This version is a translation from the original which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version takes precedence over this translation.

Note:
O2 Czech Republic a.s., further below also as “O2 CZ” or “Company”. O2 Group comprises the parent company O2 CZ and its subsidiaries; for the full list, please refer to the Consolidated Financial Statements for the year ended 31 December 2016 (Note 25 of the Notes to the Consolidated Financial Statements), which forms an annex to 2016 Annual Report.
On 17 February O2 CZ published its Annual Report for (hereinafter „2016 Annual Report“). Then it has been notified by the Czech National Bank (hereinafter “CNB”) of the alleged shortcomings of the Annual Report 2016 and a call to remove them.

The Company states that information in the 2016 Annual Report is materially correct and gives a true and faithful reflection of the financial situation, business and the results of the Company and its consolidated whole for the past accounting period, and of the outlook on the future development of the financial situation, business and results. The CNB’s notice and the amendment to the 2016 Annual Report made in accordance with requirements of CNB does not make any change.

Thus, below the Company publishes a corrective information to the 2016 Annual Report in accordance with requirements of CNB, specifically:

- amends the new text with a detailed information on alternative performance measures; this text is being amended to Chapter 2 - Financial and operating highlights;
- amends text in Chapter 7 - Board of Directors’ Review of Business, in the part on the acquisition of treasury shares by the Company, specifically recapitulation on the conditions of acquisition of treasury shares, including the acquisition purpose (the amended text is highlighted in yellow to differ it from the original text).

### Alternative performance measures

In chapter 2 of 2016 Annual Report (Financial and operating highlights), O2 CZ published some alternative performance measures, which are not reported as standard in the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). Such measures represent supplementary information in respect of financial data, providing report users with additional information for their assessment of the financial position and performance of O2 Group. In accordance with the ESMA Guidelines on Alternative Performance Measures, O2 CZ provides more detailed information on these alternative performance measures at this point, although some of the performance measures are disclosed directly in the financial statements or derived directly from financial statements.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Definition</th>
<th>Purpose</th>
<th>Reconciliation to financial statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>Earnings before tax, depreciation and amortization</td>
<td>Shows operating performance of the company</td>
<td>see Consolidated statement of total comprehensive income on page 72: 2015: CZK 10,142m, 2016: CZK 10,451m</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>EBITDA/Revenues</td>
<td>Measures operating profitability of the company</td>
<td>see Consolidated statement of total comprehensive income (Revenues and EBITDA) on page 72: 2015: 10,142/37,385 = 27.1% 2016: 10,451/37,522 = 27.9%</td>
</tr>
<tr>
<td>ROA</td>
<td>Profit for the period/Total assets</td>
<td>Shows, how effectively assets are used for profit generation</td>
<td>see Consolidated statement of total comprehensive income (Profit from continuing operations) on page 72 and Consolidated balance sheet (Total assets) on page 74: 2015: 5,077/30,268 = 16.8% 2016: 5,259/33,306 = 15.8%</td>
</tr>
</tbody>
</table>
Acquisition of treasury shares by the Company

On 8 December 2015, the General Meeting of O2 CZ approved the proposal to grant the Company the right to buy its own treasury shares. Following the decision, on 23 December 2015 the Company’s Board of Directors decided to pursue a programme of buying back its own shares on the regulated market (Share Buyback Programme) over the course of the next two years. The terms and conditions of the acquisition of treasury shares as approved by the General Meeting and the terms and conditions of the Share Buyback Programme as approved by the Board of Directors were published in the 2015 Annual Report, including the Programme’s goal and purpose of the treasury shares acquisition by the Company within the Programme, which the capital structure optimization.

Summary of the conditions of treasury shares acquisition approved by a resolution of O2 CZ Annual General Meeting held on 8 December 2015:

a) The maximum number of shares that may be acquired by the Company: 31,022,005 ordinary booked shares of the Company, while the nominal value of each share as of the day of adoption of this resolution is CZK 10;

b) Allowed acquisition period: 5 years commencing on the day of adoption of this resolution;

c) Minimum acquisition share price: CZK 10;

d) Maximum acquisition share price: CZK 297;
e) Maximum total acquisition price of all shares, which the Company can acquire based on this resolution: CZK 8 billion.

For the completeness, summary of Programme’s conditions approved by the Board of Directors:

a) The aim of the Program is the capital structure optimization of the Company;

b) The maximum acquisition price of the acquired shares in the Program will not exceed the lower of the following amounts: the maximum price set in accordance with Art. 5 Para 1 of EC Commission Regulation (EC) No. 2273/2003 and the maximum price for which the Company may acquire individual shares based on the General Meeting resolution;

c) The minimum price of acquired shares in the Program will not exceed the minimum price for which the Company may acquire individual shares based on the General Meeting resolution;

d) The amount of acquired shares in the Program in one day will not exceed average daily volume of the Company’s shares traded on the European regulated market in November 2015, i.e. in the previous month prior the month in which the Program conditions have been published;

e) Within the Program, the Company will acquire a maximum of shares, which represents 4% of total Company’s ordinary shares;

f) The duration of the Program is maximum two years or up to the shares amount stated in item e) above.

In 2016, the Company retained the services of the securities brokerage firm WOOD & Company Financial Services, a.s. to implement the Share Buyback Programme. The acquisition of treasury shares on the regulated market organised by the Prague Stock Exchange commenced on 8 January 2016, subject to the terms and conditions as published following the approval of the Share Buyback Programme on 23 December 2015, which stipulates that the volume of shares acquired under the Share Buyback Programme in one day will not exceed 25% of the average daily volume of trades in the Company’s shares on the regulated market in November 2015, i.e. 130,525 shares of the Company.

In anticipation of higher market liquidity following the announcement of the MSCI Czech Republic Index on 14 November 2016, the Board of Directors approved an amendment to the rules governing future acquisition of treasury shares, following the decision of the General Meeting of 8 December 2015. For the duration of higher market liquidity, i.e. between 15 November and 30 November 2016, trades were permitted on the regulated market than the volume restriction set for the ongoing programme of acquisition of treasury shares on the regulated market approved by the Board of Directors on 23 December 2015, while respecting the rules for the of investors’ and the capital market’s protection and professional care of the broker.

Thus, the acquisition of the Company’s treasury shares in 2016 was exercised based in and in accordance with Annual General Meeting held on 8 December 2015 and the Programme’s rules as amended by the Board of Directors for the period since 15 to 30 November 2016. In line with the Programme and its goal, the capital structure optimization of the Company was the reason for the acquisition of the treasury shares by the Company in 2016.

The Company may suspend or terminate the Share Buyback Programme before the expiration of the two-year period of the Share Buyback Programme. The Company will always publish any extraordinary circumstances, as well as any other ways of acquiring treasury shares outside the Share Buyback Programme.
By 31 December 2016, O2 CZ acquired a total of 4,852,535 treasury shares for a total of CZK 1,152 m, which represents a share of 1.56% in all voting rights of the Company. In keeping with the provisions of Section 309(1) of the Business Corporations Act, the Company does not exercise voting rights attached to treasury shares. No treasury shares were alienated or cancelled in 2016.