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## Annual Shareholders Meeting

**Approval of the Company's Financial Statements for the year 2005**

**Resolution on distribution of Company profit for 2005 and retained Company profit from previous years, and determination of royalties for 2005:**

- dividend distribution of **CZK 45 per share**, i.e. total amount of CZK 14,494 mil.

**Decision of the General Meeting regarding the transfer of assets and liabilities of Eurotel Praha, spol. s r.o. to the Company**

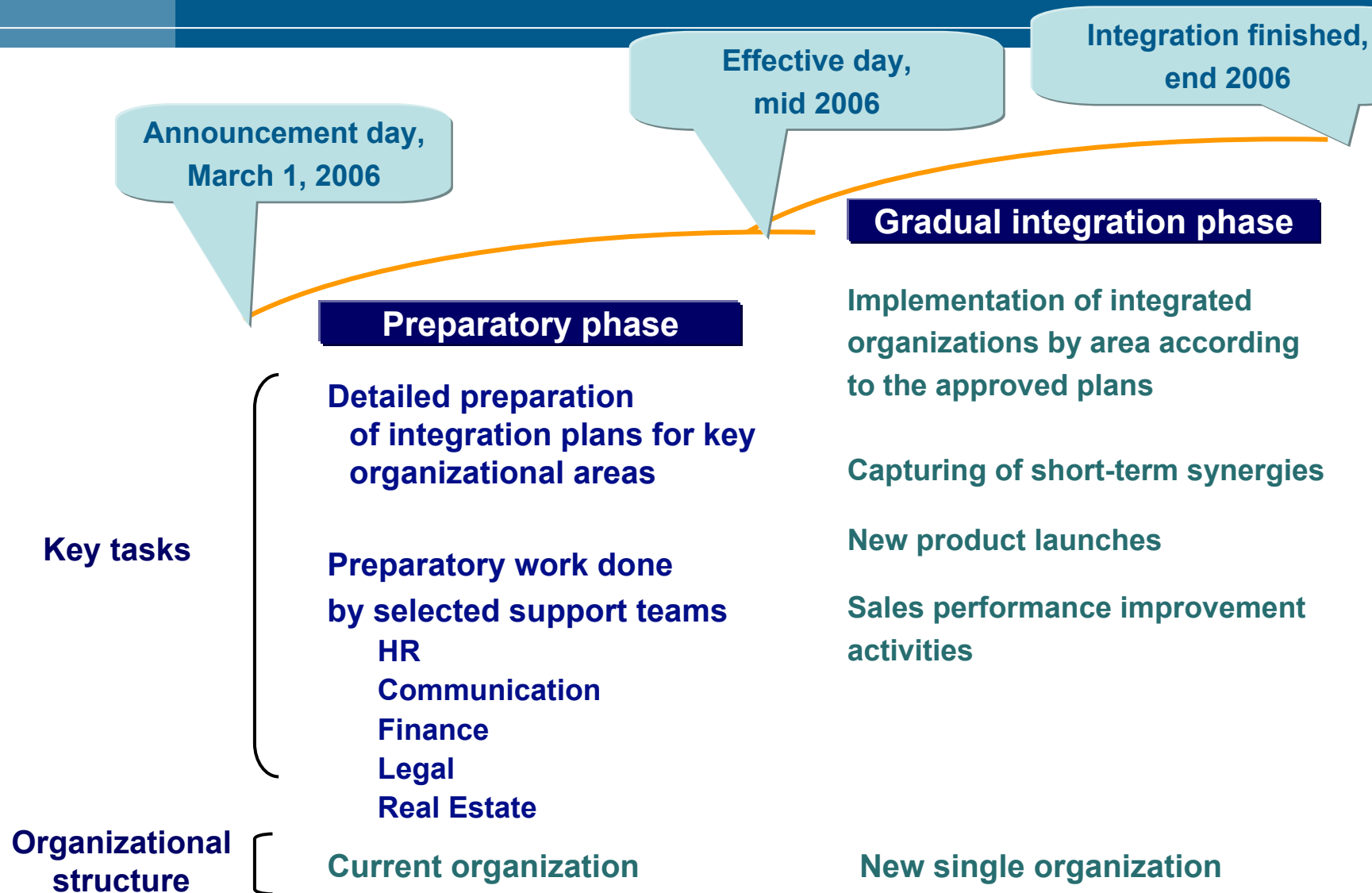
**Approval of amendment to Company's Articles of Association**

