

Eurotel and Český Telecom are joining forces to create the telecommunications company of the future



Prague, March 1, 2006

Analyst conference call

Cautionary statement



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Any forward-looking statements concerning future economic and financial performance of Český Telecom, a.s. contained in this Presentation are based on assumptions and expectations of the future development of factors having material influence on the future economic and financial performance of Český Telecom, a.s. These factors include, but are not limited to, public regulation in the telecommunications sector, future macroeconomic situation, development of market competition and related demand for telecommunications and other services. The actual development of these factors, however, may be different. Consequently, the actual future results of economic and financial performance of Český Telecom, a.s. could materially differ from those expressed in the forward-looking statements contained in this Presentation.

Although Český Telecom, a.s. makes every effort to provide accurate information, we cannot accept liability for any misprints or other errors.

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01 Fixed-mobile integration strategy

- Rationale
- Financial synergies

02 Implementation plan

- New organizational model
- Transition plan

01 The Board of Directors and the Supervisory Board have approved the intention to build a new integrated telecom player



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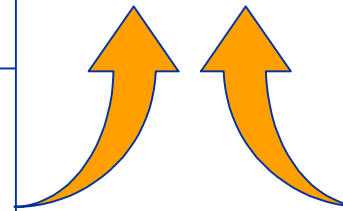


**Telefónica O2
Czech Republic, a.s.**



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- Český Telecom, a.s.
- Fixed telecommunications
- 69.4% owned by Telefónica
- 30.6% institutional and private investors



Eurotel

- Eurotel Praha, spol. s r.o.
- Mobile telecommunications
- 100% owned by Český Telecom, a.s.

• Integration* and change of the name from Český Telecom, a.s. is subject to approval by the Shareholder Meeting

* The integration means that Eurotel will be dissolved without liquidation and wound up and, concurrently, Český Telecom will acquire all assets and liabilities of Eurotel, including all rights and obligations arising out of employment relations



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Eurotel and Český Telecom are joining forces to create the telecommunications company of the future

- ***New dimension of telecom services for our customers***
- ***Unique opportunity for all of us***
- ***Historical milestone for our companies***
- ***At the forefront of convergence trends***

