



## **NOTICE OF GENERAL MEETING**

The Board of Directors of Telefónica O2 Czech Republic, a.s. with its registered seat at Praha 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 a

### **REGULAR GENERAL MEETING**

**to be held on 7 May 2010 at 1:00 p.m.**

**at the Hilton Prague, Quinn Hotels Praha a.s., Pobřežní 1, 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. 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 2009, a summary explanatory report concerning certain matters set out in the Company's 2009 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 2009
6. Resolution on distribution of the Company profit for 2009 and retained Company profit from previous years and, as the case may be, other available funds of the Company, and determination of royalties for 2009
7. Resolution on an amendment to the Company's Articles of Association
8. Recall of members of the Supervisory Board except for those elected by the Company employees in accordance with Section 200 of the Commercial Code
9. Election of the Company's Supervisory Board members
10. Approval of agreements on performance of the office of the Company's Supervisory Board members
11. Recall of members of the Audit Committee
12. Election of members of the Audit Committee
13. Approval of agreements on performance of the office of the Audit Committee members
14. Conclusion



## **Decisive Date:**

**30 April 2010** 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 in the case of a bearer share, a person listed, as of the decisive date, in the extract from the statutory registration, which extract shall be procured by the Company (unless otherwise stated hereinbelow), or a proxy of such shareholder, shall have the right to attend the regular General Meeting and exercise shareholder's rights, including voting, and in the case of the registered share, the person who is as of the decisive date listed in the list of shareholders maintained by the Company (unless it proves that the entry in the list of shareholders does not correspond with the actual situation) or a proxy of such shareholder, 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 **12 noon** 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 **7 April 2010** until the date of the General Meeting. The form shall be available to everybody at the Company's registered office in 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 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").

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 accredited certification services provider is not attached to the notification), the Company shall be entitled but not obliged to request additional information to avoid unclarities. 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" (or "Power of attorney for the GM"). 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.



## b) Shareholders' rights and exercise thereof

### **b.1. General summary of the shareholders' rights connected with the participation in the General Meeting**

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 bearer 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.

The chairperson of the General Meeting shall be obliged to ensure at the General Meeting that the shareholders are acquainted with all proposals and counterproposals presented by the convening party or by shareholders. 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 Statutes 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. Prior to the voting, the General Meeting must be acquainted with all proposals and counterproposals concerning the relevant item of the General Meeting's agenda.

### **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 notice of 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 for/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 or notice of 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, or notice of 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 or after publication of the notice of the General Meeting, 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 responsibly exercise his/her 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 2009 in the amount of CZK 12,388,794,954.93 and unconsolidated retained profits in the amount of CZK 494,801,045.07.
- Financial institution through which the payment shall be made: Česká spořitelna, a.s.
- Dividend due date: 6 October 2010
- Decisive date for exercising the right to dividend: 8 September 2010

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 in the case of a bearer share lies in the fact that a person listed, as of the decisive date, in the excerpt from the statutory register, which excerpt shall be procured by the Company, shall have the right to dividend payment.



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 of the Company proposes amendments to the Company's Articles of Association.

A significant part of such amendments was motivated by the current changes in legal regulations, from which the Articles of Association cannot deviate, in particular the amendments to the Commercial Code and the Capital Market Trading Act, which concern the manner in which shareholders may exercise their shareholding rights and certain rules for organization of the General Meeting. For example, shareholders will be allowed to present their proposals concerning the items of the General Meeting's agenda prior to convening thereof, requirements on documents necessary for attending the General Meeting, if issued by foreign authorities or in foreign languages, shall be specified and the possibility of representing shareholders at the General Meeting will be extended (for example representation by the administrator of book-entry securities or the possibility to communicate electronically with the Company in matters of granting and revoking powers of attorney, the absolute prohibition to empower members of bodies to represent shareholders at the General Meeting will also be cancelled). Significant changes concerning the organization of the General Meeting include the method of publication of the notice of the General Meeting (*Hospodářské noviny* will no longer be used and electronic communication forms are to be extended – in particular, the internet pages of the London Stock Exchange shall be used), but the announcement in the Commercial Bulletin shall remain preserved) or shift of the decisive date for participation in the General Meeting, which, by law, in case of the Company is the seventh day preceding the date of the General Meeting. Further changes include the explicit possibility of the Company paying, in addition to shares of profit, a portion from its other own resources, modification of the Company's scope of business in accordance with definition of an unregulated trade or the Company's authorization to participate in provisioning of the financial assistance (upon fulfillment of further statutory requirements). The last group of various partial changes can be characterized to the effect that they include minor formulation adjustments without any factual impact, which for example amend minor unclarities in the Articles of Association. Please note that certain language improvements made in the English version of the Articles of Association do not necessarily correspond to those made in Czech; the ultimate purpose of such modifications, however, is to better correlate both language versions.

### **Note:**

In connection with the items on the agenda of the General Meeting, shareholders or, by law, other persons have the following rights from **7 April 2010** to the date of the General Meeting:

- the right to inspect, on business days from 8:00 a.m. to 3:00 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 8:00 a.m. to 3:00 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 8:00 a.m. to 3:00 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 8:00 a.m. to 3:00 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 8:00 a.m. to 3:00 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 8:00 a.m. to 3:00 p.m. in the Company's registered seat; and
- the right to acquaint themselves with the text of the notice of the General Meeting in *Hospodářské noviny* from 7 April 2010, in the Commercial Bulletin from 7 April 2010, at the electronic addresses [www.cz.o2.com/en/](http://www.cz.o2.com/en/) under link "Investor relations", section "General Meetings" and at the internet pages of the London Stock Exchange – [www.londonstockexchange.com](http://www.londonstockexchange.com); in addition, this notice may also be published in other information resources, as the case may be.

**Key Figures of the Telefónica O2 Czech Republic, a.s. Consolidated Financial Statements for 2009 prepared in accordance with International Financial Reporting Standards (in CZK million):**

Non-current assets	80 316	Equity	73 879
Current assets	12 357	Non-current liabilities	6 422
Non-current assets classified as held for sale	95	Current liabilities	12 467
<b>Total assets</b>	<b>92 768</b>	<b>Total equity and liabilities</b>	<b>92 768</b>

Revenues and other income*)	60 311
Operating expenses and other losses**)	(45 236)
Financial profit/(loss)	(198)
<b>Profit before tax</b>	<b>14 877</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 2009 prepared in accordance with International Financial Reporting Standards (in CZK million):**

Non-current assets	83 525	Equity	77 790
Current assets	11 660	Non-current liabilities	6 419
Non-current assets classified as held for sale	95	Current liabilities	11 071
<b>Total assets</b>	<b>95 280</b>	<b>Total equity and liabilities</b>	<b>95 280</b>

Revenues and other income*)	58 476
Operating expenses and other losses**)	(42 712)
Financial profit/(loss)	(153)
<b>Profit before tax</b>	<b>15 611</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 2009 accounting period**

- in connection with agreements and arrangements concluded in 2009 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 2009 on the basis of valid agreements and arrangements concluded between the controlled entity and the controlling or other interconnected entities prior to January 1, 2009.

**Further, in the 2009 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**