APPENDIX B

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of (a) the Non-Prosecution Agreement between the Fraud Section, Criminal Division of the United States Department of Justice ("the Fraud Section"), the United States Attorney's Office for the Eastern District of Virginia ("USAO") (collectively referred to as "the Department"), and Universal Corporation ("Universal"), and (b) the Plea Agreement between the Department and Universal Leaf Tabacos Ltda. ("Universal Brazil"). The Department, Universal, and Universal Brazil agree that the following facts are true and correct:

I. Relevant Entities and Individuals

1. Universal Corporation ("Universal") was a Virginia corporation headquartered in Richmond, Virginia. Universal, through its subsidiaries, was a worldwide purchaser and supplier of processed leaf tobacco. Universal issued and maintained a class of publicly-traded securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, Title 15, United States Code, Section 78l, and publicly traded on the New York Stock Exchange. Universal was required to file periodic reports with the United States Securities and Exchange Commission ("SEC") under Section 13 of the Securities Exchange Act, Title 15, United States Code, Section 78m. Accordingly, Universal was an "issuer" within the meaning of the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Section 78dd-1(a). By virtue of its status as an issuer within the meaning of the FCPA, Universal was required to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflected the transactions and disposition of assets of Universal and its subsidiaries, including those of Universal Brazil.

2. Universal Leaf Tabacos Ltda. ("Universal Brazil"), a wholly owned subsidiary of Universal, was a Brazilian corporation, headquartered in Santa Cruz do Sul, Brazil. Universal Brazil was a "person" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3. As more fully described herein, individuals and entities affiliated with and acting on behalf of Universal Brazil while in the territory of the United States, used and caused the use of the mails and means and instrumentalities of interstate commerce and performed other acts in furtherance of an offer, promise, authorization, or payment of money or anything of value to foreign government officials for the purpose of assisting in obtaining or retaining business for, or directing business to, any person all within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3.

3. Universal Leaf Tobacco Company, Incorporated ("Universal Leaf Tobacco"), a wholly owned subsidiary of Universal, was a Virginia corporation, headquartered in Richmond, Virginia. Universal Leaf Tobacco was a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2.

4. LATCO, Inc. ("LATCO") was a Virginia corporation and a wholly owned subsidiary of Universal. LATCO was an entity used by Universal Brazil to make commission payments to its sales agents, in addition to other purposes. LATCO's accounts were consolidated annually into Universal's year-end results. LATCO was a "domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2.

5. The Thailand Tobacco Monopoly ("TTM") was a Thai government-owned tobacco monopoly located in Bangkok, Thailand. The Government of Thailand established the TTM, an agency and instrumentality of the government, to manage and control the government-owned tobacco industry in Thailand. The TTM supervised the cultivation of domestic tobacco

crops, the purchase of tobacco imports and the manufacture of cigarettes and other tobacco products in Thailand. Employees and representatives of the TTM were "foreign officials" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3(f)(2)(A).

6. Employee A, a U.S. citizen, was the President of Universal Brazil.

7. Employee B, a Brazilian citizen, was the Commercial Director for Universal Brazil.

8. Employee C, a Brazilian citizen, was a Sales Manager for Universal Brazil. Employee C was the account manager for the TTM account from 2000 to 2003.

9. Employee D, a Zimbabwean citizen, was a Sales Director for Universal Brazil. Employee D supported Employee C on the TTM account from 2000 to 2002.

10. Employee E, a Brazilian citizen, was the Finance Director for Universal Brazil.

11. Employee F, a Brazilian citizen, was the Export Superintendent for Universal Brazil.

12. Employee G, a Brazilian citizen, was a Sales Manager for Universal Brazil. Employee G took over the TTM account from Employee C and was the TTM account manager from 2003 to 2004.