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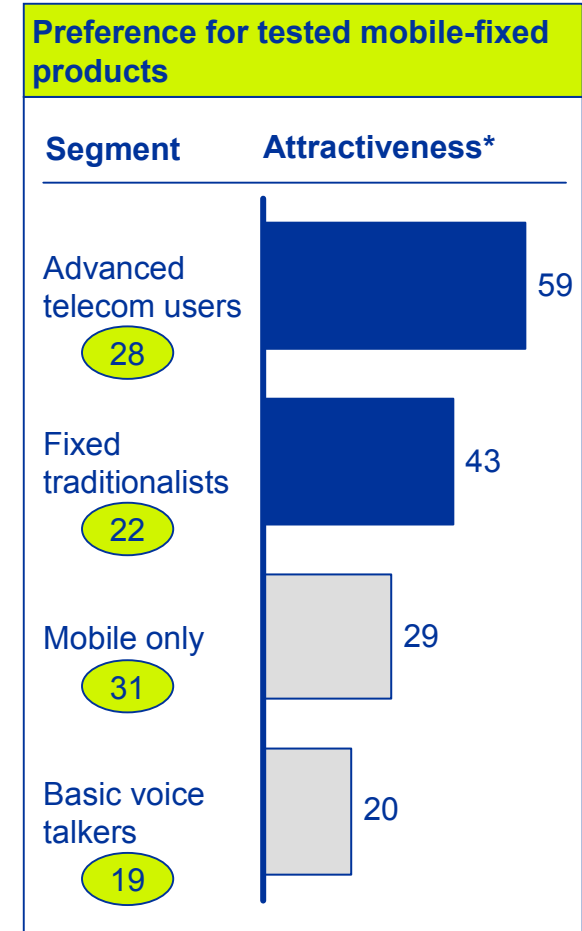
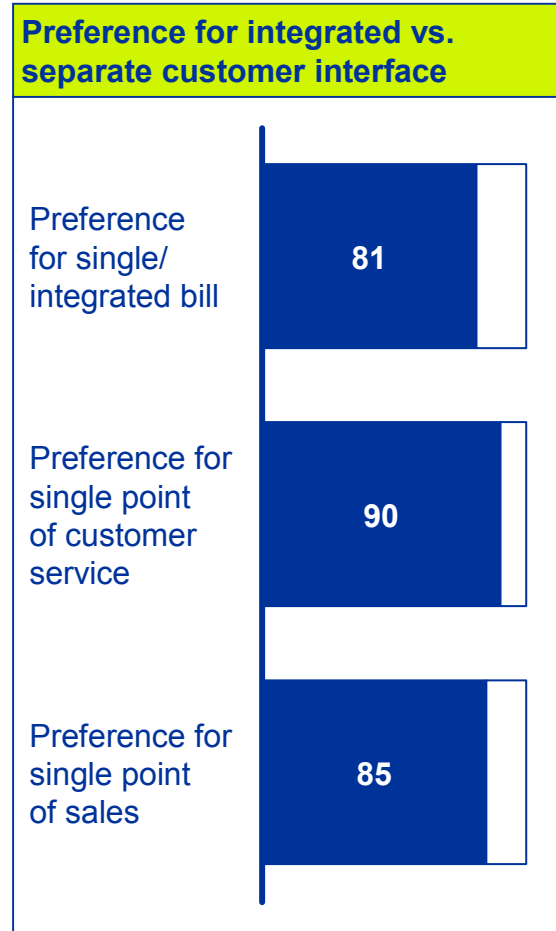
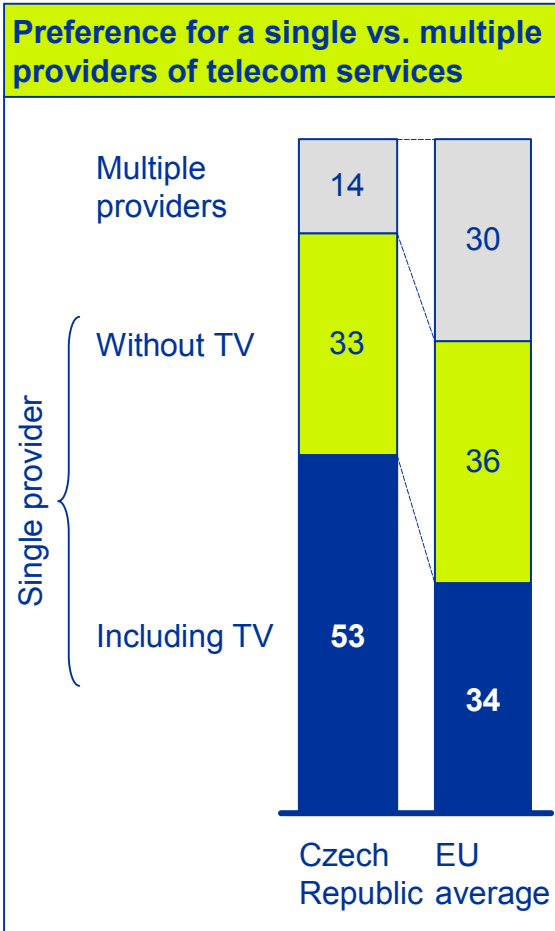
01 Czech customers are interested in an integrated value proposition

Percent

● Segment size



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* Customers answering very attractive and attractive

Source: Quantitative market research in the Czech Republic, N=700; Factum Invenio – 2006; EU results from fixed-mobile market research in eight European countries – 2004

