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O2 Czech Republic a.s.

Review of the board of directors report on financial assistance based on Sec. 313 of the Act on Business Corporations 18 November 2014

This is a translation of the Czech version. The original
Czech version shall prevail in case of any doubts.

KPMG Česká republika, s.r.o.
18 November 2014

This report contains 10 pages including cover letter.
The Appendices contain 18 pages including cover letters.



LUIS ANTONIO MALVIDO
Chairman of the board of directors

Ing. TOMÁŠ BUDNÍK
Vice-chairman of the board of directors

O2 Czech Republic a.s.
Za Brumlovkou 266/2
140 22, Prague 4 - Michle

18 November 2014

Dear Sirs,

Review of the board of directors report on financial assistance

In accordance with our Engagement Letter dated 21 October 2014 we provide you with our report related to a review of the board of directors' report dated 18 November 2014 on a loan to be provided by O2 Czech Republic a.s. (further also the "**Company**") to PPF Arena 2 B.V. (further also the "**Recipient of Financial Assistance**"), meeting the definition of financial assistance as described in Sec. 41 of the Act Nb. 90/2012 on Business Corporations.

We have prepared our report based on our engagement as a generally recognised independent expert by the Company's supervisory board dated 30 October 2014 in accordance with Sec. 313 of the Act on the Business Corporations.

1. Financial assistance

On 13 October 2014 the Company received a request from its majority shareholder, PPF Arena 2 B.V., to provide it with financial assistance in the form of a loan to repay part of the acquisition bank loan, which PPF Arena 2 B.V. used for the acquisition of its majority in O2 Czech Republic a.s. and for potential acquisition of additional shares of the Company (further the "**Financial Assistance**").

The considered amount of Financial Assistance amounts up to CZK 24.8 billion with maturity in seven years. The Company does not have sufficient disposable funds to be able to provide the Financial Assistance required, therefore that such provision of financial assistance would be subject to the Company's obtention of additional funds from external sources (further "**Syndicated Loan**"). The detailed assumed terms of the intended Financial Assistance and the intended Syndicated Loan are part of the written report of the board of directors dated 18 November 2014 (further "**BoD report**"), which is enclosed in the Appendix to this report.

Financial assistance is defined in Sec. 41 of Act 90/2012 on Business Corporations as a transaction in which a company provides advance payments, loans or any form of security in order to enable the acquisition of its own shares or ownership interests by the recipient of financial assistance.

Providing financial assistance is allowed under a legally permitted and regulated process calling for the fulfilment of a number of conditions. The fundamental conditions are that the financial assistance is provided under fair market conditions and in the company's interests. Providing financial assistance must not cause the insolvency of the company, which is to create a special reserve fund for this purpose. This process is described in detail in the Act on Business Corporations and is subject to approval by the statutory bodies of the company and requires the participation of a generally recognised independent expert.

Financial assistance in respect of joint-stock companies is regulated by Sec. 311 to 315 of the Act No. 90/2012 on Business Corporations and the following conditions need to be fulfilled:

- The financial assistance is expressly permitted by the incorporation documents of the company such as the articles of association (Sec. 311),
- The financial assistance is provided under fair market conditions, in particular with regards to the interest rate and/or the security to be provided in favour of the company (Sec.311 (a)),
- The board of directors duly investigates and considers the financial standing of the recipient of the financial assistance (Sec. 311 (a)),
- The financial assistance has been approved in advance by the general meeting of the company with the consent of at least two thirds of the votes of all shareholders present (Sec. 311 (c)) based on a written report of the board of directors (Sec. 311 (d)) containing at least the following:
 - a description of the intended financial assistance including the reasons for financial assistance and a summary of risks and benefits for the company providing it,
 - a description of terms under which the financial assistance will be provided, including the price of shares to be acquired by the recipient of the financial assistance,
 - the outcomes of the investigation related to the financial standing of the recipient of the financial assistance,
 - an outline of the reasons why the provision of the intended financial assistance is in the company's interest.
- The provision of financial assistance is not to cause a reduction in equity below the sum of the registered capital increased by the funds which either according to this Act or to the articles of association cannot be distributed to shareholders while taking into account a possible reduction in equity which may occur when the company or another person acquires its shares on its behalf. (Sec. 311 (e))
- The company providing financial assistance must create a special reserve fund in the amount of the financial assistance provided (Sec. 311 (f)).

- Under the conditions mentioned in Sec. 313 the report of the board of directors is to be reviewed by a generally recognised independent expert selected by the supervisory board of the company. This independent expert will provide the company with a report in which the expert evaluates the correctness of the report of the board of directors and expressly declares whether the intended provision of financial assistance is not in conflict with the interests of the company.

2. The role of a generally recognised independent expert

The role of a generally recognised independent expert based on Sec. 313 of the Act on Business Corporations is to review the report of the board of directors according to Sec. 311 d) of the Act on Business Corporations and to prepare a written report in which the generally recognised independent expert:

- a) assesses the correctness of the statements made in the report of the board of directors and
- b) expresses his opinion on whether providing the intended financial assistance is not in conflict with the interests of the company.

It is not the role of the generally recognised independent expert to express an opinion on statements or facts other than those which are part of the report of the board of directors or which should be part of it according to Sec. 311 (d) of the Act on Business Corporations.

The written report prepared by the generally recognised independent expert must be accessible to shareholders at the Company's headquarters as well as published on its web page after the invitation for the general meeting has been sent. The report must also be freely accessible to shareholders at the general meeting.

On 23 October 2014 KPMG Česká republika, s.r.o. was selected by the supervisory board of O2 Czech Republic a.s. as a generally recognised independent expert to review the BoD report related to the considered Financial Assistance as described above.

All terms and expressions starting with a capital letter, defined in the BoD report and used in this report have, unless stated otherwise, the same meaning as in the BoD report.

3. Assessment of the BoD report correctness

Our assessment of the correctness of the statements from the BoD report dated 18 November 2014 is stated below.

3.1 Statements presented in Section 1 of the BoD report – Preamble

The description presented in Section 1.1 per a) of the BoD report reflects the press release made by the Company on 14 October 2014 and the request of PPF ARENA 2 B.V. from 13 October 2014.

Furthermore, the facts presented in Section 1.1 per b) result from the Syndication and Amendment Agreement from 19 December 2013 between PPF ARENA 2 B.V. and banks coordinated by Société Générale, London Branch (further also the „**Acquisition Loan**“), which was made available to us.

We agree with the board of directors' opinion stated in Section 1.1 per c) that the provision of the contemplated loan fulfils the characteristics of financial assistance as per Sec.41 of the Act on Business Corporations.

