as agenda point 5). Nevertheless, the approval of the closing financial statements is an obligatory step needed for the approval of the Separation and must be approved again as part of this agenda point, for the purposes of the Separation.

The Separation process is described in detail in the Project, in the Board of Directors Report. This document is available to all shareholders (for further details see section "Note" below).

The Separation project constitutes an integral part of this invitation (see Annex 2)

Selected data from the financial statements of O2 Czech Republic a.s. and the opening balance sheets of O2 Czech Republic a.s. and Česká telekomunikační infrastruktura a.s.

Key data of the standalone financial statements of O2 Czech Republic a.s. 2014 prepared in accordance with the International Financial Reporting Standards (million CZK):

Non-current assets	64,802	Shareholder's equity	56,370
Current assets	10,422	Long-term liabilities	5,555
Non-current assets (held for sale)	0	Current liabilities	13,299
<b>Total assets</b>	<b>75,224</b>	<b>Shareholder's equity and total liabilities</b>	<b>75,224</b>

Revenues and other gains *)	39,699
Expenditures and other losses **)	-35,593
Finance result	718
<b>Profit (before tax)</b>	<b>4,824</b>

\*) excluding finance income and gains

\*\*) including depreciation and amortisation, revaluation of assets and capitalisation of non-current assets; excluding finance costs and income and corporate income tax

Key data of the opening pro-forma balance sheet of the Demerged company O2 Czech Republic a.s as of 1 January 2015 based on the principles of the International Financial Reporting Standards (million CZK):

Non-current assets	23,492	Shareholder's equity	19,710
Current assets	8,801	Long-term liabilities	3,171
Non-current assets (held for sale)	0	Current liabilities	9,412
<b>Total assets</b>	<b>32,293</b>	<b>Shareholder's equity and total liabilities</b>	<b>32,293</b>

Key data of the opening pro-forma balance sheet of the Successor company, Česká telekomunikační infrastruktura a.s. as of 1 January 2015 prepared in accordance with Act 563/1991 Coll., on Accounting and the Czech Accounting Standards for enterprises (million CZK)

Non-current assets	55,602	Shareholder's equity	46,900
Current assets	1,866	Liabilities	10,198
Other assets	81	Other liabilities	451
<b>Total assets</b>	<b>57,549</b>	<b>Shareholder's equity and total liabilities</b>	<b>57,549</b>

#### Impact of the Separation on the shares of the existing shareholders of O2 Czech Republic a.s.

Except for the below points, shares of O2 Czech Republic a.s. (hereinafter „Demerged company“) will not be affected by any change related to the Separation, i.e. in particular the shares will not be split, the type or form of shares will remain the same and the shares will continue as booked securities:

1. The impact of the Separation, as defined in the relevant draft resolution (hereinafter „Draft resolution“) on the number of Demerged company shares and on its nominal value is specified in the draft resolution (d) points ii) and iii).
2. The Demerged company will not require the shareholders to exchange their shares. The Demerged company will issue an instruction for the registration of the respective changes in the statutory register in line with the respective Act and the Separation project, item 5.9 (under definitions of the Separation project in the Draft resolution (a)).

The reduction of the registered capital and the cancellation of treasury shares (under definitions of Treasury shares (d) iii) will not change the actual proportion of shares among individual shareholders in the Demerged company. The reduction of registered capital will not have any direct impact on shareholder rights at the Demerged company.

#### **On Item 8 of the agenda** (Appointment of an auditor to conduct mandatory audit of the company in 2015)

##### Draft resolution:

Based on the proposal from the Supervisory Board and recommendation from the Audit Committee, the General Meeting appoints the auditor KPMG Česká republika Audit, s.r.o. (ID No. 49619187, registered seat Praha 8, Pobřežní 648/1a, Post code 186 00) to conduct mandatory audit of the company for 2015.

##### Justification:

Pursuant to Act 93/2009 of Coll., on audits, as amended, and in compliance with the company's Articles of Association, the appointment of auditor falls under the competence of the General Meeting. Following recommendations from the Audit Committee, the Supervisory Board proposes KPMG Česká republika Audit, s.r.o. (ID No. 49619187, registered seat Praha 8, Pobřežní 648/1a, Post code 186 00) as an auditor of the company's performance 2015. The auditor is a renowned company whose capacities and professional qualities guarantee the fulfilment of this mission.