01 The Czech Republic is at the forefront of convergence of mobile and fixed markets

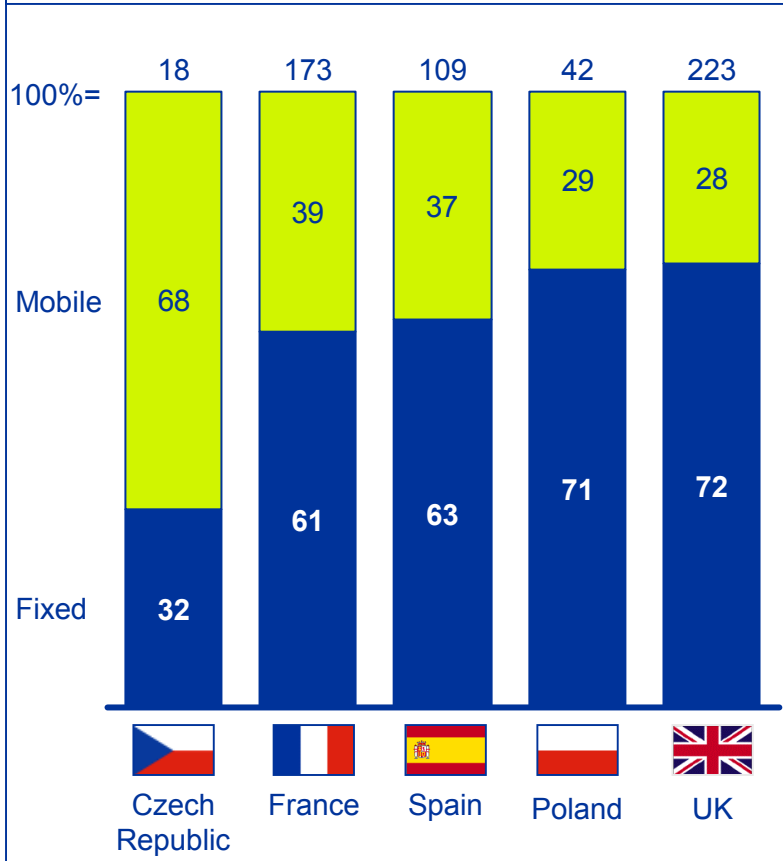


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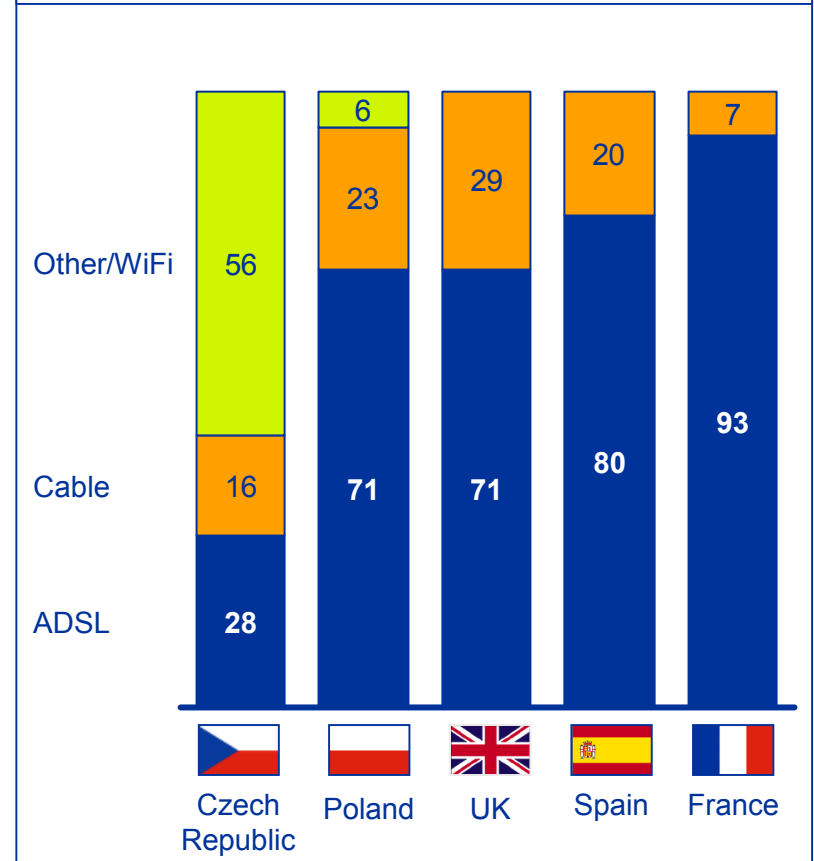
Czech market is one of the most advanced in fixed-mobile substitution*

Total traffic
Billion minutes, 2004



Due to late ADSL adoption also broadband market is in an advanced stage of convergence