We agree with the statement in Section 1.1 per d) that providing of financial assistance is permitted by the Company's statutes dated 19 May 2014 and the Act on Business Corporations.

Section 1.2 of the BoD report is linked to management considerations and conclusions shown in consecutive sections of the BoD report, which we comment on further in our report.

The Company engaged reputable experts as stated in the Section 1.3 of BoD report. We were provided with their reports and we agree with the Section 1.3.

The documents, mentioned in the list of analysed documents in Section 1.4 of the BoD report were made available to us. The comprehensive list of documents used in our analysis for the purpose of this report is shown in Appendix 1 of this report.

3.2 Statements presented in Section 2 of the BoD report – Financial Assistance conditions and other related terms

The fact that the Company does not have sufficient disposable funds to provide Financial Assistance according to Section 2.1 of the BoD report results from the Company's balance sheet and it was presented in the press release issued on 14 October 2014.

As part of our analysis, we were provided with the draft conditions of the Financial Assistance. This draft is shown in Section 2.2 of the BoD report.

Our analysis is subject to these conditions to be incorporated in the loan agreement that is yet to be concluded. It is assumed that these conditions are the ones included in the Financial Assistance to be approved by the general meeting.

The statements presented in the Section 2.3 of the BoD report that the Syndicate Loan credit line should be higher than the Financial Assistance credit line, hence the Company would use part of the funds obtained for its corporate needs is presented in the Syndicated Loan considered terms as per Section 2.4 of the BoD report and Financial Assistance considered terms as per Section 2.2 of the BoD report.

The Syndicated Loan conditions are stated in Section 2.4. We analysed the draft conditions of the Syndicated Loan provided to us and we concluded that the conditions of the Syndicated Loan to be provided to the Company listed in Section 2.4 of the BoD report are in line with the draft conditions provided to us. As the Syndicated Loan agreement is yet to be concluded we are not in a position to agree the draft condition to the final agreement.

Section 2.5 states that conditions relating to the Financial Assistance and Syndicated Loan contractual documentation cannot be seen as a complete list of all future contractual conditions. Therefore, the board of directors mentions that while negotiating respective contracts it will

ensure that these conditions are reflected and the respective advantages for the Company are ensured. Our conclusions in this report are subject to the board of directors respecting this procedure.

3.3 Statements presented in Section 3 of the BoD report – Price of shares purchased using the Financial Assistance

The share price at which the Company's shares were purchased by PPF Arena 2 B.V. stated in Section 3.1 of the BoD report corresponds to the actual agreed price. The share price stated for the mandatory buy out corresponds to the actually offered buy out price.

Section 3.1 of the BoD report states the assumption of the Recipient of the Financial Assistance that the price at which the Company's shares would be bought in the future by the Recipient of the Financial Assistance will not be higher than the current share price of the Company on the regulated market at the time when the Recipient of Financial Assistance purchases the shares. Exceptions from this assumption are mentioned further, including price adjustments which are common in business and the situation when the price on regulated markets is distorted as a result of the reasons mentioned.

3.4 Statements presented in Section 4 of the BoD report – Reasoning and advantages of the Financial Assistance from the Company's perspective

The premise stated in Section 4.1. that the Company's main goal is the increasing of its business value for shareholders, is a commonly accepted premise in the theory of business finance¹.

We agree with the statement in Section 4.2 that there might be benefits in financial and transaction areas resulting from the integration of the Company into PPF Group.

The statement in Section 4.3 related to commitment of one of the banks in the Czech Republic arises from a Commitment Letter which we have also reviewed.

We agree with the statement in Section 4.4 that the contemplated conditions of the Syndicated Loan are more favourable than the financial costs connected with servicing of the current indebtedness and that the Company may on top of acquiring financing for the Financial Assistance also acquire cheaper sources for its further growth. Conditions of the Syndicated Loan are described in Section 2.4 of the BoD report.

The advantage for the Company described in Section 4.5 of the BoD report results from the difference between the bank fees for the new loans and the loan primarily designated to refinance the current debt.

We also agree with the statement in Section 4.6 of the BoD report that through providing of Financial Assistance the integration of the Company into PPF Group will be reinforced. The remaining part of Section 4.6 refers to conditions of Financial Assistance – see Section 2.2 of the BoD report.

¹ For example:

Ross, Westerfield, Jaffe *Corporate Finance* Irwin/McGraw-Hill, 2002
Synek, M. a kol. *Podniková ekonomie* Praha: C. H. Beck, 2006

Statements in Section 4.7 describe the advantages arising for the Company by its inclusion into the financial and strategic decision-making structure of the PPF Group. Opportunities arising for the Company from this inclusion in the PPF Group, which are mentioned in this Section of the BoD report, are likely to benefit the Company.

We compared the statements in Section 4.8 of the BoD report with the Acquisition Loan contractual documentation provided to us and available information relating negotiations of new conditions related to the Acquisition Loan.

In the documentation to the current Acquisition Loan provided we identified conditions that might require PPF Arena 2 B.V., as a majority shareholder, to decide about the Company, in line with legislation, in a way which might under certain circumstances limit the Company in further progress of its business.

We understand from available information that based on the current state of negotiation with the financing banks, the refinancing of the current Acquisition Loan might enable PPF Arena 2 B.V. to negotiate a waiver for certain covenants.

We compared the statement in Section 4.9 with the report prepared by Deloitte Advisory s.r.o. dated 6 November 2014. We conclude these statements are in line with the report prepared by Deloitte Advisory s.r.o.

We also prepared our own analysis where we considered alternatives of matching the different maturity terms of both loans and alternative referential interest rates. Our analysis shows that the Net Present Value of future cash flows for the Company resulting from the Financial Assistance and a respective part of the Syndicated Loan is positive.

We compared the statement in Section 4.10 of the BoD report with the report from Deloitte Advisory s.r.o. dated 6 November 2014 and this is also supported by our own analysis.

3.5 Statements presented in Section 5 of the BoD report – Risk related to providing Financial Assistance

We compared the statement in Section 5.1 related to the risk of inability of the Company to meet its obligations from the Syndicated Loan to the conclusion of our analysis of the Company's financial projection.

Further, we compared the statement in the last sentence of this section with the obtained Standard & Poors rating issued on 29 October 2014.

The statement in Section 5.2 relating to the risk that the Recipient of Financial Assistance will not be able to fulfil its obligation was compared by us to the conclusions of our analysis of the Company's and PPF Arena 2 B.V. financial projections. We further performed an analysis of the financial position of the future guarantor, PPF Group N.V.

Section 5.3 of the BoD report mentions that the Syndicated Loan will be drawn in a currency different to CZK only if it is favourable for the Company and that the Company will consider potential currency and interest related risk and if needed will take appropriate steps. Our conclusions in this report are subject to the Company respecting this procedure.

