

***[INDICATES PAGINATION IN ORIGINAL DOCUMENT]**

AMENDMENT # 4 TO MASTER SETTLEMENT AGREEMENT

Notwithstanding sections II(jj) and II(uu) of the Master Settlement Agreement (“MSA”), ITL (USA) Limited (“ITL (USA)”) shall be considered to be a Tobacco Product Manufacturer and a Participating Manufacturer, and Imperial Tobacco Limited and Imasco Limited (collectively “Imperial”) shall for purposes of the MSA not be considered to be a Tobacco Product Manufacturer at any time after the MSA Execution Date (and Imperial shall, for purposes of the Model Statute set forth in Exhibit T to the MSA only, be considered to be a Participating Manufacturer), provided that:

(1) ITL (USA) signs the MSA within 90 days after the MSA Execution Date and is bound by the MSA in all Settling States in which such Agreement binds Original Participating Manufacturers;

(2) Any Cigarettes manufactured by Imperial, or under trademarks owned by or licensed to Imperial, that Imperial intends to be sold in the States (collectively, “Imperial Cigarettes”) are sold in the States only through one or more importer (collectively, “Imperial Importers”) each of whom: (A) is a Participating Manufacturer; (B) will be responsible for the payments under the MSA with respect to the Imperial Cigarettes that it imports, is obligated to pay the taxes specified in subsection II(z) of the MSA on the Imperial Cigarettes that it imports, and is obligated to report the Imperial Cigarettes that it imports (if shipped in or to the fifty United States, the District of Columbia and Puerto Rico) as its shipments in the manner prescribed in subsection II(jj) of the MSA; (c) is obligated, after the date of this Amendment, not to import, sell or [end of page 1]*

[begin page 2]* distribute Cigarettes manufactured (or purchased for resale in the States) by a Non-Participating Manufacturer; and (D) is either an Original Participating Manufacturer or a present or future Affiliate of Imperial (provided that, in calculating payment obligations under section of IX(I) of the MSA attributable to Imperial Cigarettes imported by a future Affiliate of Imperial that is itself a Subsequent Participating Manufacturer as of February 22, 1999 (other than preexisting brands of the future Affiliate itself), the 1997 and 1998 Market Shares (and 125 percent thereof) of such Affiliate shall be deemed to equal zero);

(3) Imperial fulfills the responsibilities and obligations set forth in paragraph 2(B) to the extent that an Imperial Importer fails to do so and Imperial undertakes good-faith efforts to enforce the obligation set forth in paragraph 2(C);

(4) Neither Imperial nor any other manufacturer of Imperial Cigarettes advertises or markets Imperial Cigarettes in the States;

(5) (A) The Supplemental Import and Distribution Agreement dated February 10, 1999 among ITL (USA), Imasco Limited and Imperial Tobacco Limited attached hereto as Exhibit A remains in full force and effect and the parties are in full compliance therewith (unless ITL (USA) ceases to import and does not import Imperial Cigarettes); and (B) Imperial enters into similar agreements with every Imperial Importer (except for ITL (USA) or an Imperial Importer that is an Original Participating Manufacturer) each of which agreements contains all of the substantive terms set forth in the Supplemental Import and Distribution Agreement attached hereto as Exhibit A, and the parties thereto are in full compliance with such terms (unless the Imperial Importer in question ceases to

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import and does not import Imperial Cigarettes); provided, however, that it shall also be deemed to be full compliance with this paragraph (5) if Imperial (A) ceases to manufacture and does not manufacture Cigarettes that Imperial intends to be sold in the States; and (B) ceases to intend and does not intend that Cigarettes manufactured under trademarks owned by or licensed to Imperial be sold in the States;

(6) For purposes of sections IX(i) and IX(d)(1)(B) of the Master Settlement Agreement, ITL (USA)'s 1997 and 1998 Market Share: (A) shall not include cigarettes manufactured (or purchased for resale in the States) by any Non-Participating Manufacturer; and (B) shall include the Market Share for 1997 or 1998, whichever is in question, of Imperial, if any, with respect to brands of Imperial Cigarettes as to which ITL (USA) has exclusive import and distribution rights in the States with respect to the entire calendar year immediately preceding the year in which the calculation in question is being made (but only if and so long as the conditions specified in paragraphs (1)-(5) above are and continue to be met).