13. Employee H, a Zimbabwean citizen, was the Sales Director for Universal Leaf Asia. Employee H played a supporting role to Universal Brazil for accounts in Asia, including the TTM account. Employee H was an acquaintance of Agent X, and Agent X included Employee H in communications regarding kickback payments to TTM representatives.

14. Employee I, a Brazilian citizen, was an account manager in Brazil.

15. Employee J, a U.S. citizen, was a Vice President of Universal Leaf Tobacco. Between June 2000 and August 2001, Employee J approved wiring instructions for payments to Agent X requested by Universal Brazil to be paid by LATCO.

16. Employee K, a U.S. citizen, was the Controller of Universal. In September 2002, Employee K approved wiring instructions for a payment to Agent X requested by Universal Brazil to be paid by LATCO.

17. Employee L, a U.S. citizen, was the Director of Financial Accounting for Universal Leaf Tobacco. Between September 2003 and December 2004, Employee L approved wiring instructions for payments from LATCO to Agent X requested by Universal Brazil.

18. Agent X was a Thai national who was hired by Universal Brazil in early 2000 as its sales agent to facilitate the company's sale of processed leaf tobacco to the TTM.

19. Corporation Y was a competitor of Universal Brazil and Corporation Z. Corporation Y entered into an agreement with Universal Brazil and Corporation Z to jointly pay kickbacks to representatives of the TTM in exchange for securing orders for the sale of processed leaf tobacco to the TTM for itself, Universal Brazil, and Corporation Z.

20. Corporation Z was a competitor of Universal Brazil and Corporation Y. Corporation Z entered into an agreement with Universal Brazil and Corporation Y to jointly pay kickbacks to representatives of the TTM in exchange for securing orders for the sale of processed leaf tobacco to the TTM for itself, Universal Brazil, and Corporation Y.

II. The Kickback Scheme

21. From in or around March 2000, to in or around July 2004, the TTM awarded Universal Brazil five (5) orders for the sale of Brazilian leaf tobacco. To obtain these orders,

between June 2000 and December 2004, Universal Brazil paid approximately $697,800 in kickbacks to representatives of the TTM through Agent X.

22. The scheme was initiated in or about March 2000, at or about the time representatives of the TTM traveled to Brazil to visit potential suppliers of tobacco, including Universal Brazil, Corporation Y, and Corporation Z. Agent X accompanied the TTM representatives during their visit to facilitate the sales discussions.

23. On March 11, 2000, Employee A hosted a dinner for the TTM delegation at his home in Brazil, which was attended by Agent X, Employee B, Employee C, and Employee D.

24. After the dinner, Agent X informed, at least, Employee C and D that for Universal Brazil to secure a sales order with the TTM, Universal Brazil would have to pay "special expenses" to TTM representatives. The term "special expenses" was understood by the employees and Agent X to refer to kickbacks to certain TTM representatives. The employees and Agent X also understood that the kickbacks would be paid to ensure that only those tobacco suppliers that paid the kickbacks would be awarded sales orders.

25. On March 29, 2000, Employee C informed Agent X that Universal Brazil would pay the kickbacks to the TTM representatives to secure the orders and the company's market share of the sales to the TTM.

26. On March 29, 2000, the TTM awarded Universal Brazil and Corporations Y and Z orders for the sale of Brazilian leaf tobacco.

27. Beginning in or about July 2000 and continuing until in or about 2004, in order to generate the funds to pay the kickbacks to the TTM representatives, Universal Brazil, Corporation Y, and Corporation Z, through communications among their employees and respective sales agents, agreed that a specified amount would be added to their individual sales

prices for processed leaf tobacco. Universal Brazil entered into this agreement with Corporations Y and Z with an understanding that all three companies would use the excess funds from the sales they secured from the TTM to remit payments to their respective agents who would then pay the kickbacks to the TTM representatives.

