

DATED [...] 2010

PHILIP MORRIS ČR A.S.

AND

[...]

AGREEMENT ON PERFORMANCE OF THE OFFICE OF
MEMBER OF THE AUDIT COMMITTEE

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THIS AGREEMENT (the "**Agreement**") is entered into pursuant to Section 66 (2) and (3) of Act no. 513/1991 Coll., the Commercial Code, as amended (the "**Commercial Code**")

BETWEEN:

(1) **Philip Morris ČR a.s.**, a joint stock company incorporated and existing under the laws of the Czech Republic, whose registered office is in Kutná Hora, Vítězná 1, Postal Code 284 03, identification number 148 03 534, registered in the Commercial Register maintained by the Municipal Court in Prague, section B, file 627 (the "**Company**")

and

(2) [...], a citizen of [the Czech Republic], born on [...], whose permanent place of residence is in [...], Postal Code [...], the Czech Republic (the "**Member**").

INTRODUCTION

(A) The Member was appointed as a member of the Company's Audit Committee by the Company's General Meeting.

(B) The Member agrees to his appointment as a member of the Company's Audit Committee for a one (1) year term.

(C) The Member hereby represents that he meets all the requirements set down by Section 194 (7) of the Commercial Code for the performance of an office and Act no. 93/2009 Coll., Act on Auditors (the "**Act on Auditors**"), for the performance of the position of a Member, in particular that he (i) is fully competent to perform legal acts, (ii) has an unimpeachable character pursuant to Act no. 455/1991 Coll., Trade Licensing Act, as amended (the "**Trade Licensing Act**"), (iii) is not aware of any legal obstacles that would prevent him from performing the function of a Member pursuant to the Trade Licensing Act, (iv) is not aware of any circumstances that would prevent him from performing the function of a Member pursuant to Section 381 of the Commercial Code; and (v) is independent and has competence in the area of accounting and/or statutory audits, including at least three years of practical experience.

THE PARTIES AGREE as follows:

1. **SUBJECT MATTER OF THE AGREEMENT**

- 1.1 The Member shall perform the duties of a member of the Company's Audit Committee. The Member has the rights and duties vested in a member of the Company's Audit Committee under the laws of the Czech Republic, subject to the limits set out in the Company's Articles of Association, as applicable (the "**Articles of Association**"), or in this Agreement.
- 1.2 Unless otherwise agreed upon between the Member and the Company, the place of the Member's performance of his duties under this Agreement shall be at the seat of the Company and at any other locations required by the interests of the Company.

2. **SCOPE OF AUTHORITY OF THE MEMBER**

- 2.1 Without prejudice to the duties of the members of the Board of Directors and the members of the Supervisory Board or any other person appointed by the Company's General Meeting, the Member shall in particular and in compliance with the Company's Articles of Association:
- 2.1.1 monitor the process of compiling and preparing the financial statements and consolidated financial statements of the Company;
 - 2.1.2 assess the efficiency of the Company's internal controls, internal audits, and system of risk management, if any;
 - 2.1.3 monitor the process of mandatory audits of financial statements and consolidated financial statements of the Company;
 - 2.1.4 assess the independence of statutory auditors and auditing firm(s) and, in particular, the provision of supplementary services to the Company as the audited entity;
 - 2.1.5 recommend auditors to the General Meeting;
 - 2.1.6 accept and discuss with the auditors information, statements and communication according to legal regulations; and
 - 2.1.7 provide other bodies of the Company with information as necessary regarding matters that are within the powers of the Audit Committee.
- 2.2 The Member shall perform his duties with due care (in Czech: *odborná péče*), faithfully, to the best of his abilities, and in accordance with Czech law, the Company's Articles of Association, the best interests of the Company, and the instructions of the General Meeting, if applicable. The Member shall, in particular:

- 2.2.1 carry out his/her obligations in full compliance with the requirements of Czech law and the Articles of Association;
 - 2.2.2 attend the Company's General Meeting and provide it with the reports on the activities of the Audit Committee;
 - 2.2.3 participate in the meetings of the Company's Audit Committee; and
 - 2.2.4 carry out and fulfil the tasks assigned to him by the Audit Committee and/or required by virtue of his position.
- 2.3 In relation to the Company, the Member shall observe the provisions of the Articles of Association, as amended from time to time, the applicable provisions of Czech law, and this Agreement.
- 2.4 The Member must carry out his duties and responsibilities personally and he may not sub-contract or assign them to a third party.
- 2.5 Notwithstanding the above, the Member shall not do or cause to do anything which he reasonably considers to be in conflict with the lawful interests of the Company and/or the relevant laws and regulations of the Czech Republic and/or any other relevant jurisdiction.

3. **CONFIDENTIALITY**

- 3.1 The terms of this Agreement, as well as any information, circumstances or data which become known to the Member in connection with the entry into, and the performance of, this Agreement (the "**Confidential Information**") are confidential. The Member may not disclose Confidential Information to any third party without the prior written consent of the Company, nor use Confidential Information for any purpose other than the performance of this Agreement or the purposes envisaged in this Agreement. The prohibition of disclosure of Confidential Information shall not apply to disclosure:
- 3.1.1 within the scope of the good and proper management of the Company's business affairs;
 - 3.1.2 to legal, tax and accounting advisors if they are bound by confidentiality undertakings at least equivalent to those contained in this clause;
 - 3.1.3 within the scope of court, administrative, or arbitration proceedings, to the extent necessary for enforcement of claims under or in connection with this Agreement;
 - 3.1.4 required under Czech laws and regulations, applicable to the relevant party (parties);