All capitalized terms not otherwise defined shall have the meaning given such terms in the Master Settlement Agreement, except that "Affiliate" shall mean: "a person who directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with, another person. Solely for purposes of this definition, the terms 'owns,' 'is owned' and 'ownership' mean ownership of an equity interest, or the equivalent thereof, of 50 percent or more, and the term 'person' means an individual, partnership, committee, association,

corporation or any other organization of group of persons.” [end page 3]*

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Dated: February 10, 1999
New York, N.Y.

ITL (USA) LIMITED

By: /s/ BILL ROSE
VICE PRESIDENT

[end page 4]*

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EXHIBIT A TO AMENDMENT TO MASTER SETTLEMENT AGREEMENT

SUPPLEMENTAL IMPORT AND DISTRIBUTION AGREEMENT

This Supplemental Import and Distribution Agreement dated February 10, 1999 made by and between Imperial Tobacco Limited, a company duly incorporated under the Canada Business Corporation Act with its principal office at 3810 St. Antoine Street West, Montreal, Quebec, Canada H4C 1B5, Montreal, Canada, and Imasco Limited, a company duly incorporated under the Canada Business Corporation Act with its principal office at 600 de Maisonneuve Blvd. West, 20th floor, Montreal, Quebec, H3A 3K7, Montreal, Canada (collectively, the “Manufacturer/Exporter”), as the first party and ITL (USA) Limited (the “Importer”), a company duly incorporated under the laws of the State of Delaware, U.S.A. with its principal office at Heritage on the Garden, 75 Park Plaza, Boston, Massachusetts 02116, as the second party.

WITNESSETH:

WHEREAS, the Manufacturer/Exporter is engaged in the business, among other things, of exporting from Canada and selling to persons in the territory of the U.S.A. Cigarettes manufactured by and under trademarks owned by or licensed to the Manufacturer/Exporter;

WHEREAS, the Importer maintains a marketing organization and markets cigarettes in the area defined below as the Territory;

WHEREAS, the Manufacturer/Exporter and the Importer desire to promote the sale of said Cigarettes in said Territory; [end page 5]*

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WHEREAS, the Manufacturer/Exporter and the Importer have previously entered into and currently conduct business pursuant to a Supply Agreement dated April 5, 1993 (the "Supply Agreement") providing that the Importer is the exclusive importer and distributor for effecting the import and distribution in said Territory of said Cigarettes under the brand names listed in Appendix A, and now wish to supplement the terms of said agreement in order to permit ITL (USA) to execute an amendment to the Master Settlement Agreement of November 23, 1998 (the "MSA") in order to become a Participating Manufacturer under that agreement (the "Amendment");

WHEREAS, the Manufacturer/Exporter desires to continue the appointment of the Importer on the terms and conditions set forth in the Supply Agreement (and as hereinafter set forth) as its exclusive importer and distributor for effecting the import and distribution of said Cigarettes under said brand names in the Territory;

WHEREAS, the Importer remains willing to act under such appointment as importer and distributor of said Cigarettes subject to terms and conditions; and

WHEREAS, the parties hereto intend that the Settling States and the Original Participating Manufacturers (as those terms are defined in the MSA) be deemed third-party

beneficiaries of this Supplemental Import and Distribution Agreement.

Now, therefore, in consideration of the mutual covenants and acknowledgments herein made, the parties hereto agree that the following terms amend and control the terms of the Supply Agreement between the Importer and the Manufacturer/Exporter: [end page 6]*

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1. APPOINTMENT

The Manufacturer/Exporter hereby reaffirms its appointment of the Importer as its exclusive importer and distributor for sale in the territory of any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa and the Northern Marianas (the “Territory”) of any and all Cigarettes (as such term is defined in the MSA) under any of the brand names listed in Appendix A which are and will be manufactured by the Manufacturer/Exporter or any licensee or Affiliate of the Manufacturer/Exporter and exported for intended sale in the Territory (and any other brand names as may be added from time to time, of which the Manufacturer/Exporter shall give notice to the Notice Parties as soon as reasonably practicable after their addition), subject to the terms and conditions appearing in this Agreement. The term “Affiliate” as used herein shall mean a person who directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with another person. Solely for purpose of this definition, the terms “owns”, “is owned” and “ownership” mean ownership of any equity interest, or the equivalent thereof, of 50 percent or more, and the term “person” means an individual, partnership, committee, association, corporation or any other organization of group of persons.