##### Note:

In connection with the items on the agenda of the General Meeting, shareholders or other persons identified by law shall have the following rights as of **28 March 2015** until the date of the General Meeting (incl.):

- the right to inspect free of charge, on business days from 9:00 a.m. to 4:00 p.m. at the company's registered seat, the following documents related to the Separation (under the definitions in the relevant draft resolution, agenda item 7): (i) Separation project (as defined in the relevant draft resolution, agenda item 7), whereas the Separation project contains also the draft Articles of Association of the Successor Company (under the definitions in the relevant draft resolution, agenda item 7) and the proposed changes to the Articles of Association, (ii) financial statements of the company for recent 3 accounting periods incl. auditor report with verification, (iii) Annual Reports related to the company's financial statements over recent 3 accounting periods incl. auditor reports with verification, (iv) closing financial statements of the company incl. auditor report with verification, (v) opening balance sheet of both the Demerged company and the Successor company incl. auditor report with certification, (vi) the Annual Report related to the company's closing financial statements incl. auditor report with certification, (vii) the expert valuation of the part of company's assets to be transferred to the Successor Company as a result of the Separation;
- the right to receive free of charge hard copy or an extract of any of the documents mentioned in the above paragraph except for the expert valuation to evaluate the part of company's assets to be transferred to the Successor Company as a result of the Separation; shareholders may discuss the details of the delivery of the documents after dialing line 840 114 114; alternately if a shareholder requests mailing of the documents in electronic form and specifies contact details via email address [valnahromada@o2.cz](mailto:valnahromada@o2.cz) or by phone 840 114 114 or in some other way the company will deliver the desired documents electronically;
- the right to obtain on business days from 9:00 a.m. to 4:00 p.m. at 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 Company's web site [www.ico60193336.cz](http://www.ico60193336.cz) 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.cz](mailto:valnahromada@o2.cz) for sending such form in its electronic version).
- the right to obtain at the Company's web site (or ask for it by phone on 840 114 114 or by e-mail at [valnahromada@o2.cz](mailto:valnahromada@o2.cz)) the specimen form of ballot for correspondence voting distributed to shareholders together with this invitation;
- the right to obtain at the Company's web site regular financial statements of the company incl. consolidated financial statements for 2014 plus the 2014 annual report containing the report of the Board of Directors on the company's business performance and the state of its assets, and the Report on Relations; the documents will be available for inspection on business days from 9:00 a.m. to 4:00 p.m. at the company's registered seat and the financial statements plus consolidated financial statements for 2014 will be displayed at the company's web site for at least 30 days following the General Meeting;

- the right to obtain at the company's web site any other document pertaining to the agenda of the General Meeting unless otherwise stipulated by law; the document will also be available for inspection from 9:00 a.m. to 4:00 p.m. at the company's registered seat;
- the right to obtain, at the company's web site, draft resolutions of the General Meeting, including the shareholders' relevant proposals or counterproposals, and the position of the company's Board of Directors on individual items on the agenda of the General Meeting; in addition, such information and documents are available for inspection on business days from 9:00 a.m. to 4:00 p.m. at the company's registered seat;
- the right to obtain at the company's web site the Report by the Board of Directors on Company Separation (furthermore, the shareholders have the same rights regarding this document as regarding documents mentioned in the first paragraph of this note);
- the right to get acquainted with the total number of company's shares and votes related at the company's web site
- the right to request the delivery of the invitation to the Regular General Meeting in printed form or in other form unless this violates the principle of equal treatment of shareholders; such request can be made by phone on 840 114 114 or by e-mail at [valnahromada@o2.cz](mailto:valnahromada@o2.cz);
- the right to get acquainted with the text of this invitation to the Regular General Meeting at the Company's web site; additionally, the invitation may be published in other information sources.

**Annexes:**

The below annexes constitute an inseparable part of the invitation

Annex 1: Rules of Procedure of the General Meeting

Annex 2: Separation project

**Board of Directors of O2 Czech Republic a.s.**