



# PHILIP MORRIS ČR

## **DRAFT RESOLUTIONS OF THE ORDINARY GENERAL MEETING**

of

**Philip Morris ČR a.s.,**

whose registered office is at Kutná Hora, Vítězná 1, postcode: 284 03,  
identification number: 14803534, registered in the Commercial Register  
maintained by the Municipal Court in Prague, Section B, File 627

(the "Company"),

**presented by the Board of Directors of the Company in relation to points 2, 3, 4, 5  
and 6 of the agenda of the Ordinary General Meeting**

**to be held  
at the registered office  
of the Company in  
Kutná Hora, Vítězná 1, postcode: 284 03**

**at 10:00 a.m. on 28 April 2017**

(the "General Meeting")

**Note: The English version of this document is published for informational purposes only. The prevailing version of this document is the version published in the Czech language.**

**1. Point 2 of the agenda of the General Meeting – Election of the Chairman of the General Meeting, Minutes Clerk, Minutes Verifiers and Scrutineers, and approval of the Rules of Procedure and Voting Rules:**

1.1. The Board of Directors of the Company proposes that the General Meeting adopts the following resolutions regarding the bodies of the General Meeting:

*"Mgr. Martin Hájek is elected as Chairman of the General Meeting."*

*"Zuzana Dušková is elected as Minutes Clerk of the General Meeting."*

*"The following persons are elected as Minutes Verifiers of the General Meeting:*

- (i) Milan Vácha; and*
- (ii) Romana Jiroutová."*

*"The following persons are elected as Scrutineers of the General Meeting:*

- (i) Petr Brant; and*
- (ii) Josef Nuhlíček."*

1.2. The Board of Directors of the Company proposes that the General Meeting adopts the following resolution regarding the Rules of Procedure and Voting Rules of the General Meeting:

*"The General Meeting approves the Rules of Procedure and Voting Rules of the Ordinary General Meeting of Philip Morris ČR a.s. in the wording submitted by the Board of Directors of the Company:*

***RULES OF PROCEDURE AND VOTING RULES  
of the Ordinary General Meeting of  
Philip Morris ČR a.s.  
to be held on 28 April 2017***

*Section 1*

**Basic Provisions**

- 1. In accordance with Act No. 90/2012 Coll., on Business Corporations and Cooperatives (the "**Business Corporations Act**"), these Rules of Procedure and Voting Rules of the Ordinary General Meeting of Philip Morris ČR a.s. (the "**Company**") govern the manner of registering the Company's shareholders, the procedure of the General Meeting, the method in which shareholders exercise their rights at the General Meeting and the method of voting at the General Meeting.*
- 2. For the purposes of these Rules of Procedure and Voting Rules, a "**shareholder**" also means a shareholder's proxy unless stipulated otherwise.*
- 3. Should the interpretation of any provision of these Rules of Procedure and Voting Rules be unclear or should a situation occur that is not provided for by generally binding legislation, the Company's Articles of Association or these Rules of Procedure and Voting Rules, the further procedure of the General Meeting shall be decided on by the Chairman of the General Meeting in compliance with the principles of the legal regulation of joint-stock companies contained in applicable law.*

*Section 2*

### **Registration of Shareholders**

1. *Registration desks are set up for registering shareholders in an attendance list and for issuing identification cards and voting ballots. By signing the registration card, the shareholders confirm that they were given voting ballots and an identification card with an identification number corresponding to the number on the registration card. If any of the shareholders loses their identification card, the registration desk will re-issue the identification card at the shareholder's request at any time during the General Meeting.*
2. *Shareholders' attendance will be registered throughout the duration of the General Meeting. At registration, authorised persons at the registration desks will verify the identity of the shareholders and their right to attend the General Meeting. Shareholders who sign the attendance list and do not express their will to end their attendance at the General Meeting by a written statement made at a registration desk are considered present for the entire duration of the General Meeting. If a person refuses registration in the attendance list, the fact of such refusal and its reason will be recorded in the attendance list.*