**Recall of members of the Supervisory Board (save for the members thereof elected by the Company employees) and election of new members of the Supervisory Board of the Company:**

- Peter Erskine, O2's Chairman and Chief Executive, has been appointed the Chairman of the Supervisory Board

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## Timeline of integration





# 1Q 2006 Financial Results

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## 1Q 2006 Financial Highlights

**Improved trend in fin. performance continued**

**Consolidated income shows growth at all key levels**

**Group Revenues up 0.5% yoy**

**Group OIBDA up 0.9% yoy**

**Group OIBDA margin 49%**

**Operating income up 25% yoy**

**Net income up 23% yoy**

**Strong Free Cash Flow - CZK 3.34bn, 22% of revenues**

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## 1Q 2006 Business Highlights

**Broadband** - 337,946 ADSL connection as at end Q1 (more than 350, 000 as of today) campaign '4x Faster Internet' has kicked off net adds by 150% yoy

Continued strong growth in mobile customer base, **total number of customers up by 8.5% yoy, contract customers up by 43,5 %**

**Mobile Number Portability** - the net gainer in acquisition of contract customers

UMTS deployment & **HSDPA launched** on April 11 – among the first 10 operators in the world to launch this technology

New portfolio of fixed line tariffs as well as mobile pre-paid Go tariffs

**Fixed line traffic stimulation** – 24 hour flat-fee tariff Telefon Nonstop, one rate for local and long distance calls, lower rates to mobile network

**Next key projects – IPTV and convergent products**

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## Strategy Execution

**Completion of the fixed and mobile integration  
according to the communicated schedule  
and enhancing a new telecommunications player**

**Telefónica O2 Czech Republic, a.s.**

# Consolidated Income Statement

<i>(CZK mil.)</i>	Q1 2005	Q1 2006	Y/Y Chg.
<b>Revenues</b>	<b>14,756</b>	<b>14,825</b>	<b>0.5%</b>
Internal expenses capitalized in FA	118	190	61.0%
<b>OPEX</b>	<b>(7,715)</b>	<b>(7,777)</b>	<b>0.8%</b>
Other net operating income (expense)	(45)	(44)	<i>n.m.</i>
Gain (loss) on sale of fixed assets	13	15	15.4%
Impairment charge	-	(15)	<i>n.m.</i>
<b>OIBDA</b>	<b>7,127</b>	<b>7,194</b>	<b>0.9%</b>
<b><i>OIBDA margin</i></b>	<b>48,5%</b>	<b>48.9%</b>	<b>0.4 p.p.</b>
Depreciation & Amortisation	(4,706)	(4,173)	(11.3%)
<b>Operating Income</b>	<b>2,421</b>	<b>3,021</b>	<b>24.8%</b>
<b>Income before taxes</b>	<b>2,297</b>	<b>2,935</b>	<b>27.8%</b>
<b>Net income</b>	<b>1,668</b>	<b>2,053</b>	<b>23.1%</b>

*Note: Unaudited, according to IFRS*



## Consolidated Balance Sheet

<i>(CZK mil.)</i>	<b>31/03/05</b>	<b>31/03/06</b>	<b>Y/Y Chg.</b>
<b>Non-current assets</b>	<b>120,786</b>	<b>108,239</b>	<b>(10.4%)</b>
<b>Current assets</b>	<b>10,981</b>	<b>15,966</b>	<b>45.4%</b>
- Cash & cash. Equiv.	1,396	3,590	157.2%
- Short term fin.investments	65	3,293	n.m.
<b>Total assets</b>	<b>131,767</b>	<b>124,451</b>	<b>(5.6%)</b>
<b>Equity</b>	<b>90,460</b>	<b>97,032</b>	<b>7.3%</b>
<b>Non-current liabilities</b>	<b>23,844</b>	<b>17,721</b>	<b>(25.7%)</b>
- Long-term financial debt	14,344	9,278	(35.3%)
<b>Current liabilities</b>	<b>17,463</b>	<b>9,698</b>	<b>(44.5%)</b>
- Short-term financial debt	8,501	326	(96.2%)
<b>Gross gearing</b>	<b>25.3%</b>	<b>9.9%</b>	
<b>Net gearing</b>	<b>23.6%</b>	<b>2.8%</b>	