Broadband connection by access technology
Percent, 2004



* Due to high relative penetration of mobile to fixed and competitive relative fixed-mobile prices

Source: ECTA; ČTc Finance department; Pyramid research; Gartner; Company reports; NRA; IDC

02 Substantial financial synergies will be realized through enhanced revenues and OPEX synergies



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Financial impact

- Expected synergies (NPV) = 2.5x savings already communicated for ČTc Group integration with Telefónica, total impact EUR 625 – 700 million
- Neutral OIBDA impact in Year 1 (2006)
- Confirmation of 2006 investor guidance:
 - Flat revenues and OIBDA

Revenue – new value proposition

- New integrated/bundled value proposition driving new voice and broadband sales
- Integrated business solutions for corporate customers

Revenue – efficient sales

- Cross-selling through integrated sales channels with better market coverage
- Reduced churn and improved retention in both mobile and fixed markets

OPEX synergies

- Unification of IT infrastructure and integration of network operations, maintenance and supervision
- Leveraging scale and elimination of duplications in support functions

01 This move will significantly contribute to better customer value proposition ...



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New convergent mobile-fixed products and integrated bundles	Single point of sales for all telecommunication products	Single point of customer care
	<p>Brand stores Telesales</p> <p>On-line stores Sales reps</p>	<p>Call center E-care</p> <p>E-mail Brand stores</p>
<ul style="list-style-type: none"> • Bundles combining mobile and fixed voice and data products • Integrated price plans for families • New convergent value added services 	<ul style="list-style-type: none"> • Integrated sales channels offering all mobile, fixed and Internet products <ul style="list-style-type: none"> – Brand stores – Telesales – On-line stores – Dealers/agents, etc. – Sales representatives 	<ul style="list-style-type: none"> • Integrated channels for customer care <ul style="list-style-type: none"> – Call center – E-care portal – Brand stores – Email, etc. • Single bill for all products



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01 ... and to the development of the Czech Information Society and Internet adoption

- ▶ The Czech government, parliament, and non-governmental bodies have defined an objective to promote development of the Information Society in the Czech Republic

- ▶ The new integrated operator will significantly accelerate fulfilling this objective by
 - Introducing new innovative products combining fixed, mobile and content services
 - Gradually building up a unified high capacity telecommunications network

- ▶ This will drive the development of the Information Society and the availability and affordability of broadband Internet access for a wide range of constituencies, such as individuals, families, schools, libraries, the government, and others

01 The new operator will bring to the customers the best of Eurotel, Český Telecom, Telefónica, and O2



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O₂
The leading European communications business focused on higher growth segments in the market

- To enable our customers to make the most of their world and its possibilities through the services we offer.
 - Bold, Clear, Open and Trusted

Telefónica O2 Czech Republic, a.s.

A team between Český Telecom and O2 has been formed to recommend in the near future a brand strategy based on the success O2 has achieved in its markets and on the benefit from being part of the Telefónica Group

Telefónica

The best combination of growth and cash returns in the industry

- Innovation
- Customer orientation
- Operational excellence
- People leadership and commitment
- Corporate identity and communication

Eurotel

- Leading product innovation
- Flexibility and short time to market
- Deep customer insight and focus
- High-quality and broad-coverage mobile network

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- Strong position in the corporate segment
- High-capacity and reliable fixed network

