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Mr. Giovanni Kessler  
European Anti-Fraud Office (OLAF)

Office J-30 14/023  
Rue Joseph  
1049 Brussels

Dear Mr. Kessler,

Thank you very much for your letter of July 25<sup>th</sup> 2014.

We confirm, subject to written contract, our agreement that BAT cigarettes seized after 1<sup>st</sup> January 2013 bearing the same production batch code [originating from the same production run] shall not be deemed to have been sold at retail for purposes of the Agreement if found in amounts in any particular seizure equal to 7,500 cigarettes. For seizure made before this date, the terms set out in the letter from OLAF dated 25<sup>th</sup> July 2014 will apply.

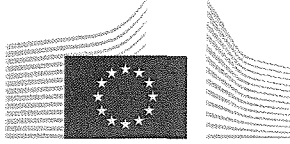
I am very pleased that all conditions are met and we are now in the position to conclude this matter as soon as possible.

A dedicated BAT team is already in touch with their colleagues in OLAF and we hoping the matter will be resolved by the year end.

I would like to use this opportunity to thank you for your commitment and constructive support in resolving this matter.

Yours sincerely,

Benoit Belhomme



**EUROPEAN COMMISSION**  
**EUROPEAN ANTI-FRAUD OFFICE (OLAF)**

**MR BENOIT BELHOMME**

British American Tobacco  
 Globe House  
 4 Temple Place  
 London WC2R 2PG  
 United Kingdom

Brussels

Dear Mr Belhomme

I refer to the Cooperation Agreement between British-American Tobacco (Holdings) Limited, the European Union (as represented by the European Commission) and the signatory Member States of the European Union dated the 15<sup>th</sup> July 2010 (the "Cooperation Agreement"). Defined terms herein shall have the same meanings set out in the Cooperation Agreement.

This seeks to confirm that pursuant to Section 3.8 of the Cooperation Agreement, the Parties have now agreed to the following interim methodology for determining whether seized Cigarettes are to be deemed to be sold at retail for the purposes of Section 3.7(j). This methodology will apply for the period 15 September 2010 to 31 December 2012. For this period, cigarettes bearing the same production batch code (originating from the same production run) shall not be deemed to have been sold at retail for purposes of the Agreement if found in amounts in any particular seizure equal or greater to the volumes set out in the following schedule:

Period	Number of BAT Cigarettes
Year 1: 15 September 2010 to 14 September 2011	90 000
Year 2: 15 September 2011 to 14 September 2012	45 000
Year 3: 15 September 2012 to 31 December 2012	22 500

From 1 January 2013 until the end of the Agreement, cigarettes bearing the same production batch code (originating from the same production run) shall not be deemed to have been sold at retail for purposes of the Agreement if found in amounts in any particular seizure equal or greater than 7 500 BAT Cigarettes.

I send this letter as the Designated Representative of the EU and the Participating Member States pursuant to the Cooperation Agreement. If you are in agreement, please indicate your acceptance by signing below and returning one signed copy to me.



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Giovanni Kessler  
Director-General European  
Anti-Fraud Office  
European Commission



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Benoit Belhomme