

## **MEDIA INFORMATION**



### **FOR IMMEDIATE RELEASE**

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### **JTI-MACDONALD CORP. REACHES AN AGREEMENT REGARDING ILLICIT TRADE OF CIGARETTES IN CANADA**

**Toronto, April 13<sup>th</sup>, 2010** – JTI-Macdonald Corp. (JTI-MC) confirms that an agreement has been reached with the Government of Canada and all provinces and territories regarding the illicit trade of cigarettes in the 1990s, prior to the acquisition by Japan Tobacco Inc. (JT) of the former RJR-Macdonald Inc. (RJR-MI) in 1999. This agreement is an important milestone for the company and its employees, securing a stable commercial and regulatory environment in which to do business for the future.

As previously disclosed, allegations against JTI-MC and some employees of the company resulted in charges being laid related to tobacco products manufactured, exported and smuggled back into Canada without payment of applicable excise and tobacco taxes and duties.

JTI-MC has agreed to plead to a regulatory offence under excise legislation that its predecessor aided persons to sell and be in possession of tobacco products manufactured in Canada and elsewhere that were not packaged and were not stamped in accordance with the Excise Act. As a result, a payment of C\$150 million has been made to governments by JTI-MC.

The company also entered into a separate agreement with governments resulting in all civil claims being resolved.

The agreement announced today is consistent with Japan Tobacco International's (JTI) world wide approach in addressing illicit trade. It builds upon and confirms initiatives implemented since 1999. Under the terms of the agreement, the company will maintain and expand its current internal compliance programs that address the manufacture, sale, distribution and storage of cigarettes; it will facilitate investigations of reported breaches and suspicious transactions; continue JTI's certification of suppliers while ensuring transparent payment procedures for all transactions.

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As a member of one of the leading worldwide tobacco companies, and as one of Canada's 50 Best Employers<sup>1</sup>, JTI-Macdonald welcomes the agreement's opportunity for a meaningful cooperation in order to address the illicit trade of cigarettes, a current problem that neither government, nor business, can solve on its own.

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#### Note to Editors

More information pertaining to the agreement is available on the following sites:

[www.cra-arc.gc.ca](http://www.cra-arc.gc.ca) and [www.revenu.gouv.qc.ca](http://www.revenu.gouv.qc.ca)

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<sup>1</sup> 'Report on Business' - The Globe & Mail.

**JTI-Macdonald Corp.**

A member of the JTI Group of Companies

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