

16 January 2002

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TELEPHONE +61 2 9921 8888 FACSIMILE +61 2 9921 8123

Mr Tim Grimwade  
General Manager  
Adjudication Branch  
Australian Competition and Consumer Commission  
PO Box 1199  
DIXON ACT 2602

RECEIVED  
D02/9104

Dear Mr Grimwade

### Third Line Forcing Notification - Imperial Tobacco Group PLC

I enclose a third line forcing notification lodged by Imperial Tobacco Group PLC (UK), under section 93(1) of the *Trade Practices Act 1974*, and a cheque for \$100 for lodgement. Your office informs me that as the notifier is a private company in the United Kingdom, a lodgement fee of \$100 applies.

Imperial Tobacco Group PLC is proposing to offer its employees in Australia two share matching schemes which require the employees to open an individual brokerage account with Salomon Smith Barney and engage Salomon Smith Barney to process their share transactions within the CREST automated share settlement system for uncertified securities.

Please note that the notification has attached to it a confidential annexure. I would be grateful if the confidentiality of the annexure could be maintained.

If you require any further information, please contact Meegan Webb on (02) 9921 4135.

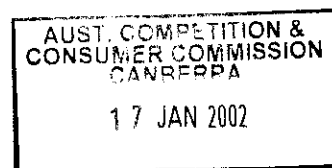
Yours faithfully

**MINTER ELLISON**



**Charles Alexander**  
Partner

Contact: Dr Ross Patterson (02) 9921 4482 ross.patterson@minterellison.com  
Our reference: SRHP



**MINTER ELLISON GROUP AND ASSOCIATED OFFICES**

SYDNEY MELBOURNE BRISBANE CANBERRA ADELAIDE PERTH GOLD COAST  
AUCKLAND WELLINGTON CHRISTCHURCH HONG KONG SHANGHAI JAKARTA  
BANGKOK NEW YORK LONDON

## FORM G

COMMONWEALTH OF AUSTRALIA  
Trade Practices Act 1974 - Sub-section 93(1)

### EXCLUSIVE DEALING NOTIFICATION

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the *Trade Practices Act* 1974, of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47(2), (3), (4), (5), (6) or (7), or paragraph 47(8)(a), (b) or (c) or (9)(a), (b), (c) or (d) of that Act in which the person giving notice engaged or proposes to engage.

1. (a) **Name of person giving notice:**

Imperial Tobacco Group PLC, PO Box 244, Upton Road, Bristol BS99 7UJ,  
United Kingdom.

(b) **Short description of business carried on by that person:**

Imperial Tobacco Group PLC, and its wholly owned subsidiary Imperial Tobacco Australia Limited, conduct the business of manufacturing and supplying tobacco and tobacco related products to businesses and consumers.

(c) **Address in Australia for service of documents on that person:**

Peter Richards

Imperial Tobacco Australia Limited, Level 4, Hassall Street, Parramatta, NSW  
2150.

2. (a) **Description of the goods or services in relation to the supply or acquisition of which this notice relates:**

The services to which this notice relate are the financial accounting procedures used by stock brokers when processing share transactions.

(b) **Description of the conduct or proposed conduct:**

The offer documents make it a requirement that Imperial Tobacco Group PLC's employees in Australia (employed by Imperial Tobacco Australia Limited), who wish to participate in two share matching schemes, open an individual brokerage account with Salomon Smith Barney and engage Salomon Smith Barney to process their share transactions within the CREST automated share settlement system for uncertificated securities.

3. (a) **Class or classes of persons to which the conduct relates:**

The conduct relates to actual and potential employees of Imperial Tobacco Group Plc. in Australia (including Imperial Tobacco Australia Limited employees) who choose to take up the share matching scheme offers.

(b) **Number of those persons:**

(i) **At present time:**

See confidential annexure.

(ii) **Estimated within the next year:**

See confidential annexure.

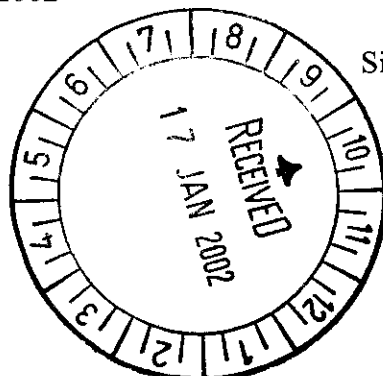
(c) **Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:**

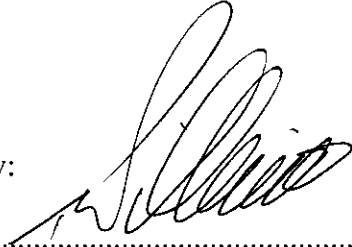
[Not applicable].