Note: Unaudited, according to IFRS

\* Net gearing = (Non-current and current liabilities – cash and short-term fin. investments) / equity

## Fixed Line Business Financial Performance

<i>(CZK mil.)</i>	Q1 2005	Q1 2006	Y/Y Chg.
<b>Revenues</b>	8,052	7,653	(5.0%)
Internal expenses capitalized in FA	62	134	<i>n.m.</i>
<b>OPEX</b>	(4,263)	(4,151)	(2.6%)
Other net operating income (expense)	(96)	(95)	<i>n.m.</i>
Gain (loss) on sale of fixed assets	13	14	7.7%
Impairment charge	-	(15)	<i>n.m.</i>
<b>OIBDA</b>	3,768	3,540	(6.1%)
<b><i>OIBDA margin</i></b>	47.2%	46.9%	

*Note: Unaudited, according to IFRS*

# Fixed Line Business Operational Performance

	31/03/05	31/03/06	Y/Y Chg.
Fixed Lines (x '000)	3,307	3,073	(7.1%)
ADSL customers	127	338	166.6%
of which wholesale	29	55	89.7%
Traffic (outbound minutes, mil.)	1,952	1,372	(29.7%)
of which voice	975	916	(6%)
of which dial-up	977	455	(53.4%)
Internet customers (x '000) <sup>1)</sup>	1,075	1,320	22.8%
ČESKÝ TELECOM's employees	8,624	7,572	(12.2%)
Lines / fixed line employee	383	406	5.8%

Note: 1) Paid access (IOL), free access (Quick.cz) and Internet Express (ČESKÝ TELECOM)

# Mobile Business Financial Performance

<i>(CZK mil.)</i>	Q1 2005	Q1 2006	Y/Y Chg.
<b>Revenues</b>	<b>7,013</b>	<b>7,470</b>	<b>6.5%</b>
Internal expenses capitalized in FA	56	56	0.0%
<b>OPEX</b>	<b>(3,767)</b>	<b>(3,950)</b>	<b>4.9%</b>
Other net operating income (expense)	(3)	(3)	0.0%
Gain (loss) on sale of fixed assets	-	1	<i>n.m.</i>
Impairment charge	-	-	0.0%
<b>OIBDA</b>	<b>3,299</b>	<b>3,574</b>	<b>8.3%</b>
<b><i>OIBDA margin</i></b>	<b>47.1%</b>	<b>47.9%</b>	

Note: Unaudited, according to IFRS  
*OIBDA margin = OIBDA / Business Revenues*

# Mobile Business Operational Performance

	31/03/05	31/03/06	Y/Y Chg.
No. of registered customers (x '000) <sup>1)</sup>	4,326	4,695	8.5%
of which contract (x '000) <sup>2)</sup>	1,145	1,643	43.5%
No. of CDMA customers (x '000) <sup>3)</sup>	43	79	83.7%
ARPU blended (CZK) <sup>1)</sup>	484	490	1.2%
contract ARPU (CZK)	1237	996	(19.5%)
prepaid ARPU (CZK)	233	226	(3.0%)
data ARPU blended (CZK)	96	106	10.4%
non-SMS data ARPU as % of data ARPU	36	39	2.6pp
Average MOU blended (in&outbound) <sup>1)</sup>	83	96	15.7%
Total no. of SMS (x '000 000)	598	690	15.4%
Eurotel's employees	2,496	2,483	(0.5%)

Note: 1) Based on new methodology of prepaid customers counts

2) GSM, CDMA and NMT customers

3) Mobile broadband Internet customers

# Thank you for your attention



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