3.6 Statements presented in Section 6 of the BoD report - Financial standing of PPF Arena 2 B.V. and PPF Group B.V. (Sec. 311 d) point 3 of the Act on Business Corporations.)

Section 6.1 mentions one of the Financial Assistance conditions already mentioned in Section 2.2, namely the seven year maturity period.

We compared the conclusion included in Section 6.2 to Deloitte's report and our own analysis. We assume in our analysis that the only income source of the Recipient of Financial Assistance will be the dividend distributed from the net income of the Company. We therefore analysed the projected shares on the Company's net profit attributable to PPF Arena 2 B.V. and the expected due obligations of PPF Arena 2 B.V.

The statement in Section 6.3 relating to the financial standing of PPF Arena 2 B.V. is apparent from the PPF Arena 2 B.V. balance sheet that was provided to us.

The conclusions of the Company's BoD shown in Section 6.4 were compared to the results of our analyses mentioned in previous paragraphs of our report and with conclusions of reports from financial advisors.

The statement in Section 6.5 relates to the financial standing of PPF Group N.V. We performed an analysis of the financial position of the future guarantor, the PPF Group N.V. The equity of the future guarantor significantly exceeds the amount of Financial Assistance.

3.7 Statements which should be included in the BoD report as per Sec. 311 d) of the Act on Business Corporations.

In our opinion, the BoD report includes all statements that should be part of the BoD report as per Sec. 311 d) of the Act on Business Corporations.

4. Opinion on whether providing the intended Financial Assistance is not in conflict with the Company's interests

In our assessment on whether providing the intended Financial Assistance is not in conflict with the Company's interests we analysed the Company's cash flows, calculated based on the contemplated conditions of the Financial Assistance and the pro-rata part of the Syndicated Loan as stated in Section 2 of the BoD report. In our analysis we considered alternatives of matching the different maturity terms of both the loans. Our analysis indicated positive net present value of future cash flows from the Financial Assistance for the Company.

Other reasons leading us to the conclusion that the Financial Assistance is not in conflict with the interests of the Company are stated in Section 4 of the BoD report and in Section 3.4 of this report.

Generally recognised financial advisors also confirm the provision of Financial Assistance to be advantageous to the Company in their reports.

Based on the above analysis and the analysis in Section 3 of this report, we have not discovered any matters that would lead us to the conclusion that providing the Financial Assistance would be in conflict with the Company's interests.

5. Conclusion

We have reviewed the BoD report and we do not have any objections concerning its correctness. We agree with the conclusion mentioned in Section 7 of the BoD report.

The method of assessment of each statement of the BoD report and the documents we have obtained for our analysis are described in Section 3 and in Appendix 1 of this report, respectively.

Based on our analyses we have not observed any matters which would lead us to a conclusion that the provision of Financial Assistance is in conflict with the Company's interests.

The conclusions stated in this report are subject to the proposed terms of Financial Assistance as well as of the Syndicated Loan, described in Section 2 of BoD report and to be used in the final loan agreements that are still to be concluded.

In Prague, on 18.11.2014

KPMG Česká republika, s.r.o.



Alexander Verbeek

List of appendices:

- *Appendix 1 - List of documents reviewed*
- *Appendix 2 – O2 Czech Republic a.s. board of directors report (BoD report) dated 18 November 2014*

Appendix 1: List of documents reviewed

1. Internal business plan of the Company
2. PPF ARENA 2 B.V. projected balance sheet for the period until 2021
3. Syndication and Amendment Agreement dated 19 December 2014 between PPF ARENA 2 B.V. and a group of banks led by Société Générale, London Branch
4. Facility Agreement dated 27 December 2012 between Telefónica Czech Republic, a.s. and a group of banks led by UniCredit Bank Czech Republic, a.s.
5. O2 Czech Republic a.s. group structure
6. Statutes of O2 Czech Republic a.s. dated 19 May 2014
7. O2 Czech Republic a.s. consolidated financial statements for the six months period ending 30 June 2014
8. Telefónica Czech Republic, a.s. consolidated financial statements for 2013
9. S&P rating of Telefónica Czech Republic, a.s. dated 8 April 2014
10. Summary of equity components of Telefónica Czech Republic a.s. as at 31 December 2013 (standalone)
11. Summary of preliminary terms of Syndicated Loan and Financial Assistance
12. Report of the board of directors of O2 Czech Republic a.s. related to providing financial assistance dated 18 November 2014
13. Report of Deloitte Advisory s.r.o. examining selected conditions for providing financial assistance dated 6 November 2014
14. Consolidated financial statements of PPF Group N.V. for 2013
15. Request from PPF ARENA 2 B.V. from 13 October 2014
16. Press release „O2 received a request to provide financial assistance“ dated 14 October 2014
17. Press release „Additional information on the request to provide financial assistance“ dated 16 October 2014
18. Press release „Mandatory tender offer made by PPF Arena 2 B.V. regarding Telefónica Czech Republic, a.s.“ dated 2 June 2014
19. Consolidated financial statements of PPF Group N.V. for six months ending 30 June 2014
20. Commitment letter from 23 October 2014
21. Report of Mazars – Interest rate analysis of the intragroup financial assistance from 12 November 2014.
22. S&P research update of Telefónica Czech Republic, a.s. dated 29 October 2014



Appendix 2: O2 Czech Republic a.s. Board of Directors report (BoD report)

FINANCIAL ASSISTANCE REPORT

drafted by the Board of Directors of

O2 Czech Republic a.s.,

with its registered office at Za Brumlovkou 266/2, Prague 4 - Michle, postcode 14022, Identification No. (IČO): 60193336, registered in the Companies Register with the Municipal Court in Prague, File No. B 2322

(hereinafter the “**Company**”)