28. Each year between 2000 and 2004, after the TTM purchased tobacco from Universal Brazil, Universal Brazil sent Agent X multiple commission payments, including: (a) a standard commission payment relating to the assistance Agent X provided in finalizing the order; and (b) an additional payment to be used to pay the kickbacks to the TTM representatives. Agent X directed Universal Brazil to transfer the kickback payments to separate bank accounts and under different names than the bank accounts to which the standard commission payments were transferred. As a result, the kickback payments were paid to accounts in Thailand and Hong Kong that were not associated with Agent X's name, and the standard commission payments were paid to accounts in Thailand and Germany to accounts that included (or were associated with) Agent X's name.

29. Internally, at Universal Brazil, to process the payments, each year the account manager would prepare a cost sheet which outlined the sales expenses for each order. The cost sheet contained separate line items for "commission" payments and "special expenses."

30. Knowing that "special expenses" were included in the costs for the sales to the TTM, Employees A and B approved the sales.

31. After the sales to the TTM were finalized and money was received from the customer, the TTM account manager would submit a form to Employee E, the Financial Director, to make the standard commission payments and the kickback payments to Agent X. Employee E reviewed the payment requests and authorized them.

32. After Employee E authorized the payments, Employee F sent instructions to individuals in Richmond, Virginia, who processed and recorded payments for LATCO to pay Agent X. In 2000 and sometimes thereafter, the kickback payments were described in the instructions as sales commissions. During 2001 and 2003through 2004, the kickback payments were characterized in the instructions as "special expenses."

33. Employee E, Employee J, Employee K, and Employee L, recorded the kickback payments as "commission" payments to Agent X.

A. Tobacco Sales to the TTM from 2000 - 2004

34. Each year, Universal Brazil account managers and Agent X worked together to negotiate the sales orders with the TTM representatives. Once the orders were negotiated, senior executives from Universal Brazil approved and executed the orders and employees from Universal and Universal Leaf Tobacco assisted in the transfer of the kickback payments to Agent X.

1. The 2000 Sales Contract

35. As described above, in or about March 2000, Agent X informed, at least, Employees C and D that to secure an order with the TTM, kickbacks payments would have to be paid.

36. On March 23, 2000, Employee C sent a facsimile to Agent X confirming that Universal Brazil would pay the kickbacks and providing a chart breaking down the price of the sales offer to the TTM. The price included kickbacks or "special charges." The facsimile stated that Universal Brazil and Corporation Y would offer at the same sale price as suggested by Agent X and include extra money to be used to pay kickbacks to the TTM representatives.

37. On or after March 23, 2000, Employees A and B were made aware that "special expenses" were included in the costs for the sales to the TTM and approved the sales.

38. On March 29, 2000, the TTM awarded Universal Brazil a sales order valued at approximately $1,617,904. The price included the kickback payments to be paid to the TTM representatives.

39. On May 4, 2000, Universal Brazil delivered the agreed upon shipment of tobacco leaf to the TTM in Bangkok, Thailand.

40. Between on or about June 12 and July 6, 2000, Employee C and Employee E signed internal documents authorizing the payment of multiple commission payments, including the "special expense" payments, to Agent X.

41. On June 12, 2000, Employee B and Employee E sent a facsimile from Brazil to Employee J, located in Richmond, Virginia, directing Employee J to wire transfer Agent X $50,000, described as a commission payment, from LATCO into a Bangkok bank account that was not in Agent X's name or associated with Agent X's business. The $50,000 was to be used to pay part of the kickback payment to the TTM representatives in exchange for the award of the sales contract.

42. On July 6, 2000, Employee F sent a facsimile from Brazil to Employee J, located in Richmond, Virginia, directing Employee J to wire transfer another $50,000, described as a sales commission, from LATCO to the same Bangkok bank account as the prior $50,000 payment. The $50,000 was to be used to pay the remainder of the kickback payment to the TTM representatives in exchange for the award of the sales contract.

43. On July 7, 2000, Universal Brazil paid Agent X approximately $70,752 from Universal Brazil's Brazilian bank account into a bank account, in Agent X's name, in Germany.

