

**Indemnity – tax sparing**

**(Date)**

EMPERADOR INC.  
7<sup>th</sup> Floor 1880 Eastwood Avenue,  
Eastwood City CyberPark  
188 E. Rodriguez Jr. Avenue, Bagumbayan,  
Quezon City

Re: Indemnity Undertaking – Cash Dividends from EMPERADOR INC.

Gentlemen:

This refers to the cash dividends due from EMPERADOR INC. (the “Company”) to \_\_\_\_\_, with principal place of business at \_\_\_\_\_ (the “**Stockholder**”), in the amount of \_\_\_\_\_ (Php \_\_\_) pursuant to the declaration of the Board of Directors of the Company on \_\_\_\_\_ (the “**Dividends**”).

The Stockholder requests the Company to apply a withholding tax rate of fifteen percent (15%) on the Dividends pursuant to Section 28(B)(5)(b) of the National Internal Revenue Code (the “**Tax Sparing Provision**”), which reduces from 30% to 15% the withholding tax on Dividends received by a nonresident foreign corporation on the condition that the country of residence of the Stockholder will allow the latter a *credit* for taxes deemed to have been paid in the Philippines (but actually waived or spared) equivalent to 15%, representing the difference between the regular income tax rate of 30% and the 15% tax sparing rate.

In this connection, it hereby represents and warrants:

(a) That [the country of residence of Stockholder], in accordance with its laws now currently in force, fulfills the foregoing ‘deemed paid tax credit’ condition; and

(b) That it shall comply with Bureau of Internal Revenue (“BIR”) Revenue Memorandum Circular (RMC) No. 80-91 and other applicable rulings and issuances of the BIR requiring the submission by the Stockholder of documents showing the actual amount credited by the foreign government against the foreign income tax due from the Stockholder in respect of the Dividends. The required documents may only be provided by the Stockholder after the payment of the Dividends and the filing of its own income tax return in its country of residence. It is only upon presentation of those documents to the BIR that its entitlement to the tax sparing rate may be determined.

The Stockholder acknowledges that the Company, as withholding agent, is made primarily responsible for the remittance of the correct amount of withholding taxes due on the Dividends. Further, penalties are imposed upon the Company under Philippine law for failure to do so.

In view thereof, the Stockholder undertakes:

(a) To indemnify and hold the Company and its shareholders, directors, officers, employees, agents and assignees harmless from and against any and all claims, losses, expenses, taxes, penalties or fines incurred in relation to the filings or payments of, or failure to file or pay, any amounts to the Philippine tax authorities due to or on account of the Dividends;

(b) In the event of an assessment issued by the BIR for the Company's failure to file or pay the correct amount of tax to the Philippine tax authorities on the basis of the Stockholder's representations stated herein, the Stockholder will be solely liable for, and will promptly pay when due any taxes, fees, charges or other amounts and any tax deficiency and attendant interest and penalty charges and/or damages resulting from misrepresentation or breach or default of any representations stated herein, including any interest and penalties due thereon, due to any authorities in the Philippines with respect to the Dividends. The Stockholder expressly authorizes the Company to pay over to the Philippine tax authorities any amounts that the Company may hold belonging to the Stockholder to settle any deficiency tax liability and attendant interest and penalty charges of the Stockholder and damages of the Company resulting from misrepresentation or breach or default of any representations stated herein arising from the receipt of the Dividends. The Company is under no obligation to settle all or part of the obligation with its own funds, however, should it decide to settle the same, the Stockholder undertakes to promptly reimburse the Company for costs expended in relation to the said assessment/s within thirty (30) days from demand by the Company; and

(c) To submit to the Company proof of compliance with RMC 80-91 and other applicable rulings and issuances of the BIR, including copies of documents provided to the BIR in connection therewith.

The Stockholder accepts the continuity of this indemnity undertaking which shall survive a transfer of shares.

The Stockholder hereby further represents, warrants and certifies, that all consents, permits and approvals required for the execution of this indemnity undertaking have been secured and are in full force and effect, and that the person signing this undertaking has been duly authorized to do so by the Stockholder.

(Name and signature of Stockholder or authorized representative)

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(APOSTILLE/NOTARIAL ACKNOWLEDGMENT & CONSULARIZATION)