I. Introduction

- 1.1. The Company’s Board of Directors has drafted this Report in line with the provisions of Section 311(d) of Act No. 90/2012 Coll., on business corporations and cooperatives (the Business Corporations Act) (hereinafter the “**Corporations Act**”), in response to the following facts and events:
- (a) **PPF Arena 2 B.V.**, with its registered office at Strawinskyiaan 933, Amsterdam, the Kingdom of the Netherlands, registered in the Companies Register with the Amsterdam Chamber of Commerce under Identification No. 59029765 (“**PPF Arena**”), which is a shareholder in the Company, requested the Company on 13 October 2014 (hereinafter the “**PPF Arena Request**”) to consider the possibility of entering into a loan agreement with PPF Arena whereunder the Company would loan funds to PPF Arena to repay a portion of the loan referred to in clause (b) below as an Acquisition Loan and, if applicable, to acquire other shares in the Company. PPF Arena is a holding company via which PPF Group (see the definition below) holds a majority stake in the Company.
 - (b) PPF Arena states that it has paid a portion of the purchase price for the shares in the Company, which it now holds, with funds loaned by a syndicate of banks led by Société Générale CIB as a syndicated loan facility in the total amount of EUR 2.288 billion (the “**Acquisition Loan**”).
 - (c) Given the purpose for which the Company would grant the loan to PPF Arena in line with clause (a) above (hereinafter the “**PPF Arena Loan**” or “**Financial Assistance**”), the Board of Directors and its legal counsel believe that the granting of the relevant loan funds has the characteristics of financial assistance as per Section 41 of the Corporations Act.
 - (d) The Company may provide the Financial Assistance since it is allowed by the law and the Company’s Articles of Association.
- 1.2. The Company’s Board of Directors have reviewed the terms, conditions and circumstances of the contemplated PPF Arena Loan, including the resulting advantages and risks if the loan is made available and utilized. Moreover, the Company’s Board of Directors assessed PPF Arena’s financial standing and the required security for the PPF Arena Loan in the form of a guarantee undertaking to be provided by PPF GROUP N.V., with its registered office at Strawinskyiaan 933, Amsterdam, the Kingdom of the Netherlands, registered in the Companies Register with the Amsterdam Chamber of Commerce under Identification No. 33264887 (hereinafter “**PPF Group**”); the basic facts about PPF Group are included in clause 4.7(a). After considering the results of the foregoing assessment, the Company’s Board of Directors have reached the conclusions outlined in clause 7.

1.3. In reviewing and assessing the facts outlined in clause 1.2, the Company's Board of Directors consulted established experts appointed as external counsel to review and analyze the Financial Assistance, including, but not limited to, fair market conditions, especially as concerns the interest on and security over the Financial Assistance for the benefit of the Company and how feasibly to review PPF Arena's financial standing. Leading the advisers was Deloitte Advisory s.r.o., with its registered office at Karolinská 654/2, Prague 8, postcode 18600, Identification No. (IČO): 27582167, registered in the Companies Register with the Municipal Court in Prague, File No. C 113225 (hereinafter "Deloitte"). The adviser involved in drafting the business analysis was Mazars s.r.o., with its registered office at Praha 8, Pobřežní 620/3, postcode 18600, Identification No. (IČO): 62582496, registered in the Companies Register with the Municipal Court in Prague, File No. C 33439 (hereinafter "Mazars"). The Company took legal advice from Kocián Šolc Balaščík, advokátní kancelář, s.r.o., with its registered office at Praha 1, Jungmannova 745/24, postcode 11000, Identification No. (IČO): 26739291, registered in the Companies Register with the Municipal Court in Prague, File No. C 181837. The Board of Directors reviewed, discussed and agreed with the aforementioned advisers' conclusions.

1.4. The Company's Board of Directors based their review of the facts outlined in clause 1.2 on the following documents (without limitation):

- (a) the PPF Arena Request;
- (b) Deloitte's Report dated 6 November 2014 – Review of selected conditions for granting the Financial Assistance; the report is based on documents not all of which are listed in this clause 1.4, including, without limitation, documents regarding PPF Arena;
- (c) Mazars' Report dated 12 November 2014 – Analysis of interest rates on financial assistance granted within the group; the report is based on documents not all of which are listed in this clause 1.4, including, without limitation, documents regarding PPF Arena;
- (d) the Company's in-house business outlook;
- (e) the Company's up-to-date unaudited financial statements (accounts) (data applicable on 30 June 2014);
- (f) PPF Group's up-to-date audited financial statements (accounts) (data applicable on 30 June 2014);
- (g) the Company's audited financial statements (accounts) (data applicable on 31 December 2013);
- (h) PPF Group's audited financial statements (accounts) (data applicable on 31 December 2013);
- (i) the draft of terms and conditions of PPF Group's guarantee undertaking (see clause 5.2);
- (j) Financial Assistance terms and conditions referred to in clause 2.2; and
- (k) indicative terms and conditions made available by the syndicate of banks.

The Company's Board of Directors familiarized itself with the documents referred to above, which it considers sufficient for reviewing and assessing the facts outlined in clause 1.2, in a manner that it deems sufficient.

2. ***Terms and Conditions for and Other Circumstances Pertaining to the Financial Assistance***

2.1. With regard to the fact that the Company does not have sufficient funds to provide the PPF Arena Loan in the amount requested in the PPF Arena Request, external funds will have to be obtained by way of a syndicated loan; a syndicated loan is understood to mean any loan promised at the outset by one or several banks, or by other financial institutions, with the aim of subsequent broader syndication, or a fully syndicated loan from the outset (hereinafter a "**Syndicated Loan**"). If the Company's General Meeting and other bodies approve the provision of the Financial Assistance, with such approval to be compliant with generally binding law and the Company's Articles of Association, the Company will start to negotiate the Syndicated Loan with certain banks or with other financial institutions. Based on the Syndicated Loan agreement, the Company must be able to receive funds, a portion of which would subsequently be granted and made available to PPF Arena.

2.2. Based on negotiations with PPF Arena in the course of which the Company's Board of Directors achieved an agreement regarding certain divergence from the PPF Arena Request (e.g. PPF Group's guarantee, no change of a controlling entity or the interest to be paid on the pay-as-you-go basis – see below in this point), the PPF Arena Loan is to be granted and made available under the following terms and conditions and in the following volume:

- | | |
|--|--|
| (a) Loan Facility Amount (principal) | up to CZK 24,800,000,000 |
| (b) Purpose of the Loan | (i) repayment of a portion of the Acquisition Loan; and (ii) financing (if any) of the purchase of other shares in the Company limited to the amount which will not be applied for repayment of the Acquisition Loan. |
| (c) Final Loan Repayment (Maturity) Date | no later than 7 years after the date of first loan utilization. |
| (d) Interest Rate | reference rate 6M PRIBOR applicable as of the first date of the interest period (the reference rate will be defined in a conventional manner in the PPF Arena Loan agreement + interest margin (which follows from the terms of Syndicated Loan agreement at the time of its execution) + a Mark-Up in the amount of 0.30% p.a. (hereinafter the " Mark-Up "). The amount of the reference rate shall be unchanged throughout the entire interest period. The amount of the Mark-Up shall be unchanged until the final repayment of the PPF |

Arena Loan.