- 3.1.5 of Confidential Information that has become part of the public domain otherwise than as the result of a breach of this Agreement.
- 3.2 The Member undertakes not to disclose, either directly or indirectly, any Confidential Information for a period of five (5) years after the termination of this Agreement.
- 3.3 If the Member is required to disclose Confidential Information pursuant to clause **Error! Reference source not found.** above, the Member shall inform the Company of such disclosure without undue delay, but no later than fifteen (15) days from such disclosure being made.
4. **REMUNERATION OF THE MEMBER AND OTHER BENEFITS**
- 4.1 The Company is obliged to pay gross annual remuneration of CZK [...] (in words: [...] Czech crowns) to the Member for the performance of his duties under this Agreement (the "**Annual Remuneration**") from which the Company shall deduct applicable income tax, health and social insurance, and any other mandatory or agreed deductions ("**Taxes**"). The Annual Remuneration may be increased from time to time based on agreement between the Member and the Company and as approved by the General Meeting.
- 4.2 The Company is obliged to pay the Annual Remuneration by 31 December 2010 by wire-transfer to the bank account of the Member as notified by the Member in a timely manner.
- 4.3 The Company undertakes to pay the Member reasonable out-of-pocket expenses and reasonable travel expenses based on his provision of actual tax deductible receipts to the Company according to Czech law and the internal rules of the Company, provided that such expenses are incurred in connection with his duties and responsibilities under this Agreement.
- 4.4 The Member agrees and undertakes that during three (3) years following the termination of this Agreement, he will neither directly nor indirectly (e.g. as an owner, shareholder, investor, consultant or employee) take any part in commercial activity which is in direct competition with that of the Company or any of its affiliates. The Member shall, in particular, not solicit the employment of any of the employees or customers of, or any other individual or legal entity in contact with, the Company, its subsidiaries, or any company acting in concert with them. Subject to any conditions set out by applicable regulations and subject further to the Company's legitimate interests, the Board of Directors may shorten the period of application of this non-confidentiality clause or waive its application in its entirety.

5. **LIABILITY**

The Member is liable to the Company under the conditions and to the extent of the generally binding legal regulations of the Czech Republic for damage caused as a result of a breach of his statutory obligations or obligations stipulated in this Agreement, especially in clause 2.1 and 2.2 above, which he should provide with due care.

6. **TERM AND TERMINATION**

6.1 This Agreement shall expire on the date of:

6.1.1 expiry of the Member's term of office as a member of the Company's Audit Committee ;

6.1.2 the removal of the Member by the General Meeting from the position of member of the Company's Audit Committee;

6.1.3 the resignation of the Member from his position of member of the Company's Audit Committee;

6.1.4 the occurrence of obstacles preventing the Member from performing the position of member of the Company's Audit Committee as required by the Commercial Code or Act on Auditors; or

6.1.5 when the Member ceases to be a member of the Company's Audit Committee otherwise than stipulated above.

6.2 Section 66 (1) of the Commercial Code applies to the resignation of the Member from his position of a member of the Company's Audit Committee. Should the Member decide to resign from his position of a member of the Company's Audit Committee, he must inform the General Meeting and the Audit Committee in writing at least three months before the delivery of such notice of resignation. The Member undertakes to arrange that the written notice of resignation from his position of member of the Company's Audit Committee is attached to the invitation to the General Meeting where his resignation is to be discussed. His position as Member shall terminate on the date when the resignation from his position of member of the Company's Audit Committee was or should have been discussed by the General Meeting.

6.3 Without undue delay after the termination of this Agreement (however no later than one (1) week after the termination), the Member undertakes to return to the Company all documents which he holds and which relate to the Company and its affairs (in particular agreements, correspondence, accounting records, invoices and powers of attorney) and other items belonging to the Company.

7. **FINAL PROVISIONS**

- 7.1 Any obligation set out in this Agreement that is not fully performed upon the termination of this Agreement shall remain binding.
- 7.2 If any provision of this Agreement is or becomes invalid or unenforceable, that shall not affect the validity and enforceability of any other provision of this Agreement.
- 7.3 This Agreement is governed by Czech law, in particular by the provisions of the Commercial Code and the Act on Auditors, with the exception of those non-mandatory provisions disapplied by this Agreement.
- 7.4 The courts of the Czech Republic have exclusive jurisdiction to settle any dispute arising from or connected with this Agreement, including a dispute regarding the existence, validity or termination of this Agreement or the consequences of its nullity.
- 7.5 This Agreement becomes effective upon its approval by the General Meeting of the Company.
- 7.6 This Agreement shall supersede any previous mandate or service agreement that has been agreed upon between the parties to this Agreement. Changes or amendments to this Agreement shall be agreed between the Member and the Company in writing and are subject to the prior approval of the General Meeting. The Member recognizes that he has no claims against the Company related to any previous mandate, service agreement or performance of his office.
- 7.7 This Agreement is executed in two (2) counterparts in Czech and in English. Each party shall retain one (1) copy of this Agreement in each language version. In case of any discrepancies the Czech version shall prevail.

/SIGNATURE PAGE FOLLOWS IMMEDIATELY/

EXECUTED BY THE PARTIES

On [...] 2010

For **Philip Morris ČR a.s.** as the Company

Name:

Position: Chairman/Member of the Board of Directors

Name:

Position: Member of the Board of Directors

On [...] 2010

[...] as the member of the Company's Audit Committee

[...]