

27 September 2010

Imperial Tobacco Limited

and

The European Union

and

the Participating Member States

MUTUAL CESSATION AGREEMENT

THIS AGREEMENT is made on 27 September 2010,

BETWEEN

Imperial Tobacco Limited (*ITL*) on their own behalf and for and on behalf of any and all companies forming the ITL Group Companies

and

The European Union (the *EU*) represented by the European Commission (the *Commission*)

and

Certain Member States of the European Union participating in this Mutual Cessation Agreement (the *MCA*) (the *Participating Member States*).

RECITALS

WHEREAS

(A) ITL, the Participating Member States and the EU have entered into a Cooperation Agreement establishing an ongoing relationship of cooperation among the Parties in order to combat the trade in smuggled and/or counterfeit Cigarettes in the EU and specifically to work toward the elimination of ITL Cigarettes from the illegal market; and

(B) the Parties have agreed that it is in their best interests fully and finally to resolve, without any admission of liability, all matters between the Parties that relate to any potential Claims, or the alleged acts (or omissions) forming the basis of said potential Claims, that have been asserted, or which could have been asserted, by any Party.

THEREFORE

the Parties have agreed to enter into this MCA in consideration of the mutual covenants and other valuable consideration set out below.

1. DEFINITIONS AND INTERPRETATION

1.1 All terms which are defined in the Cooperation Agreement shall have the same meaning in this MCA and, further, the following terms shall have the following meanings:

Agents means direct and indirect subsidiaries of ITL Companies along with their direct and indirect subsidiaries, as well as all of their current and former employees, directors, officers, agents acting lawfully and within their authority and servants insofar as their conduct relates to the manufacture, sale, distribution and/or storage of ITL Cigarettes prior to the Execution Date.

Assigns means an individual or business to whom the property or legal rights or interests of ITL Companies have been transferred, including a non-Affiliate of ITL Group Companies engaged in the manufacture under license of products bearing ITL Trademarks, prior to the Execution Date.

Cooperation Agreement means the agreement between ITL, the EU and the Participating Member States.

EU Claims means any and all civil claims, charges, demands, subpoenas, discovery requests, actions, suits, liabilities, obligations, judgments, orders, debts, liens, covenants, expenses, counterclaims, rights of set-off, claims for indemnity, causes of action, proceedings or rights or interests of any kind or nature whatsoever, including monetary claims which are made within criminal proceedings (in the form of claims for restitution, disgorgement, forfeiture, punitive or other damages or otherwise), as well as claims for interest and costs, for any conduct or acts or omissions prior to the Signature Date, whether known or unknown, suspected or unsuspected, accrued or unaccrued, however and whenever arising or capable of arising and in whatever jurisdiction, whether in a court, tribunal and/or in arbitration, including (but not limited to) any claims for costs, or for damages including punitive damages and penalties or any multiple thereof imposed by civil courts and whether on the basis of contract, equity, tort, restitution or unjust enrichment or otherwise, provided that such civil claim arises out of or relates to, the manufacture, sale, or distribution of Cigarettes. Notwithstanding the above, EU Claims does not include issues unrelated to the subject matter of the Cooperation Agreement such as health-care matters, administrative matters or competition (anti-trust) matters.

ITL Claims means any and all civil claims, charges, demands, subpoenas, discovery requests, actions, suits, liabilities, obligations, judgments, orders, debts, liens, covenants, expenses, counterclaims, rights of set-off, claims for indemnity, causes of action, proceedings or rights or interests of any kind or nature whatsoever, as well as claims for interest and costs, for any conduct or acts or omissions prior to the Signature Date, whether known or unknown, suspected or unsuspected, accrued or unaccrued, however and whenever arising or capable of arising and in whatever jurisdiction, whether in a court, tribunal and/or in arbitration, including (but not limited to) any claims for costs, or for damages including punitive damages and penalties or any multiple thereof imposed by civil courts and whether on the basis of contract, equity, tort, fraud, restitution or unjust enrichment or otherwise, provided that such claim arises out of or relates to, or is connected with any matters, or the alleged acts (or omissions) forming the basis of the claims, that have been raised or asserted, or could have been raised or asserted, in relation to any matters related to EU Claims.