(e) Reimbursement of Costs

PPF Arena reimburses the costs related to the Syndicated Loan and the PPF Arena Loan paid by the Company. For such reimbursement the following will primarily apply:

- (i) One-off banking or similar costs associated with the Syndicated Loan paid by the Company will be reimbursed on the pro-rata portion of the PPF Arena total facility and the Syndicated Loan total facility (hereinafter the “**Pro-Rata Portion**”) and will throughout the duration of the PPF Arena Loan be reimbursed from the Mark-Up throughout the duration of the PPF Arena Loan.
- (ii) The Pro-Rata Portion of other documented costs, charges and rates which the Company is required to pay to the Syndicated Loan banks or, as the case may be, financial institutions for administering the loan or reserving the funds, will be reimbursed by the PPF Arena. The commitment fee is to be taken into account only until the PPF Arena Loan is utilized in full.
- (iii) All one-off costs associated with the PPF Arena Loan, including, but not limited to, the costs for drafting documents or expert reports by third-party advisers, will be reimbursed to the Company by PPF Arena unless these costs would be incurred in some extent by the Company regardless of the PPF Arena Loan; in this case the cost will be reimbursed by PPF Arena in a portion corresponding the circumstances.
- (iv) Other non-banking costs associated with the Syndicated Loan, including, but not limited to, the costs of drafting documents and viewpoints of third-party advisers, will be reimbursed in the Pro-Rata Portion by PPF Arena.

(f) Voluntary Prepayment

PPF Arena may prepay the PPF Arena Loan or any portion thereof any time before the due date thereof without being subject to any charges or penalties for such prepayment; this does not apply to the payment of outstanding costs related to the Financial Assistance specified in point (e)(i) above or to interest for respective interest

periods.

- | | | |
|-----|---|--|
| (g) | Interest Period | 6 months |
| (h) | Interest Due Date | Interest shall be due always at the end of the interest period. Interest shall be paid by PPF Arena unless it is agreed among the Company, PPF Arena and PPF Group that the interest shall be paid by PPF Group. |
| (i) | Conditions Precedent to Utilization (minimum package) | <ul style="list-style-type: none">(i) approval of the Financial Assistance by the Company's General Meeting and other bodies in line with generally binding law and the Company's Articles of Association;(ii) signing of loan documents whereunder the Syndicated Loan is to be made available to the extent and subject to the terms and conditions allowing for the provision of the Financial Assistance; should this condition precedent not be satisfied within 6 months after the Company's General Meeting approves the provision of the Financial Assistance, the PPF Arena Loan cannot be utilized;(iii) compliance with the relevant conditions precedent to utilizing the Syndicated Loan;(iv) the issuance of PPF Arena's corporate consents and applicable legal opinions; and(v) the presentation of PPF Group's guarantee undertaking. |

The Company will grant and make available the Financial Assistance insofar as it has a sufficient amount of available equity funds to create a special reserve fund as per Section 311(f) of the Corporations Act.

The Company may grant and make available the Financial Assistance only up to an amount which does not, if granted and made available, decrease the Company's equity below the level of its subscribed registered capital, the latter as increased by funds which cannot be distributed among shareholders as per the Corporations Act and/or the Company's Articles of Association (see Section 311(e) of the Corporations Act).

The Company may grant and make available the Financial Assistance only up to an amount which

will not render the Company bankrupt (Section 41 of the Corporations Act).

- (j) Security PPF Group's guarantee undertaking, described in greater detail in clause 5.2.
- (k) PPF Arena Representations (minimum scope) representations based on the Loan Market Association's (LMA) guidelines for syndicated loan borrowers with an investment level rating, taking into account the differences of a bilateral loan secured by a guarantee undertaking and Czech law (hereinafter the "**Applicable LMA Standard**"), the nature of which is as follows:
- (i) PPF Arena is a company in the form of *besloten vennootschap* and is duly incorporated and existing under the laws of the Netherlands. PPF Arena has the full and unlimited right to own its assets and has obtained all relevant permits for its business and operates the same in line with applicable law in all substantial respects.
 - (ii) PPF Arena's obligations under the PPF Arena Loan agreement or under other associated documents (hereinafter jointly referred to as the "**Financial Documents**") represent PPF Arena's valid and effective obligations enforceable against it in line with the terms and conditions imposed in the Financial Documents.
 - (iii) PPF Arena's entry into and its discharge and performance of the obligations under the Financial Documents are in compliance with all laws and regulations binding on PPF Arena, with PPF Arena's foundation documents and/or in-house regulations and policies and other obligations of PPF Arena.
 - (iv) PPF Arena has the capacity to enter into and discharge and perform its obligations under the Financial Documents and has obtained all consents from its corporate bodies required by laws and regulations or its foundation documents for executing, discharging and performing its obligations under the Financial Documents.
 - (v) All permits, consents, authorizations, licences, approvals, decisions, registrations, notices and any other similar steps required for executing the Financial Documents,

exercising the rights, and discharging and performing the obligations under the Financial Documents, as well as the steps required for the Financial Documents to be taken as evidence under the laws of the Netherlands, have been obtained or taken and are fully valid and effective.

- (vi) The choice of Czech law as the law governing the Financial Documents will be recognized under the laws of the Netherlands. Any judgment issued in the Czech Republic in relation to any Financial Document will be recognized under the laws of, and enforceable in, the Netherlands.
 - (vii) PPF Arena is not subject to the circumstances described in points (m)(iv) or (m)(v) below.
 - (viii) No law requires the Financial Documents (at the moment of execution of the PPF Arena Loan agreement) to be presented to or registered with any court, public register or administrative or any other state authority, and no fees, stamp duties or any similar charges are payable in connection with the execution thereof in the Czech Republic or the Netherlands.
 - (ix) There is no default regarding contractual or statutory duties and no such default can reasonably occur as a result of the utilization of the PPF Arena Loan or entering into any of the Financial Document or as a result of exercising any right or discharging any duty thereof.
 - (x) Any cash debts owed by PPF Arena under the Financial Documents rank at least equal to (*pari passu*) debts owed to all other unconditional, unsubordinated, unsecured lenders (creditors); this does not apply to debts which have priority over any other debt under mandatory law.
- (I) Borrower's Duties (minimum scope)
- (i) The borrower must use the PPF Arena Loan in line with the purpose thereof.
 - (ii) The borrower must report any substantial facts or circumstances which could have an adverse impact on PPF Arena's ability to discharge and perform its duties under the

Financial Documents.

- (iii) The borrower must report any event of default (whether it has occurred or is existing), including steps taken or required to remedy the event of default.
- (iv) PPF Arena will exert reasonably required efforts to discuss any change to the terms and conditions of the Acquisition Loan as set out in clause 4.8.

