

## Supplement to the Telefónica O2 Czech Republic, a.s. Annual Report 2006

### 1. Additional information for section “Principles of remuneration of principal persons of the issuer and Supervisory Board members”

#### a. Performance-related bonus for the Chief Executive Officer

The performance-related bonus is granted to the Chief Executive Officer conditional on delivering on targets set for the CEO for the calendar year in question; they are these are related to the annual budget and business plan of the Company approved by the Board of Directors. The targets represent key performance indicators in the financial and non-financial area (e.g. achievement of the target level of operating profit, revenues, higher customer satisfaction). The Board of Directors evaluates and the Nomination and Remuneration Committee established by the Supervisory Board discusses the fulfilment of the key performance indicators; audited financial results of the Company and, as in the case of customer satisfaction, independent (external) surveys are used for this purpose.

#### b. Principles of remuneration of other principal persons of the issuer, referred to as executive management or the Company’s management in the Annual Report

The remuneration to which other principal persons of the issuer (except for Board of Directors members and the Chief Executive Officer) are entitled consists of two parts: gross basic salary and a performance-related bonus that is granted conditionally on the achievement of specific annual targets. The method and principles of setting of these targets, as well as their evaluation and control, are governed by the same rules and procedures as in the case of the Chief Executive Officer. In total for the year, the performance-related bonus may, provided the targets are achieved to a standard level, reach 50 % of the gross basic salary for the given year. The performance evaluation of the principal persons is done in part by the Chief Executive Officer.

### 2. Tenures of members of the Board of Directors and the Supervisory Board

#### *Board of Directors*

Name	Member since
Jaime Smith Basterra	23.6.2005
Juraj Šedivý	13.6.2003
Petr Slováček	13.6.2003
Salvador Anglada Gonzalez	23.6.2005
Ramon Ros Bigeriego	16.10.2005
Jakub Chytil	27.4.2006
Martin Bek	27.4.2006
José Fernando Astiaso Laín	27.4.2006
Antonio Botas Bañuelos	27.4.2006

#### *Supervisory Board*

Name	Member since
Peter Anthony Erskine	27.4.2006
Julio Esteban Linares López	23.6.2005
Lubomír Vinduška	28.6.2003
Alfonso Alonso Durán	23.6.2005
Andrew Harley	15.1.2007*

Vlastimil Barbořák	28.6.2003
Pavel Heršтик	28.6.2003
Catherine Jane Keers	27.4.2006
Guillermo Fernández Vidal	23.6.2005
Miloslav Krch	28.6.2003
Luis Lada Díaz	23.6.2005
Sohail Qadri	27.4.2006
Dušan Stareček	28.6.2003
Ángel Vilá Boix	23.6.2005
Petr Zatloukal	23.6.2005

\* Co-opted a member of the Supervisory Board as a substitute; full membership pending on the confirmation by the next General Meeting (26.4. 2007).

The tenure of Board of Directors and Supervisory Board members is five years, as per the Company's Articles of Association.

3. Details of work or similar contracts concluded between members of the Board of Directors and the Supervisory Board on the one hand, and the issuer on the other

All members of the Board of Directors and the Supervisory Board (with the exception of Mr. Andrew Harley, a substitute Supervisory Board member) have concluded agreements for discharge of their respective office; the agreements provide for additional compensation for the undertaking of non-competition after leaving the office.

4. Dividend policy

At present, the Company does not have an official dividend policy. The Company has repeatedly announced its plans not to retain surplus cash. In the following periods, the proposal by the Board of Directors to pay out dividends will be based on an in-depth analysis of the current and anticipated results of the Company, including cash flow generation and scheduled investments incorporating also development and acquisition-related investments. This approach is in line with the investment strategy to focus investment activities on pro-growth areas, e.g. broadband internet, mobile services, corporate ICT solutions and the launch of the mobile service in Slovakia.

In Prague, 28 June 2007