The payment was Agent X's standard commission payment which represented 5 percent of the total value of the sale to the TTM.

44. On June 15, 2000 and July 10, 2000, Employee J directed the payments requested on June 12 and July 6, 2000, to be transferred to the Bangkok bank account.

2. The 2001 Sales Contract

45. Between in or about January 2001 and April 2001, Employee C negotiated an order with the TTM with Agent X's assistance.

46. On April 2, 2001, Employee C sent a facsimile from Universal Brazil's office to the TTM Managing Director in Thailand providing a bid for the sale of processed leaf tobacco for the 2001 crop. The bid contained an amount intended to be used to pay kickbacks to TTM's Managing Director and other TTM representatives.

47. Between April 2, 2001, and July 23, 2001, the TTM awarded a sales contract to Universal Brazil valued at approximately $4,560,054. The sales prices included the kickback payments to be paid to the TTM representatives.

48. On June 28, 2001, Agent X emailed Employee C and Employee H asking that the 50 percent "prepayment" of special expenses be remitted to an account in Hong Kong. Agent X instructed that Universal Brazil should not mention Agent X's name in the remittance instruction.

49. On July 5, 2001, Employee F sent a facsimile to Employee J, located in Richmond, Virginia, directing Employee J to pay Agent X $110,000 described as a commission payment from LATCO to a Hong Kong bank account that was not in Agent X's name or associated with Agent X's business.

50. On August 20, 2001, Employee I, an account manager in Brazil assisting with the TTM account, sent a facsimile to Employee J, located in Richmond, Virginia, directing Employee J to pay Agent X $110,000 from LATCO to the same Hong Kong bank account as the prior $110,000 payment. The text of the facsimile noted that the $110,000 was for the "50% (Balance) of 'special expenses'" to be paid.

51. On July 10, 2001 and August 23, 2001, Employee J directed the payments requested on July 5 and August 20, 2001, to be transferred to the Hong Kong bank account.

3. The 2002 Sales Contract

52. On April 24, 2002, Agent X and the agents for Corporations Y and Z met with the Managing Director of the TTM to negotiate prices for the 2002 tobacco crop. After the meeting, Agent X sent Employee C and Employee H an email stating that the agents and the Managing Director had agreed that the special expenses would be 45 cents per kilogram of the processed leaf tobacco purchased by the TTM.

53. Between March 2002 and May 2002, the TTM awarded a sales contract to Universal Brazil valued at approximately $1,075,200.

54. On September 4, 2002, Agent X sent an email to Employee G and Employee H asking to be paid the kickback payments. In the email, Agent X wrote, "please be advised not to state 'special expenses for TTM' in the bank application form for remittance otherwise the Hong Kong account will have a problem."

55. On September 17, 2002, Employee F, located in Brazil, sent an email to Employee K, located in Richmond, Virginia, requesting that Agent X be paid $86,400 from LATCO to a Hong Kong bank account that was not in Agent X's name or associated with Agent

X's business. In the email, Employee F instructed that "no reference should be made" regarding Agent X when the money was transferred.

56. On September 20, 2002, Employee K directed the payment requested on September 17, 2002, be transferred to the Hong Kong bank account.

4. The 2003 Sales Contract

57. In early 2003, Employee G replaced Employee C as the account manager for the TTM account. Between in or about January 2003 and April 2003, Employee G, with the assistance of Agent X, negotiated Universal Brazil's tobacco sale to the TTM for the 2003 crop.

58. In or around April 2003, the TTM awarded a sales order to Universal Brazil valued at approximately $1,130,880. The order price included the kickback payments to be paid to the TTM representatives.

59. On or about September 1, 2003, Employee F sent an email to Employee L, located in Richmond, Virginia, requesting that Agent X be paid $96,000 from LATCO to a Hong Kong bank account that was not in Agent X's name or associated with Agent X's business. In the email, Employee F explained that the "payment refers to 'Special Expenses' covering our sale to Thailand."