(m) Events of Default; Grounds for Loan Acceleration (minimum scope)

the grounds based on the Applicable LMA standard, which the nature is as follows:

- (i) PPF Arena fails duly and timely to repay any financial debts under any Financial Document, unless the failure results solely from a technical or administrative error and is remedied within 5 business days following the due date thereof.
- (ii) PPF Arena fails to discharge any non-financial debts under a Financial Document. Such failure is not taken into account if it can be and is remedied within 30 business days after the earlier of PPF Arena being notified and called upon to remedy the failure and their learning of the failure themselves.
- (iii) Facts or circumstances exist which substantially conflict with any of PPF Arena's representations made in any Financial Document, and PPF Arena fails to remedy such conflict within 30 business days after the earlier of PPF Arena being notified and called upon to remedy the conflict and their learning of the conflict themselves.
- (iv) PPF Arena or PPF Group:
 - is not capable or concedes not to be capable of discharging its financial debts;
 - is found under the respective law not to be capable of discharging its financial debts,
 - suspends payments of its financial obligations; or
 - as a result of its financial distress commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness or a particular

category of indebtedness to resolve its bankruptcy.

- (v) A corporate step or act is made or court, arbitration, administrative or any other proceedings involving PPF Arena or PPF Group are initiated in connection with:
 - PPF Arena's or PPF Group's inability to repay its financial debts as they fall due (including the commencement of insolvency proceedings which any creditor, acting reasonably, considers to be legitimate and grounded) or with its winding-up;
 - the commencement of negotiations with its creditors to solve bankruptcy; or
 - the appointment of a liquidator, insolvency administrator, preliminary administrator, forced administrator or any other party with similar authority.
- (vi) a change of ultimate control over PPF Arena and/or PPF Group, unless the inheritor or similar legal successor becomes the new controlling entity.
- (vii) PPF Arena ceasing to be the Company's controlling entity.

(n) **Governing Law** Czech law and general jurisdiction of the Czech courts

2.3. As defined in clause 2.4(e), the Syndicated Loan is to be granted to obtain funds for the PPF Arena Loan to be granted and made available, to consolidate the Company's current indebtedness, and to finance the Company's business.

2.4. Based on existing market conditions and the indicative terms and conditions for loan financing made available by the relevant syndicate of banks (or other financial institutions) (see clause 1.4(k)), the Company's Board of Directors assumes that the Syndicated Loan could be entered into under contractual terms and conditions and in a scope which will have the following characteristics:

- (a) **Borrower** the Company
- (b) **Lender(s)** syndicate of banks or other financial institutions
- (c) **Loan Facility granted (principal)** No more than CZK 31,800,000,000 (in full or in part) or the equivalent in EUR depending on the commercial benefits of the same and liquidity on the banking-loan market.

The facility would be split into a term loan to be

repaid by a one-off repayment when due (hereinafter the "Term Loan") and a revolving loan (hereinafter the "Revolving Loan").

- (d) Utilization Period
- (i) The Term Loan shall have include a certain utilization period and cannot be re-utilized if prepaid.
 - (ii) The Revolving Loan may have a utilization period until the final due date and can be utilized and repaid anytime; financing the Company's business is deemed to be the purpose of any re-utilization of the Revolving Loan after a prior repayment (i.e. not the initial utilization).
- (e) Purpose of the Loan
- (i) to obtain funds for the PPF Arena Loan to be granted and made available;
 - (ii) to consolidate the Company's current debt; and
 - (iii) to finance the Company's business.
- (f) Loan Final Due Date
- no later than 6 years following the first utilization
- (g) Voluntary Prepayment
- The Company may prepay the loans or any portion thereof any time before the due date and, at the same time, may cancel the existing unutilized facility of the Revolving Loan, both the former and the latter not to be subject to any prepayment fees or penalties with the exception of interest payments for respective interest periods.
- (h) Reservation Fee
- A fee charged on an annual basis on the unutilized principal throughout the utilization period, equalling at the time of execution of this report approximately 35% of the interest margin.
- The fee can be eliminated for the Revolving Loan by a voluntary cancellation of the unutilized facility.
- (i) Interest Rate
- PRIBOR for CZK loans, and EURIBOR for EUR loans as applicable for the relevant interest period + interest margin expressed as % per annum.
- In the market situation existing at the time of execution of this report, the interest margin for a similar type of loan would range from 1.35% per annum to 1.75% per annum given the requested volume, due date and flexible repayment system.

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|-----|--------------------------------|--|
| (j) | Interest Period | Optional interest periods of 1, 3 and 6 months and any other interest period approved by the agent of the Syndicated Loan, but not longer than 6 months. |
| (k) | Interest Due Date | Interest to fall due at the end of the interest period. |
| (l) | Representations of the Parties | Typical for this type of transaction according to the Applicable LMA Standard, which will substantially correspond with the representations in the Company's existing loan documentation. |
| (m) | Events of Default | Typical for this type of transaction according to the Applicable LMA Standard, which will substantially correspond with the events of default in the Company's current loan documentation. |

2.5. With regard to the fact, that principles applying on contracting documents related to PPF Arena Loan (including PPF Group guarantee undertaking) and to Syndicated Loan specified in points 2.2 and 2.4 cannot represent the final list of all terms and conditions included in the contracting documents, which will be negotiated after the execution of this report, the Company's Board of Directors will procure when concluding such agreements following: (i) terms and conditions indicated in points 2.2 and 2.4 would be incorporated into these contracting documents, (ii) other arrangements would not materially conflict with those principles, (iii) achievement of advantages of the Financial Assistance specified in this report would be secured, (iv) the relevant contracting documents would provide the Company with sufficient assurance that Company's receivables will be discharged in proper and timely manner in accordance with this report.

3. *Prices of Company Shares Acquired Via the Financial Assistance*

3.1. In the original acquisition transaction the price for which PPF Arena purchased shares in the Company using the Acquisition Loan amounted to CZK 305.625 per share. A portion of the purchase price remains unpaid. On the grounds of a mandatory take-over bid, PPF Arena subsequently purchased shares in the Company for the price of CZK 295.15 per share; the difference between both prices is determined in particular by the expression of the present value of the deferred portion of the purchase price in the original acquisition.

3.2. The purchase price for which PPF Arena is to acquire shares in the Company from the funds granted and made available under the PPF Arena Loan is not to be higher than the up-to-date price of Company's shares on regulated market at the time of acquisition of such shares by PPF Arena. The foregoing does not apply where the purchase price is higher as a result of price amendments in the ordinary course of business, particularly if such amendments reflect the time value of money, future returns on investments, size of the acquired shareholding in the Company or the fact that share price on a regulated market is affected by the market price distortion, other market failure or other extraordinary circumstances.