### *Section 3*

### **Rules of Procedure**

1. *The General Meeting shall be opened by the person convening the General Meeting or a person appointed by it and shall be presided over by this person until the election of the Chairman. If the General Meeting is convened by a body, this body must authorise one of its members (or resolve to authorise another person) to preside over the General Meeting until the Chairman is elected or, as the case may be, if no Chairman of the General Meeting is elected. The task of the person convening the General Meeting or the person appointed by it is to ensure that the General Meeting elects the Chairman of the General Meeting, a minutes clerk, one or more verifiers of the minutes and a person or persons charged with counting the votes. Following the election of the Chairman of the General Meeting, the General Meeting shall be conducted by this Chairman.*
2. *At the General Meeting, the shareholders are entitled to require and obtain explanations in respect of matters relating to the Company and the parties controlled by the Company, should such an explanation be necessary for assessing matters on the agenda of the General Meeting and for the exercise of the shareholder rights at the General Meeting. Shareholders may request the explanations mentioned in the previous sentence in writing. The request must be filed after the invitation to the General Meeting is published and before the General Meeting is held. Shareholders are entitled to file proposals and counterproposals in relation to the points on the agenda of the General Meeting. Proposals submitted by the Board of Directors or the Supervisory Board are voted on first. If these proposals are not adopted or made, shareholders' (counter)proposals are voted on. Shareholders, members of the Board of Directors and members of the Supervisory Board may raise a protest concerning a resolution of the General Meeting and request that the protest be recorded in the minutes of the General Meeting. If the recording of the content of the protest is not requested, the Minutes Clerk is not obliged to record the content of the protest in the minutes of the General Meeting.*
3. *The explanation may be provided in the form of a summary statement on several similar issues. It shall be deemed that shareholders have been provided with an explanation even if the relevant information (the supplementing explanation in respect of individual points on the agenda of the General Meeting) is published on the Company's website no later than on the day preceding the date of the General*

*Meeting and is available to the shareholders for inspection at the venue of the General Meeting. If the information is provided to the relevant shareholder, every other shareholder may also request such information without having to follow the procedure applicable to the exercise of the right to an explanation described above.*

4. *Shareholders may also file their proposals in relation to the issues which are included on the agenda of the General Meeting before the invitation to the General Meeting is published. Proposals delivered to the Company no later than seven days before the publication of the invitation to the General Meeting shall be published by the Board of Directors, including an opinion of the Board of Directors, along with the invitation to the General Meeting. Section 362 of the Business Corporations Act shall apply analogously to the proposals delivered after this time limit.*
5. *At a General Meeting, a shareholder may file proposals and counterproposals in relation to matters on the agenda of the General Meeting. If a shareholder intends to file a counterproposal to any matter on the agenda of the General Meeting, the shareholder will deliver it to the Company no later than 15 calendar days before the date of the General Meeting; this shall not apply in the case of proposals for certain persons to become members of the Company bodies, which may be filed by the shareholders both before the date of the General Meeting and during the General Meeting. The Board of Directors must provide an opinion on each proposal or counterproposal of the shareholders. The Board of Directors shall inform the shareholders of the relevant shareholder's counterproposal, together with the opinion of the Board of Directors, in the manner stipulated by the Business Corporations Act and the Articles of Association regarding the convocation of the General Meeting. This shall not apply if the information is delivered less than two days before the date of the General Meeting or if the costs related to the information are in gross disproportion to the significance and content of the counterproposal or if the counterproposal contains more than 100 words. If the counterproposal contains more than 100 words, the Board of Directors shall inform the shareholders of the substance of the counterproposal and of its opinion, and shall publish the counterproposal on the Company's website.*
6. *Issues not included in the agenda of the General Meeting may only be discussed at the General Meeting or decided on if all shareholders of the Company agree.*
7. *Shareholders may file their requests for an explanation, proposals, counterproposals and, if applicable, protests either in writing on a comment slip or orally at the invitation of the Chairman of the General Meeting after proving their identity based on an identification card. Comment slips must contain the shareholder's identification number (as specified on the identification card) and the shareholder's signature. Shareholders must submit comment slips to the information centre. When submitting a comment slip, the shareholder must prove its identity by presenting its identification card.*
8. *The General Meeting's information centre will number the comment slips according to the order in which they are received and will hand them over to the Chairman of the General Meeting.*
9. *The Chairman of the General Meeting decides on who is entitled to take the floor. A member of the Board of Directors and a member of the Supervisory Board must be permitted to take the floor whenever they request this. If somebody disturbs the orderly conduct of the General Meeting, the Chairman of the General Meeting may reprimand this person and, if they fail to change their behaviour even after being reprimanded, the Chairman of the General Meeting may adjourn the General Meeting until order is restored.*

