

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

**AMENDMENT NUMBER 8 TO MASTER SETTLEMENT AGREEMENT**

WHEREAS, Lignum-2, Inc. (“Lignum”) owns the trademark to a group of cigarette brands (the Rave brands) which are currently manufactured outside the United States and then imported by Lignum for sale in the United States. Lignum also imports and sells in the United States other brands (the Sampoerna brands) which are owned and manufactured by a foreign manufacturer, PT Hanjaya Mandala Sampoerna Tbk (“Sampoerna”) and/or its subsidiaries. In practice, Lignum has been the exclusive importer and first purchaser for resale in the United States of Sampoerna brands;

Lignum hereby signs and executes the Master Settlement Agreement (“MSA”).

In addition, notwithstanding sections II(jj) and II(uu) of the MSA, Sampoerna shall not be considered to be a Tobacco Product Manufacturer (and shall, for the purposes of the Model Statute set forth in Exhibit T to the MSA only, be considered to be a Participating Manufacturer) and Lignum shall have the rights specified in paragraph (4) below, in the event that:

- (1) Lignum signs the MSA within 90 days after the MSA Execution Date and is bound by such Agreement in all Settling States in which such Agreement binds Original Participating Manufacturers;
- (2) On or before March 31, 1999, Lignum enters into an agreement with Sampoerna (an “Exclusive Distribution Agreement”), such Exclusive Distribution Agreement remains in full force and effect, and both parties thereto fully perform their obligations thereunder. The Exclusive Distribution Agreement must contain the following terms:
  - (A) Sampoerna appoints Lignum as its exclusive importer and distributor for

sale in the territory of any state of the United States, [end of page 1]\*

[page 1\*

[begin page 2]\* 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 which are and will be manufactured by Sampoerna or any licensee or Affiliate of Sampoerna under trademarks owned by Sampoerna and exported for intended sale in the Territory, subject to the terms and conditions appearing in the Exclusive Distribution Agreement (so long as such terms and conditions are not inconsistent with paragraphs (A) through (E)). 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 the purpose 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.

- (B) Sampoerna shall not appoint any person other than Lignum as an additional importer and distributor for sale of the Cigarettes within the Territory, nor shall Sampoerna sell or distribute the Cigarettes in the Territory except through Lignum or market or advertise the Cigarettes in

the Territory. [end of page 2]\*

[begin page 3]\*

- (C) Sampoerna shall supply the Cigarettes, which shall comply with the requirements or applicable regulations effective in the Territory. Lignum shall obtain all the governmental certification, license, permit or approval necessary to import and distribute the 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. Lignum shall be responsible for the payments under the MSA with respect to the Cigarettes, shall pay the taxes specified in subsection II(z) of the MSA on the Cigarettes, and shall report the Cigarettes as its shipments in the manner prescribed in subsection II(mm) of the MSA.
- (D) The Exclusive Distribution Agreement between Sampoerna and Lignum shall be effective on the date of execution of that agreement (which shall be on or before March 31, 1999) and shall not be terminated by either party to the Exclusive Distribution Agreement as long as the MSA remains in effect unless (a) Sampoerna has appointed another signatory to the MSA as importer for the Territory, or (b) Sampoerna ceases manufacturing and exporting Cigarettes for sale in the Territory, and Sampoerna does not manufacture and export Cigarettes for sale in the Territory. [end page 3]\*

[begin page 4]\*

- (E) The Settling States and the Original Participating Manufacturers are third-party beneficiaries of the Exclusive Distribution Agreement.
- (3) Lignum does not, after the date Lignum becomes a signatory to the MSA, import, sell or distribute Cigarettes manufactured (or purchased for resale in the States) by a Non-Participating Manufacturer; and
- (4) For purposes of sections IX(i) and IX(d)(1)(B) of the MSA, Lignum'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 and 1998, whichever is in question, of Sampoerna (but only so long as the conditions specified in paragraphs (1)-(3) above are met).

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

Dated: February 11, 1999  
San Leandro, California

LIGNUM-2, INC.

By: /s/ Kenneth J. Irinaga  
President

[end page 4]\*