4. *Factual Reasoning and Advantages of the Financial Assistance from the Company's Perspective*
- 4.1. The Company's fundamental goal is to generate value for all shareholders. The task of the Company's Board of Directors is to pursue this goal and to use all available means to do so. The Company's Board of Directors perceives the Financial Assistance to be a way to increase value for all shareholders.
- 4.2. The Company, as a member of a strong PPF's group, has the opportunity to access the international market of external financing, which may offer a better deal, including lower costs (debt costs associated with access to a broad range of providers and lower transaction costs on the grounds of more frequent transactions and knowledge of PPF Group, the financial market and the parties operating thereon).
- 4.3. The validity of this argument was confirmed, among other things, by the fact that a leading Czech bank agreed on 23 October 2014 to grant a loan to the Company up to the amount of CZK 4 billion. The Company believes that the terms and conditions and expedience of the Commitment Letter constitute proof that the expected ongoing integration of the Company into the PPF structure as a result of the Financial Assistance brings to the company noticeable and measurable benefit.
- 4.4. By obtaining the Syndicated Loan under favourable terms and conditions – outlined in clause 2.4 hereof – the Company may reduce and stabilize its debt servicing costs and obtain cheap funds for further growth.
- 4.5. One measurable advantage for the Company is that the anticipated bank fees resulting from the Syndicated Loan will be fairly lower compared to those likely to be applicable if the Company were to obtain the funds alone. The Company will therefore take advantage of lower fees resulting from the fact that portion of funds obtained from the Syndicated Loan is to be applied to refinance the Acquisition Loan granted by a syndicate of banks, the members of which are similar banks as envisaged in respect of the Syndicated Loan. Refinancing typically results in lower fees than are applicable in the case of obtaining a new loan. At the same time, a substantial portion of the funds from the less expensive Syndicated Loan will remain available for the Company.
- 4.6. The Company's Board of Directors considers it evident that the PPF Arena Loan will enhance the Company's integration into the PPF structure via a stronger financial and business link between the same. Granting the PPF Arena Loan for seven years is, from this perspective, an expression of strong and long-term partnership. PPF Arena has promised, upon the request by the Company's Board of Directors, that the PPF Arena Loan will be granted under terms and conditions which will enhance the partnership and integration, including there being no change of an entity controlling the Company, i.e. PPF Arena, or the ultimate owner PPF Arena or PPF Group before the PPF Arena Loan is repaid in full.
- 4.7. The ongoing integration of the Company into the strong PPF Group, in respect of which the Financial Assistance is material, opens broad possibilities for the Company to take advantage of PPF Group's reputation and profile. As far as these advantages are concerned, the Board of Directors claims as follows:
- (a) PPF Group is the most significant Czech and one of the most significant Central European investment groups. The companies of PPF Group are diversified across various sectors and are active internationally in more than ten markets from the

Czech Republic via CEE countries to major markets in South-East Asia and in the United States. These companies are primarily engaged in consumer financing (the Home Credit Group), retail banking (Air Bank), corporate banking (PPF Banka), real estate (PPF Real Estate) and, after the acquisition of the Company's shares, on the Czech and Slovak telecom markets. The Company will thus be able to gain access to a broad portfolio of customers to whom it may offer services and products.

- (b) By granting the Financial Assistance and being linked to PPF Group more closely, the Company will have the opportunity to take advantage of the Group's innovative access to business development supported by the international transfer of know-how within the group, i.e. know-how from commercial operations, customer care, IT, asset and property management, access to financial and capital markets, insurance, claim management, etc.
- (c) The Company will also have access to efficient management tools resulting from economies of scale. PPF Group, as a leading business grouping, and the Company, as a major part thereof, will have a strong deal-making position when negotiating with suppliers. This is likely to result in cost cutting, from technology acquisition costs to property lease costs related to property where the Company or PPF Group's companies carry out business activities. At the same time the capacity of the Company's own real property will be able to be used more efficiently (PPF Real Estate companies, as well as the Company, own many buildings).
- (d) In addition, the Company's Board of Directors perceives as an advantage the fact that the Company's operations are fairly complementary with the operations of other PPF Group companies operating on other markets.
- (e) Another advantage of the Company's integration into PPF Group for the Company's further growth is that it will gain access to know-how regarding mergers & acquisitions and the execution know-how available to PPF Group. Favourable acquisition growth is one of the ways of attaining the Company's goal of generating value for all shareholders.

4.8. There is another no less substantial advantage for the Company, as perceived by its Board of Directors: the Financial Assistance and refinancing of a portion of the Acquisition Loan may provide PPF Arena with the opportunity to renegotiate certain covenants.

The Company was informed that under the Acquisition Loan terms and conditions PPF Arena, as a majority shareholder, can be requested (within the limits set by applicable law) to decide on matters affecting the Company in a manner which could, under certain circumstances, hinder the Company's further development of its business out of the limits of its organic growth. PPF Arena will exert reasonably required efforts to discuss changes to such covenants and to make them subsequently less stringent so that the Company is free:

- (a) to invest internally-generated funds more flexibly into projects with greater added value for its shareholders;
- (b) to determine an investment-to-dividend ratio which would maximize total return for all shareholders;

- (c) to obtain less expensive external financing with more flexible loan terms and conditions;
- (d) to use, if needed, the lower stringency of the covenants in order to sell its assets and to effectively use the proceeds; and
- (e) potentially to enjoy larger liberty as regards acquisition of ownership interests.

4.9. Another reason why the Company's Board of Directors believes that it is favourable for the Company to grant the PPF Arena Loan is that it is beneficial for the Company, which is also due to the anticipated features of the Syndicated Loan. The Company's Board of Directors supports this belief by the opinions of established financial advisers. The following must be emphasized in this respect:

- (a) The contemplated Mark-Up, even after deduction of the bank and similar fees mentioned in point 2.2(e)(i), will generate net income for the Company in line with a standard cost mark-up of telecom companies. The assessment of the revenue based on said interest rate takes primarily into account the different due dates and payment terms and conditions for the principal under the PPF Arena Loan and the Syndicated Loan.
- (b) The contemplated Mark-Up, even after deduction of the bank and similar fees mentioned in point 2.2(e)(i), fits all reviewed scenarios of the range of a standard cost mark-up charged by telecom companies analyzed by Deloitte.
- (c) The contemplated Interest Rate as defined in clause 2.2(d), may be considered fair since it covers the financing costs and creates a profit margin from the managed transaction for the Company and, at the same time, corresponds to the market interest-rate which would potentially be available to PPF Arena on the free market, according to Mazars.
- (d) In addition, the Company may flexibly enhance the economic benefit of the PPF Arena Loan resulting from the difference between its interest rate and the interest on the Syndicated Loan by prepaying the Syndicated Loan or any portion thereof. The Company will retain the opportunity to maintain the interest income from granting the PPF Arena Loan. Given the scheduled cash flow development, the use of this opportunity can be expected.