2. EXCLUSIVITY

Subject to the provisions of section 4 below, the Manufacturer/Exporter shall not appoint

any person other than the Importer as an additional importer and distributor for sale within the Territory of the Cigarettes described in section 1 above and shall not sell or distribute such Cigarettes in the Territory except through the Importer. The Manufacturer/Exporter shall not market or advertise such Cigarettes in the Territory. [end page 7]*

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3. COMPLIANCE WITH LAW

The Manufacturer/Exporter shall supply Cigarettes which comply with the requirements and applicable regulations effective in the Territory.

The Importer shall obtain all the governmental certification, license, permit or approval necessary to import and distribute Cigarettes in the Territory and shall sell the Cigarettes in the Territory in strict compliance with any and all laws, regulations and other requirements of federal, state, and local governments and their agencies. The Importer shall be responsible for the payments under the MSA with respect to the Cigarettes described in section 1 above, shall pay the taxes specified in subsection II(z) of the MSA on such Cigarettes, and shall report such Cigarettes (if shipped in or to the fifty United States, the District of Columbia and Puerto Rico) as its shipments in the manner prescribed in subsection II(jj) of the MSA.

4. DURATION AND TERMINATION

This Agreement shall be effective on the day and year first above written and shall continue for an initial period of two years. Thereafter this Agreement shall be automatically renewed upon the same terms and conditions, for successive additional terms of two years each, unless at least ninety (90) days prior to the expiration of the initial or renewal term, as the case may be, one party shall give the other party written notice of its desire to terminate this Agreement upon the expiration of the term then in effect; provided, however, that as long as the MSA remains in effect, this Agreement shall not be terminated by any party under this

paragraph, any other paragraph hereof or any provision of the Supply Agreement unless the Manufacturer/Exporter has appointed another entity or entities meeting the requirements set forth in paragraph (2)(A)-(D) of the Amendment as importer(s) for the Territory of the Cigarettes
[end page 8]*

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[begin page 9]* described in section 1 above pursuant to an agreement with like terms as this Agreement. Provided, however, that the Manufacturer/Exporter may terminate this Agreement without appointing a new importer if both Imperial Tobacco Limited and Imasco Limited cease to manufacture and do not manufacture Cigarettes that either company intends to be sold in the States, and cease to intend and does not intend that Cigarettes manufactured under trademarks owned by or licensed to either Imperial Tobacco Limited or Imasco Limited be sold in the States.

All capitalized terms not otherwise defined shall have the meaning given such terms in the MSA.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the day and year first above written.

ITL (USA) Limited

By /s/ BILL ROSE, VICE PRESIDENT

Imperial Tobacco Limited

By /s/ D. R. BROWN, PRESIDENT, CHAIRMAN
AND CHIEF EXECUTIVE OFFICER

Imasco Limited

[end page 9]*

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[begin page 1 of Amendment]*

**AMENDMENT TO SUPPLEMENTAL IMPORT AND DISTRIBUTION AGREEMENT
DATED FEBRUARY 10, 1999.**

The Supplemental Import and Distribution Agreement entered into among ITL (USA) Limited, Imasco Limited, and Imperial Tobacco Limited dated February 10, 1999 is hereby amended so that Appendix A, being the list of brands distributed through ITL (USA) Limited, is replaced by the Appendix A-1 attached hereto.

MONTREAL, February 19, 1999.