*Section 4*  
**Voting Rules**

1. *Voting is performed by means of ballots, which the shareholders receive upon registration or, as the case may be, during the General Meeting based on the instructions of the Chairman of the General Meeting. Each time before votes are cast, the Chairman of the General Meeting will inform the shareholders of the resolution which is being voted on and which ballot should be used for this purpose. Each shareholder will indicate the relevant answer on the ballot by marking the chosen answer with a cross and by signing the ballot. If a shareholder shall use a substitute ballot or a ballot which the shareholder received during the course of the General Meeting based on an instruction of the Chairman of the General Meeting, the shareholder must also fill in a number of the ballot announced by the Chairman of the General Meeting. If using a ballot which the shareholder received during the course of the General Meeting based on the instruction of the Chairman of the General Meeting, the shareholder must also fill in its own identification number (as specified on the identification card).*
2. *Ballots which are not signed, ballots without a ballot number or with an incorrect ballot number and ballots containing no identification number or an incorrect identification number are invalid. Ballots which are torn, crossed-out, rewritten or otherwise invalidated (i.e. containing illegible or unclear information) will also be considered invalid. If a shareholder makes a mistake when filling in a ballot, the shareholder must ask a person charged with counting the votes (the "Scrutineer") for assistance. The shareholder may then correct the ballot in the presence of the Scrutineer and both of them must then confirm the correction by signing it, or the Scrutineer may give the shareholder a new ballot.*
3. *After collecting the ballots, the Scrutineers will immediately start counting the votes. As soon as they ascertain that the number of votes necessary for making the decision on the proposed resolution has been achieved, they will inform the Chairman of the General Meeting accordingly. The Scrutineers will then continue counting the remaining votes. The complete results are recorded in the minutes of the General Meeting and, possibly, announced during the General Meeting. A record of the General Meeting's quorum has to be made when votes are taken on each proposed resolution."*
2. **Point 3 of the agenda of the General Meeting – The Report of the Board of Directors on the Business Activities of the Company, the Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity and the Summary Explanatory Report concerning certain matters mentioned in the 2016 Annual Report, the proposal for the approval of the 2016 ordinary financial statements, the 2016 ordinary consolidated financial statements and for the distribution of profit for the year 2016, including an indication of the amount and method of payment of a profit share (dividend)**

Since point 3 of the agenda of the General Meeting is discussed but not voted on, and therefore no resolution is adopted, the Company's Board of Directors submits the following statement.

Similarly as in previous years, the Board of Directors of the Company prepared and submits to the shareholders the Report on the Business Activities of the Company in accordance with Section 436 (2) of the

Business Corporations Act. Furthermore, in accordance with the requirement set out in Section 118 (9) of the Act on Business Activities on the Capital Market, the Board of Directors of the Company submits to the shareholders the Summary Explanatory Report concerning certain matters pursuant to Section 118 (5) (a) to (k) of the Act No. 256/2004 Coll. on Business Activities on the Capital Market, as amended ("**Act on Business Activities on the Capital Market**"). This Summary Explanatory Report, the Report on the Business Activities of the Company as well as the Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity (the "**Report on Relations**") prepared in line with Section 82 et seq. of the Business Corporations Act are all contained in the 2016 Annual Report of the Company.