4.10. By utilizing the Syndicated Loan, the Company will optimize its capital structure, which will, even after the Syndicated Loan is utilized, be indebted on a standard level. Deloitte's analysis reads as follows: "*after the contemplated Financial Assistance is granted, the Company's anticipated debt is, under net debt-to-EBITDA and net debt-to-equity index, in line with the standard indebtedness of telecom companies.*" The Company will use a portion of the additional debt for its further growth.

5. **Risks**

5.1. The main risk for the Company is the inability to discharge and perform its obligations under the Syndicated Loan by the relevant due dates. However, the Company's Board of Directors has no reason to believe there is a risk of such insolvency on the grounds, among others, that the level of the Company's indebtedness shall not exceed a standard level, as outlined in clause 4.10. The Board of Director's opinion is supported by the fact (among others) that Standard&Poor's confirmed the Company's long-term corporate

credit rating on 29 October 2014 in response to the disclosure of PPF Arena's request dated 13 October 2014.

5.2. The Company's Board of Directors considered the risk of possible consequences for the Company of PPF Arena's potential inability to repay its debts under the PPF Arena Loan agreement. In response, the Company asked for PPF Group to issue a guarantee undertaking to minimize the risk by securing PPF Arena's obligations. The guarantee undertaking is to be agreed in line with Section 2018 et seq. of Act 89/2012 Coll., the Civil Code, and it is to secure all PPF Arena's financial obligations under the Financial Assistance and it shall be valid and effective while any of PPF Arena's obligations are outstanding under the Financial Assistance. PPF Arena's financial standing and PPF Group's guarantee undertaking are addressed in clause 6. In this connection, the Company's Board of Directors also considered risks regarding the ability of PPF Group to meet its duties under the guarantee undertaking or, as the case may be, to pay interest on the PPF Arena Loan, in the event the agreement envisaged in clause 2.2(h) is concluded. Given the financial results and the position of PPF Group within the PPF group, such risks are to be considered insignificant.

5.3. The Company will consider potential exchange and interest risks and take appropriate measures, if necessary, including taking the opportunity for adequate coverage. The Syndicated Loan will be utilized in a currency other than CZK only if it is beneficial for the Company.

6. PPF Arena's and PPF Group's Financial Standing

6.1. Since the PPF Arena Loan will mature 7 years following the execution of the PPF Arena Loan agreement, as follows from the Financial Assistance's terms and conditions (see clause 2.2), PPF Arena's ability to perform its obligations within that period is crucial to assessing its financial standing.

6.2. In reviewing PPF Arena's financial capacity, the Company's Board of Directors expects PPF Arena to be able to use its share in the Company's future profit to repay its loan debt under the PPF Arena Loan and other debts with the same time profile and to have sufficient amount of cash to reimburse interest pursuant to point 2.2(h) and cost pursuant point 2.2(e). Deloitte stated in its analysis (based on information made available to it) as follows: "*O2 Czech Republic a.s. will generate funds – in the form of net profit attributable to shares owned by PPF Arena 2 B.V. – which are higher than expected financial obligations of PPF Arena 2 B.V. throughout the financial assistance.*"

6.3. The engaged financial advisers further believe that PPF Arena's financial standing is supported by the amount of its equity.

6.4. The aforementioned reasons lead Company's Board of Directors to the conclusion that PPF Arena will have the financial standing necessary to accept the Financial Assistance.

6.5. Moreover, repayment of the principal and interest under the PPF Arena Loan will be secured by the PPF Group guarantee undertaking. The most recently disclosed amount of consolidated retained profit and cash funds of PPF Group greatly exceeds the highest contemplated amount of the Financial Assistance. Based on this and other generally available information, the Company's Board of Directors considers that PPF Group has the financial standing necessary to provide the guarantee undertaking in respect of the Financial Assistance. Similarly, the Company's Board of Directors considers that PPF

Group has also the financial standing necessary to pay interest on the PPF Arena Loan, in the event the agreement envisaged in clause 2.2(h) is concluded.

7. Conclusions

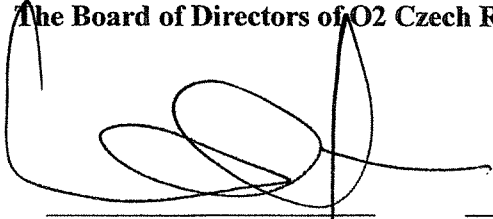
7.1. After having thoroughly analyzed the situation (with partial conclusions outlined in this report), and especially after being convinced that the benefits of the Financial Assistance as outlined in clause 4 substantially outweigh the likelihood of the risks referred to in clause 5 arising, the Company's Board of Directors concludes that granting the Financial Assistance is in the Company's interests. The Company's Board of Directors is minded to grant the Financial Assistance to PPF Arena.

7.2. Moreover, the Board of Directors claims that after having reviewed the relevant facts, it has made the following partial conclusions:

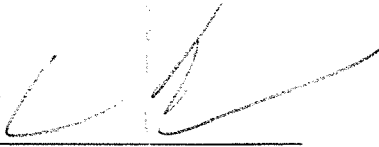
- (a) Given the facts outlined in this report (including, but not limited to, clauses 4.9 and 6.5), the Financial Assistance will be granted on fair market terms and conditions as per Section 311(a) of the Corporations Act.
- (b) The Company will have sufficient available equity resources to create the special reserve fund referred to in Section 311(f) of the Corporations Act.
- (c) Granting the Financial Assistance will not reduce the Company's equity below the subscribed registered capital, as increased by funds which cannot be distributed among shareholders, pursuant to the Corporations Act or the Company's Articles of Association (see Section 311(e) of the Corporations Act).
- (d) Granting the Financial Assistance will not render the Company bankrupt (see Section 41 in conjunction with Section 40(1) of the Corporations Act).

In Prague on 18 November 2014

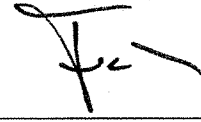
The Board of Directors of O2 Czech Republic a.s.



Luis Antonio Malvido,
Chairman of the Board of
Directors



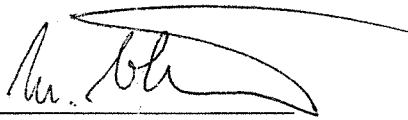
Ing. Tomáš Budník,
Vice-Chairman of the Board of
Directors



Michal Frankl,
Director



Ing. Petr Slováček,
Director



Ing. Martin Vlček,
Director