Pockets of operational excellence at different departments

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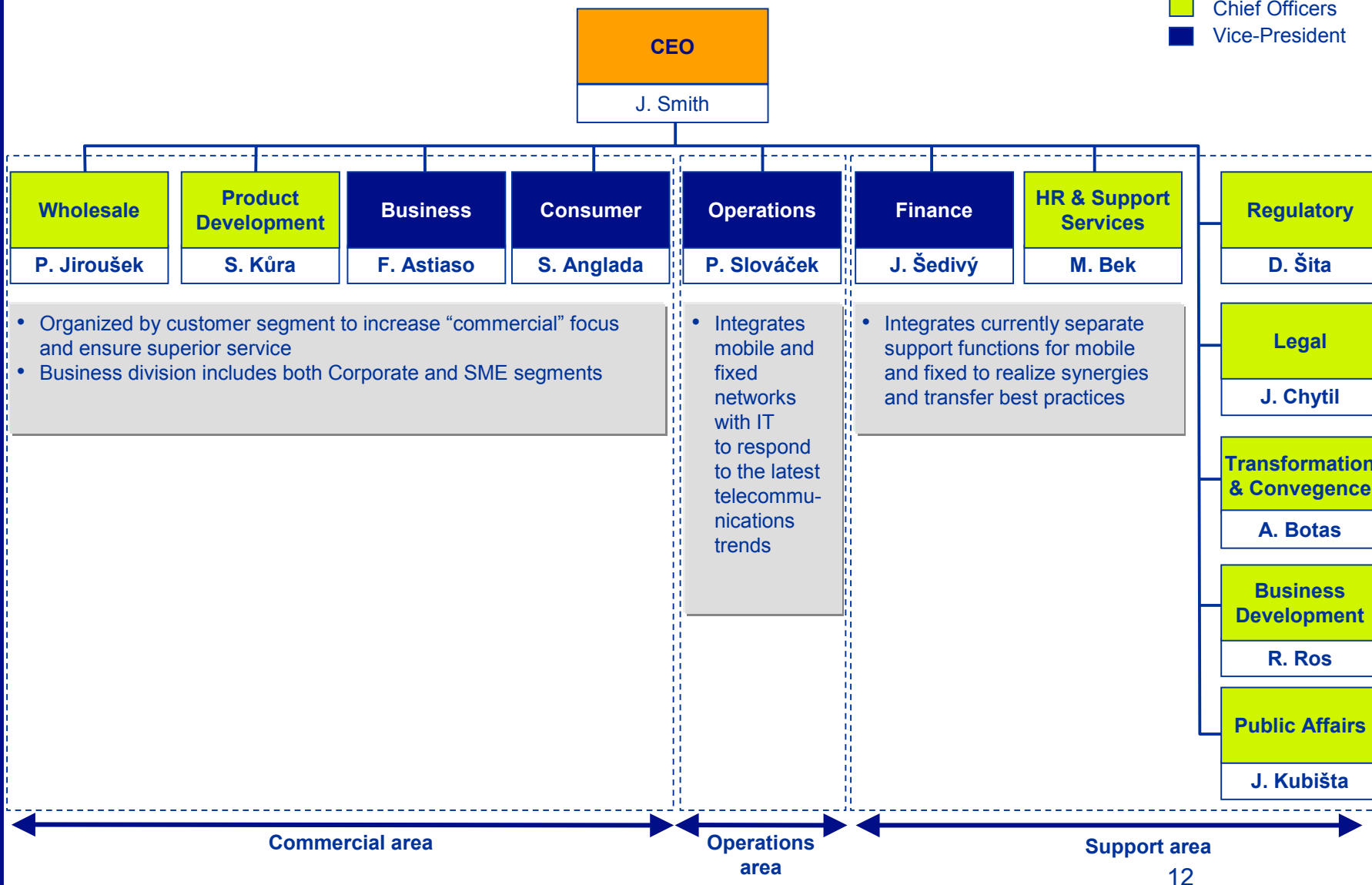
02 A new integrated organization was designed with integrated business and consumer segments, IT and network operations and overall support activities



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Chief Officers
 Vice-President



02 Several focus areas have been identified and they will be proactively managed from the beginning



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Identified focus areas

Approach and tools for proactive management

Managing the integration process

- Integration Office will be set up with an overall responsibility for integration process management and coordination
- Dedicated Business Integration Teams and Support Integration Teams will manage integration in specific areas

Delivering 2006 financial results

- Clear responsibility for delivering 2006 budget targets will be maintained and management will be properly incentivized to achieve them
- Controlling will play a very active role in monitoring and reporting of the delivery of results

Managing integration of corporate cultures

- Existing cultural differences have been taken into account in designing the integrated organization
- A set of ground rules has been developed to facilitate the cultural integration

Selecting commercial brands

- Different commercial branding options are being analyzed and the final decision will be made soon

02 Gradual integration will be managed in 2 phases



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