

Mr. Stuart Facey
Marketing Manager
B.A.T. (U.K. and Export) Ltd.
Export House
Woking, Surrey GU21 1YB
ENGLAND

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Dear Mr. Facey:

Subject: State Express 555 - Canadian Distribution

Mr. Dick Brentnall has requested that we forward to your attention the latest information on the Tobacco Products Control Act (TPCA) in Canada. This information has been requested to enable you to prepare for the introduction of the BATUKE International version of State Express 555 in Canada.

As a starting point and to ensure that your records are up to date, I have enclosed a copy of the Act (TPCA) and the supporting regulations as they currently stand in Canada.

You will note that the TPCA and the regulations spell out the "do's and don'ts" for Advertising, Promotion, Labelling, Reporting and Enforcement. Also, a "schedule" is attached to the regulations which describes the testing protocol for the determination of Tar, Nicotine and Carbon Monoxide in the smoke.

As ITL will be acting as the Canadian agent (importer) for State Express 555, no exemptions will apply. Consequently, ITL will be required to comply with Section 10 (1) of the Act and Section 19 (1) and (2) of the regulations and submit the specified reports on the constituents (Tar, Nicotine and Carbon Monoxide) plus any additives added at the manufacturing level.

To assist you in interpreting the cigarette package labelling rules, Section 9 (1) of the Act and Sections 10, 11 and 15 of the regulations, I have enclosed some examples of Canadian FTB packages and U.S. style cardboard 200's cartons. The samples include the State Express 555 packages and cartons that were sold in limited quantities in Canada to protect the trade mark under the previous trade mark licensing agreement which was held by ITL.

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