

## O2 Czech Republic a.s. - 2014 dividend payment taxation

Dear shareholders,

If approved by a General Meeting, starting from May 28, 2015, a dividend payment for the year 2014 in the amount of CZK 13 per each share before tax will be paid by Česká spořitelna, a.s. Shareholders will be entitled to receive the dividend if they hold the stock of O2 Czech Republic a.s. ("the Company") on the date of record, i.e. April 28, 2015.

The Company will withhold the tax due on such dividend 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) Physical 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 Ceska sporitelna's branches
- ii) Company: 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 state**, the following tax rate shall apply in case of delivery of the below mentioned documents:

- a) Shareholder is a resident of the state 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 state 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 state 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: 0%
  - Confirmation of pension fund on tax residency, and beneficial owner's declaration, OR
  - Beneficial owner's declaration and tax residence confirmation
- e) Shareholder is a pension fund/pension institution from the EU state or the EEC state: 0%
  - Documents according to article d), AND
  - The exemption (0% tax rate) can only be applied if confirmation issued by relevant regulating authority about the status of the Pension Institution is provided as well; otherwise they are treated according to rules stipulated in articles a), b) and c)
- f) Shareholder is a pension funds/pension institutions other than from the Czech Republic, EU or EEC, but seated in a state with valid Double tax Treaty or with concluded Tax Information Exchange Agreements or state with valid Multilateral International Agreement containing tax information exchange section: 0-15%
  - The shareholders are treated according to rules stipulated in article a), b) or c)
- g) Shareholder is a tax resident of non-contractual state: 35%
  - application of 35 per cent tax rate if the shareholder will not prove that he is a tax resident of the contractual state under the points a) to f)

h) Shareholder does not provide documents according to articles a) to f): 35%

For the application of the reduced tax rate under the points a) to d), all required documents has to be delivered by 27 May 2015, otherwise a basic rate of 35 per cent shall apply.

For the subsequent reduction of the applied tax rate after May 27,2015, the shareholder shall provide also a list of all custodians or other entities that forward the dividend payment from Ceska sporitelna to them and provide Ceska sporitelna with the declarations of such entities confirming the reception and pay-out of dividend.

Please note that the deadline for the subsequent reduction of the applied withholding tax, if appropriate, shall be, according to Section 237 of 280/2007 Coll., Tax Administration Act, **60 days** from the first payment day – i.e., until July 27, 2015. Applications 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.