

Information on taxation of 2016 dividend and share premium payment of O2 Czech Republic a.s.

Dear shareholders,

Based on the resolution adopted by the General Meeting held on May 10, 2017, starting from June 9, 2017, the 2016 dividend payment in the amount of CZK 17 and share premium payment in the amount of CZK 4 per each share before tax will be paid through Česká spořitelna, a.s. Those persons will have the title to the pay-out of 2016 dividend and amount of the distribution of part of share premium, who will be the shareholders of the Company as at May 10, 2017 or their heirs or legal successors, provided that they prove the existence of their title. The respective shareholders shall be identified according to the state as of May 10, 2017 in the excerpt from the statutory register, which excerpt is to be ensured by the Company (unless it is proven that the record in the register fails to comply with reality). O2 Czech Republic a.s. will withhold the tax due on such dividend and share premium and pay it to the tax administration authority in accordance with applicable legal regulations and based on the declared tax residency of the beneficial owner.

If the beneficial owner is a **Czech tax resident**, the following tax rate shall apply in case of delivery of the below mentioned documents:

- i) Natural person: 15 per cent
 - Filled-in application for payment enclosed to the information letter, or declaration of Czech tax residency, or signature of the form if paid at Česká spořitelna's branches
- ii) Legal person (Corporate): 15 per cent
 - Filled-in application for payment enclosed to the information letter, or declaration of Czech tax residency.

If the beneficial owner is a **tax resident of another country**, the following tax rate shall apply in case of delivery of the below mentioned documents:

- a) Shareholder is a resident of the country with which the Czech Republic has concluded Double Tax Treaty: reduced rate of 0-15 per cent in accordance with relevant treaty
 - Tax residence confirmation and beneficial owner's declaration, OR
 - Tax residence confirmation and filled-in application for payment enclosed to the information letter
- b) Shareholder is a tax resident of the country with which the Czech Republic has concluded Double Tax Treaty: 15%
 - Filled-in application for payment enclosed to the information letter, OR
 - Affidavit on tax residence and beneficial owner's declaration
- c) Shareholder is a resident of the country with which the Czech Republic has concluded a Tax Information Exchange Agreement for the income tax area or another international agreement: 15%
 - Filled-in application for payment enclosed to the information letter, OR
 - Affidavit on tax residence and beneficial owner's declaration
- d) Shareholder is a Czech pension fund or pension institution from the EU country or the EEC: 0%
 - Documents according to article a), b) or c), AND
 - The exemption (0% tax rate) can be applied only if confirmation issued by relevant regulating authority about the status of the Pension Institution is provided as well; otherwise the taxation will be applied according to rules stipulated in articles a), b) and c)
- e) Shareholder is a tax resident of non-contractual country: 35%
 - application of 35 per cent tax rate if the shareholder will not prove that he is a tax resident of the contractual country under the points a) to c)
- f) Shareholder does not provide documents according to articles a) to c): 35%

For the application of the reduced tax rate, all required documents has to be delivered by June 5, 2017, otherwise a basic rate of 35 per cent shall apply.

For the subsequent reduction of the applied tax rate, the shareholder shall provide also a list of all custodians or other entities that forward the dividend and share premium payment from Česká

spořitelna to them and provide Česká spořitelna with the declarations of such entities confirming the reception and pay-out of dividend and share premium.

Please note that the deadline for the subsequent reduction of the applied withholding tax, if appropriate, shall be, according to Section 237 of 280/2009 Coll., Tax Administration Act, 60 days from the first payment day – i.e. applications submitted after this deadline will not be taken into account.

We also enclose **templates** of the above mentioned declarations. The above mentioned information will also be stated in an information letter that you will receive soon.

Taxation of the dividend and the share premium payment for the particular withholding tax rate

	Dividend				Share premium *			
Dividend and share premium payment for 100 shares	1 700				400			
Withholding tax rate based on the residency of final shareholder	5%	10%	15%	35%	5%	10%	15%	35%
Withholding tax	85	170	255	595	0	0	0	100
Final payment after taxation	1 615	1 530	1 445	1 105	400	400	400	300

For a detail information about taxation we recommend to contact your tax adviser.

* Due to a different tax base calculation of the dividend and the share premium payment the final withholding tax for the particular tax rate will be when holding for example 100 shares as follows.