60. On September 5, 2003, Employee L directed the payment requested on September 1, 2003, be transferred to the Hong Kong bank account.

5. 2004 Contract

61. In or about July 2004, Employee G, with the assistance of Agent X, negotiated Universal Brazil's tobacco sale to the TTM for the 2004 crop.

62. On July 13, 2004, during the negotiations, Employee G sent Agent X an email regarding the prices that should be proposed to the TTM during the bid process. In the email,

Employee G expressed concern that the TTM may consider bids from vendors other than Universal Brazil and Corporations Y and Z. Employee G wrote that he wanted the same "special expenses" to be maintained.

63. On November 25, 2004, Agent X sent an email to Employee G advising that the "special expenses" had increased from the prior year and would be paid as part of the sale.

64. In or around November 2004, the TTM awarded a sales order to Universal Brazil valued at approximately $1,472,256. The price included the kickback payments to be paid to the TTM representatives.

65. On December 7, 2004, Employee F, located in Brazil, sent an email to Employee L, located in Richmond, Virginia, requesting that Agent X be paid $195,040 from LATCO to a Hong Kong bank account that was not in Agent X's name or associated with Agent X's business. In the email, Employee F explained that the "payment refers to 'Special Expenses' covering our 2004 sale to Thailand Tobacco Monopoly." In the same email, Employee F also requested Employee L transfer more than $61,000 for Agent X to a German bank account as payment for Agent X's "5% commission."

66. On December 10, 2004, Employee L directed the payment requested on December 7, 2004, be transferred to the Hong Kong bank account.

B. Total Kickback Payments

67. Between in or around June 2000 and December 2004, Universal Brazil paid approximately $697,800 in kickbacks to its agent with the intent that the money would be passed on to TTM representatives to influence the representatives to award orders to Universal Brazil for the sale of processed leaf tobacco.

68. The scheme ended in or about April 2005 when the TTM switched to an "electronic auction" process to award orders. The electronic auction process increased the transparency of all of the bids received by the TTM, allowed for more open competition, and prevented Universal Brazil and Corporation Z from including additional amounts in the price of their tobacco sales, thereby eliminating the ability of the companies to mask kickback payments used to secure sales orders.

III. Universal's Books and Records

69. From in or around 2000 through in or around 2004, Employee E and others falsely characterized Universal Brazil's kickback payments to TTM representatives in Universal Brazil's books, records and accounts as "commission payments" to Agent X.

70. At the end of Universal's fiscal years 2000 through 2004, the books, records and accounts of Universal's wholly owned subsidiaries, including those of Universal Brazil containing the false characterizations of the kickback payments to TTM representatives, were incorporated into the books, records and accounts of Universal for purposes of preparing Universal's year-end financial statements.

IV. Universal's Internal Controls

71. Universal Brazil's employees, including Employees E and F, directed that kickback payments be paid through LATCO, a wholly owned Universal subsidiary. The financial records of LATCO were maintained with insufficient oversight or review by Universal's legal, finance, or compliance departments and were never audited by Universal during the period from 2000 to 2004.

72. Universal Brazil's Finance Department and executives and employees from either Universal or Universal Leaf Tobacco, including Employee J, Employee K, and Employee L,

approved or directed the transfer of the multiple "commission" payments to Agent X even though: (a) some of the payments were described as "special expense" payments; (b) there was no contractual basis for the payment of the additional commission amounts; (c) the payments were to accounts unassociated with the Agent; (d) the instructions that were provided when wiring the money indicated that Universal should not identify the agent or that the amounts were for "special expenses;" and (e) the payments were above the standard five (5) percent commission typically paid by Universal Brazil to its agents.

73. Universal Brazil did not conduct sufficient due diligence prior to engaging Agent X.