4. **Name and address of person authorised by the person giving this notice to provide additional information in relation to this notice is:**

Trevor Williams  
Assistant Company Secretary  
Imperial Tobacco Group PLC  
PO Box 244  
Southville  
Bristol BS99 7UJ  
United Kingdom

Dated: 10 January 2002



Signed by:   
.....  
Trevor Williams  
Assistant Company Secretary

**Confidential Annexure (2 pages)**

**Confidentiality granted**

**2. Further information referred to in paragraph 3(b)**

There are 16 Imperial Tobacco employees in Australia who are eligible to participate in the Bonus Offer and 247 Imperial Tobacco employees in Australia who are eligible to participate in the Centenary Offer. The Bonus Offer and the Centenary Offer will be made to 5,125 of Imperial Tobacco's employees worldwide.

**SUBMISSION BY  
IMPERIAL TOBACCO GROUP PLC. IN SUPPORT OF NOTIFICATION  
UNDER SECTION 93(1) OF THE TRADE PRACTICES ACT 1974**

**1. Background**

- 1.1 Imperial Tobacco Group PLC is a global tobacco products manufacturer based in the United Kingdom. Imperial Tobacco Australia Limited is a wholly owned subsidiary of the group.
- 1.2 Imperial Tobacco Group PLC proposes to make two offers to its employees under its worldwide share matching scheme: the Bonus Offer and the Centenary Offer. In order to participate in the Offers the offer documents make it a requirement that employees open an individual brokerage account with Salomon Smith Barney and authorise Salomon Smith Barney to trade shares on their behalf within the CREST system.
- 1.3 Imperial Tobacco Group PLC retained Salomon Smith Barney to assist the company and the trustees - the Imperial Tobacco Group PLC 2001 Employee Benefit Trust - with the management and administration of the share matching scheme.
- 1.4 The Bonus Offer was made to employees on 28 November 2001 and will close on 29 January 2002. The Centenary Offer is scheduled to be made at the end of January 2002.
- 1.5 Employees who participate in the offers must retain the shares held in CREST and remain employed by the company for three years (in the case of the Bonus Offer) or for five years (in the case of the Centenary Offer) in order to receive the same number of additional shares free of charge.

**2. Market**

The relevant market which the proposed offer is likely to affect is the market in Australia for stock broking services.

**3. Public Benefit**

- 3.1 Although the conduct described in Form G may be exclusive dealing conduct within section 47(6) of the Trade Practices Act, Imperial Tobacco Group PLC is of the view that the conduct will not lessen competition in the market described above.
- 3.2 Any transfer costs associated with the transfer of additional shares to employees will be borne by the Imperial Tobacco Group PLC 2001 Employee Benefit Trust.
- 3.3 The offer relates to company share plans only and does not prevent Imperial Tobacco employees from using the broker of their choice for other types of share transactions.
- 3.4 Imperial Tobacco employees will have the benefit of using the services of Salomon Smith Barney. Salomon Smith Barney is a leading global sharebroker, which is able to keep the company and employees well-informed about the value and security of their shares. Its services include flexible trading hours, fast and secure transaction and settlement times and Internet access.
- 3.5 Imperial Tobacco employees will retain their own name on the register of members of Imperial Tobacco Group PLC and will remain the legal and beneficial holder of their uncertificated shares. As a registered holder of uncertificated shares they will continue to receive the same information (for example, annual reports, corporate event information) from Imperial Tobacco Group PLC as they would have received if they

held shares in certificated form. Employees will also retain the ability to attend and vote at Annual and Extraordinary General Meetings of the company.

- 3.6 Imperial Tobacco Australia Limited will provide demonstrations and support to staff in its offices in Australia before the arrangement comes into effect.
- 3.7 For the reasons stated above, Imperial Tobacco Group PLC submits that the public benefit flowing from the proposed conduct outweighs any anti-competitive detriment resulting from the conduct.

## FORM G

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Trade Practices Act 1974 - Sub-section 93(1)

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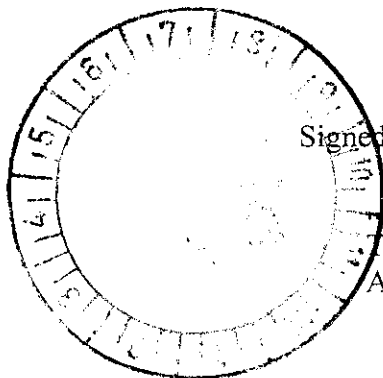
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[Not applicable].

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Trevor Williams  
Assistant Company Secretary  
Imperial Tobacco Group PLC  
PO Box 244  
Southville  
Bristol BS99 7UJ  
United Kingdom

Dated: 10 January 2002



Signed by:

Handwritten signature of Trevor Williams.

Trevor Williams  
Assistant Company Secretary

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