The Board of Directors also arranged for the preparation of the ordinary financial statements of the Company for the 2016 calendar year accounting period and of the ordinary consolidated financial statements of the Company for the 2016 calendar year accounting period, and for the verification of these financial statements by an auditor in accordance with the relevant legal and accounting regulations. The Board of Directors submits all the above-mentioned documents, which are also part of the 2016 Annual Report of the Company, to the General Meeting for discussion.

The Company's economic result for the 2016 calendar year accounting period is a profit of CZK 2,765,864,608.17.

The Board of Directors proposes that the General Meeting approves the Report of the Board of Directors on the Business Activities of the Company, the ordinary financial statements of the Company for the 2016 calendar year accounting period, the ordinary consolidated financial statements of the Company for the 2016 calendar year accounting period, and the proposal for the distribution of profit for the 2016 calendar year accounting period, including an indication of the amount and method of payment of a profit share (dividend).

### **3. Point 4 of the agenda of the General Meeting – The Supervisory Board Report**

Since point 4 of the agenda of the General Meeting is discussed but not voted on, and therefore no resolution is adopted, the Company's Board of Directors submits the following statement.

The purpose of this point of the agenda is to inform of the results of the Supervisory Board control activity and to report on the results of its review of the Report on Relations for 2016 which will be announced by a designated member of the Supervisory Board in accordance with Sections 83 (1), 447 (3) and 449 (1) of the Business Corporations Act.

During the entire 2016 calendar year, the Supervisory Board monitored and evaluated the development and day-to-day management of the Company, in particular its financial position and activities in this area. Within its supervisory activities, the Supervisory Board also

closely cooperated with the audit committee of the Company in all matters falling within the scope of these two bodies, including the appointment of statutory auditor. Based on its findings, the Supervisory Board prepared a report on the results of its activities in the 2016 calendar year accounting period in accordance with the legal regulations in force and the Company's Articles of Association, which it submits to the General Meeting for discussion and acknowledgement. In its report, the Supervisory Board states that it has not ascertained any failings and that it has no objections regarding the business activities, operation and activities of the Company or its bodies that are subject to supervision by the Supervisory Board.

The Supervisory Board also reviewed the Report on Relations prepared by the Board of Directors of the Company for the year 2016 in accordance with the legal regulations in force, the 2015 ordinary financial statements, the 2016 ordinary consolidated financial statements, including the proposals of the Board of Directors for their approval, and the proposal for distribution of profit for the year 2016, including the amount and method of payment of a profit share (dividend). The Supervisory Board did not raise any objections to the above-mentioned documents. In the opinion of the Supervisory Board, the above-mentioned documents have been prepared in a due manner, in accordance with the applicable legal regulations and the Company's Articles of Association.

**4. Point 5 of the agenda of the General Meeting – Approval of the Report of the Board of Directors on the Business Activities of the Company, the 2016 ordinary financial statements, the 2016 ordinary consolidated financial statements and the proposal for the distribution of profit for the year 2016, including an indication of the amount and method of payment of a profit share (dividend):**

The Board of Directors proposes that the General Meeting adopts the following resolution concerning the approval of the Report of the Board of Directors on the Business Activities of the Company, the ordinary financial statements of the Company for the 2016 calendar year accounting period and of the ordinary consolidated financial statements of the Company for the 2016 calendar year accounting period, and concerning the proposal for the distribution of profit for the year 2016, including an indication of the amount and method of payment of dividends:

*"The Report of the Board of Directors on the Business Activities of the Company in the wording submitted by the Company's Board of Directors is hereby approved."*

*"The ordinary financial statements of the Company for the 2016 calendar year accounting period are hereby approved."*

*"The ordinary consolidated financial statements of the Company for the 2016 calendar year accounting period are hereby approved."*