/s/ Bill Rose
ITL (USA) LIMITED

/s/ D.R. Brown
IMASCO LIMITED

/s/ D.R. Brown
IMPERIAL TOBACCO LIMITED

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Appendix A-1 To Supplemental Import & Distribution Agreement

CIGARETTES

Avanti 100 mm 10x20
Avanti 100 mm 8x25
Avanti KS 10x20
Avanti KS 8x25
Avanti Light 100 mm 10x20
Avanti Light 100 mm 8x25
Avanti Light KS 10x20
Avanti Light KS 8x25
Cameo Extra Mild KS 10x20
Cameo Extra Mild K.S. 8x25
Cameo KS 10x20

Matinee Slims Menthol 100 mm 10x20
Matinee Slims Menthol 100 mm 8x25
Matinee Slims Menthol KS 10x20
Matinee Slims Menthol KS 8x25
Medallion Ultra Mild KS 10x20
Medallion Ultra Mild KS 8x25
Peter Jackson Extra Light KS 10x20
Peter Jackson Extra Light KS 8x25
Peter Jackson KS 10x20
Peter Jackson KS 8x25
Peter Jackson Light KS 8x25

Cameo KS SS 8x25
Matinee Extra Mild KS 10x20
Matinee Extra Mild KS 8x25
Matinee Extra Mild Regular 10x20
Matinee Extra Mild Regular 8x25
Matinee KS 10x20
Matinee KS 8x25
Matinee Regular 10x20
Matinee Regular 8x25
Matinee Slims 100 mm 10x20
Matinee Slims 100 mm 8x25
Matinee Slims KS 10x20
Matinee Slims KS 8x25
du Maurier Regular 8x25
du Maurier Special Mild 100 mm 10x20
du Maurier Special Mild 100 mm 8x25
du Maurier Special Mild KS 10x20
du Maurier Special Mild KS 8x25
du Maurier Ultra Light KS 10x20
du Maurier Ultra Light KS 8x25
du Maurier Ultra Light Regular 10x20
du Maurier Ultra Light Regular 8x25

Mercer Full Flavour
Mercer Full Flavour 100's
Mercer Light
Mercer Light 100's

Sweet Caporal Filter KS 8x25
Sweet Caporal Plain 8x25
du Maurier Extra Light KS 10x20
du Maurier Extra Light KS 8x25
du Maurier Extra Light Regular 10x20
du Maurier Extra Light Regular 8x25
du Maurier KS 10x20
du Maurier KS 8x25
du Maurier Light KS 10x20
du Maurier Light KS 8x25
du Maurier Light Regular 10x20
du Maurier Light Regular 8x25
du Maurier Regular 10x20

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FINE CUT

Admiral/Goldcrest 6x25
Ambassador/Diplomat 6x25
Belair 6x25
Broadway/Flair 6x25
Buckingham 6x25
Cameo Extra Blend 6x25
Cameo 1x200
Cameo 6x50
Cameo Special Cut 50% Bonus 1x200
Cameo Special Cut 50% Bonus 5x50
Canadian Gold 6x25
Capri 6x25
Cardinal/Royalty 6x25
Casino/Swinger 6x25
Continental 6x25
Cortina/Formula 1 6x25
Falcon 6x25
Grand Prix/GP 6x25

HB 6x25
Herbert Taryton Fine/Winchester 6x25
Heritage/Westminster 6x25
Imperial Special Blend 6x25
Imperial Tobacco/ITL Fine Cut 6x25
Insta-Kit 6x25
Lambert & Butler 6x25
Marguerite/Valu-Pack 6x25
Matinee Ex. Mild Spec. Cut 50% Bonus 1x200
Matinee Ex. Mild Spec. Cut 50% Bonus 5x50
Matinee Extra Blend 6x25
Matinee Extra Mild Extra Blend 6x25
Matinee Extra Mild 1x200
Matinee Extra Mild 6-50
Matinee 1x200
Matinee 6x50
Minister 6x25
Old Friend Shag/Compag 6x25
Old Gold 6x25
Senior Service 6x25
Turret 6x25
Vogue 1x200
Vogue 6x50
Wills 6x25

Imperial Special Blend 50 gram
Imperial Special Blend 200 gram

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[end of Appendix]