
MEMO
**Announcement of Industry Working Group (IWG) Agreement on
Digital Tax Verification (DTV)**



We are very pleased to announce that Philip Morris International, British American Tobacco, Imperial Tobacco and Japan Tobacco International have signed a global cooperation agreement on Digital Tax Verification (DTV).

Each company recognizes that governments around the world are looking at various technologies to protect and improve their excise tax revenue collection administration. Unfortunately, many technologies on offer, predominantly those based on paper stamps, are outdated, lack effectiveness in tackling illicit trade and have a major cost impact for the business and governments.

In an effort to address the shortcomings of paper stamps, the aforementioned four companies have agreed to share relevant technologies and knowhow that they acquired over the years and jointly fund further development of the digital tax verification technology. Already today, the IWG has available a secure, state-of-the-art and cost-effective DTV system, based on the Codentify technology. This system has been tested in real-life conditions and is now ready to be implemented by governments.

Separately, the IWG will also work on developing and promoting open data standards for product tracking & tracing.

The day-to-day coordination of the IWG is in the hands of the IWG Operational Team, in which each company has one representative:

BAT	Daniel Hubert,
ITL	Mark Hill
JTI	Brian Lee
PMI	Goekhan Aladag

The IWG has agreed on the following working principles:

1. IWG members commit to be open and cooperative at all levels regarding DTV.
2. The IWG will work on increasing government awareness of the advantages of DTV versus paper based solutions locally and internationally.
3. The IWG will conduct industry pilot programs in various markets to demonstrate the advantages of the DTV system.
4. Where tax stamps or markers are explored by a government, the IWG will propose the DTV solution as the preferable alternative.
5. Local end market teams will keep their respective IWG Operational Team members updated on any local developments related to tax stamps.
6. The IWG Operational Team will work closely with end market teams to coordinate and support all engagements with authorities regarding DTV.

It is extremely important that on this topic we fully cooperate both locally and globally by sharing information and developing jointly agreed strategies to ensure that we have a fair opportunity in promoting our IWG solution for Digital Tax Verification.

When discussing DTV with authorities, it is important to stress that while the solution is developed and supported by the major industry players, the operation and control of the system will be handled by an independent reputable organization assigned by the respective government.

It is also important to seek the involvement of other industry players that are not members of the IWG in local projects.

The IWG Operational Team is in the process of developing materials to support government engagement. These materials will be made available shortly. For further information on DTV or if any immediate support with engagement is required, please contact your respective IWG representatives.


If this has not yet already happened, we ask you to do the following:


- Meet your local counterparts in other IWG member companies to discuss the DTV issue in your market.
- Start monitoring local tax stamp / marker developments in your market and exchange relevant information both at the local level as well as with your representative on the IWG Operational Team.

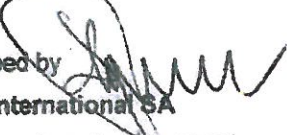
Before engaging with your government on this issue, you should consult with your relevant IWG Operational Team member. This will enable the IWG to deliver to you the required support and materials that will assist you in ensuring you are fully prepared for such a meeting.


Prior to your engagement with your counterparts in other IWG member companies, please seek advice of your local lawyers. They can provide a valuable guidance to you especially on competition law matters.

The IWG is confident that if we move forward in a coordinated and aligned way we will be able to successfully meet governments objectives in the most effective and efficient manner for all concerned.

Signed by )
British-American Tobacco)
(Holdings) Limited)
Name Pat Heneghan)
Title GLOBAL HEAD OF ANTI -)
Date ILICIT TRADE)
9/11/10)

Signed by )
Imperial Tobacco Limited)
Name Adrian Welsh)
Title DIRECTOR, COMMERCIAL)
Date 10-11-2010 INTEGRITY)

Signed by )
JT International SA)
Name Jean-Luc Perreard)
Title Jean-Luc Perreard)
Date Chief Compliance Officer)
Anti-Illicit trade Vice-President)

Signed by )
Phillip Morris International)
Management SA)
Name Huub Savelkoul)
Title VICE PRESIDENT FISCAL AFFAIRS)
& INTERNATIONAL TRADE)
Date 9/11/2010)