*"The Company's after-tax profit for the 2016 calendar year accounting period in the amount of CZK 2,765,864,608.17 will be paid in the amount of CZK 2,745,386,000.00 to the Company's shareholders as a profit share (dividend)."*

*The remaining profit in the amount of CZK 20,478,608.17 will be transferred to retained earnings from the prior years. The retained earnings from prior years in the amount of CZK 273,817,245.82 remained undistributed. A gross profit share (dividend) of CZK 1,000.00 will thus apply to each ordinary share of the Company with a nominal value of CZK 1,000, in view of the total number of these shares, i.e. 2,745,386. The Decisive Date for Exercising Profit (Dividend) Rights is 21 April 2017, i.e. profit shares (dividends) will be paid to shareholders who held shares of the Company as at 21 April 2017.*

*Shareholders will be paid profit shares (dividends) through Česká spořitelna, a.s., a company whose registered office is in Prague 4, Olbrachtova 1929/62, postcode: 140 00, identification number: 452 44 782, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1171.*

*Česká spořitelna, a.s. will send a "Notification of the Payment of Proceeds from Securities" to each shareholder in the Czech Republic and abroad, to the shareholder's address specified in the extract from the Issue Register of the Company maintained by Central Securities Depository – Centrální depozitář cenných papírů, a.s. as at 21 April 2017 in the case of book-entered shares and to the shareholder's address specified in the list of the Company's shareholders as at 21 April 2017 in the case of certificated shares.*

*Profit shares (dividends) will be paid to the shareholders who are individuals during the payment period by bank money transfer to the shareholder's account specified in the list of the Company's shareholders. Profit share (dividend) will be paid to the shareholders who are individuals owning book-entered shares listed in the records of book-entered securities maintained pursuant to a special legal regulation by bank money transfer after the shareholder submits all the necessary documents, including a certificate of tax domicile and a declaration by the actual owner of the shares if a shareholder who is a tax resident of a country other than the Czech Republic requests the application of a special withholding tax rate. In the case of shareholders who are individuals with a permanent residence in the territory of the Czech Republic, the profit share (dividend) may also be paid at all branches of Česká spořitelna, a.s. in cash, subject to the presentation of a valid ID card. If a shareholder who is also a tax resident of a country other than the Czech Republic requests the application of a special withholding tax rate, this shareholder will be obliged to submit, along with presentation of their valid ID card, a certificate of their tax domicile and a declaration of the actual owner.*

*The payment period will be from 29 May 2017 to 31 March 2018. All information regarding the payment of a profit share (dividend) to shareholders will be provided at the branches of Česká spořitelna, a.s.*

*Shareholders who are legal entities will also be paid profit shares (dividends) through Česká spořitelna, a.s. in accordance with the rules defined above.*

*Profit shares (dividends) will be paid to the shareholders who are legal entities by bank money transfer to the bank account of the shareholder specified in the list of the Company's shareholders. Profit share (dividend) will be paid to the shareholders who are legal entities owning book-entered shares listed in the records of book-entered securities maintained pursuant to a special legal regulation by bank money transfer after the shareholder submits all the necessary documents, including a certificate of tax domicile and a declaration of the actual owner if a shareholder who is a tax resident of a country other than the Czech Republic requests the application of a special withholding tax rate.*



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*140 00 Prague 4”*

**5. Point 6 of the agenda of the General Meeting - Appointment of the Company's auditor:**

The Supervisory Body of the Company proposes, based on a recommendation of the Audit Committee, that the General Meeting adopts the following resolution regarding the appointment of the Company's auditor:

*"PricewaterhouseCoopers Audit, s.r.o., whose registered office is at Hvězdova 1734/2c, Nusle, Prague 4, postcode: 140 00, Czech Republic, identification number: 407 65 521, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 3637, is appointed auditor of the Company for the 2017 calendar year accounting period."*

In Kutná Hora, on 28 March 2017

Philip Morris ČR a.s.

Árpád Könye  
Chairman of the Board of Directors

Philip Morris ČR a.s.

Stanislava Juríková  
Member of the Board of Directors