ITL Group Companies means ITL and all of its Affiliates and subsidiaries existing at the date of this MCA .

MCA means this Mutual Cessation Agreement as it may be amended from time to time.

Party or Parties means a party or parties to this MCA who is/are listed or referred to at the head of this MCA.

Signature Date means, for ITL, the EU and each initial Participating Member State, the Execution Date, and for each subsequent Participating Member State, the date on which that Participating Member State executed a signature page to this Agreement.

1.2 Save where the context requires otherwise:

- (a) references to any clause, sub-clause or annex without further designation shall be construed as a reference to the clause, sub-clause or annex to or of this MCA so numbered;
- (b) clause and annex headings are for convenience only and shall not be taken into account in the interpretation of this MCA;
- (c) reference to any gender shall include all genders and reference to the singular shall include the plural and vice versa.

2. CONDITION PRECEDENT RELATING TO THE COOPERATION AGREEMENT

2.1 No party may become a Party to the Cooperation Agreement, either on the Execution Date or later, unless that Party has previously, or simultaneously, become a Party to this MCA. The Parties agree that, in the event of any conflict between this Clause and any provision in the Cooperation Agreement, this Clause will prevail.

3. MUTUAL CESSATION

3.1 Save in relation to obligations arising under this MCA or the Cooperation Agreement, the EU and the Participating Member States hereby absolutely, unconditionally and irrevocably fully release and discharge ITL Group Companies and their successors, Agents and Assigns from any and all EU Claims and all such claims are hereby waived.

3.2 The release, discharge and waiver provided for in sub-Clause 3.1 shall cover companies acquired by or merged into ITL Group Companies subsequent to the Execution Date, but this release, discharge and waiver shall extend to the acquired company or companies only if the average EU market share of such acquired company or companies has not been more than 2% since 1990.

3.3 In addition, the release, discharge and waiver provided for in sub-Clause 3.1 shall continue to cover any ITL Group Companies and any companies referred to in sub-Clause 3.2 (if applicable) in the event that any of them cease at any time to be an Affiliate or subsidiary of Imperial Tobacco Limited.

3.4 Save in relation to obligations arising under this MCA or the Cooperation Agreement, ITL Group Companies hereby absolutely, unconditionally and irrevocably fully release and discharge the EU and the Participating Member States,

and their public officials, officials, employees, staff and successors, from any and all ITL Claims and all such claims are hereby waived.

3.5 Each of the waivers, releases or discharges of liability pursuant to this Clause is expressly with prejudice to those claims or liabilities. For the avoidance of doubt, the Parties granting waivers, releases or discharges acknowledge that the Parties thereby benefiting do not admit and shall be deemed not to have admitted, liability for any of the matters waived, released or discharged pursuant to this MCA or the truth, or arguability, of any factual allegation made in any of the EU Claims or the ITL Claims directed against such benefited Parties.

3.6 For the avoidance of doubt, and without prejudice to the position of any of the Parties, the EU, the Participating Member States and ITL Group Companies shall each bear all their own costs including, without limitation, those relating to the negotiation of the Cooperation Agreement.

4. FURTHER AND ADMINISTRATIVE MATTERS, NOTICES AND APPOINTED REPRESENTATIVES

4.1 The following provisions of the Cooperation Agreement shall be incorporated into this MCA (and for this purpose only: (i) any reference in such provisions to "the list attached to this Agreement as Schedule 8" shall be amended to refer to "the list attached to the Cooperation Agreement as Schedule 8; and (ii) any other reference to "Agreement" in such provisions shall be amended to refer to "MCA").

- (a) Article 12.1 (Dispute Resolution);
- (b) Article 12.2 (Arbitration Clause);
- (c) Section 13.1 (Notices);
- (d) Section 13.3; (Expenses);
- (e) Section 13.5 (Successors and Assigns);
- (f) Section 13.6 (Legality and Severability);
- (g) Section 13.8 (Entire Agreement);
- (h) Section 13.11 (Amendments); and
- (i) Section 13.14 (Additional Participating Member States).

5. GOVERNING LAW

5.1 The construction, interpretation, operation and effect of this MCA and any claims, controversies or disputes arising out of or related thereto shall be governed by

and construed in accordance with the laws of England and Wales without giving effect to conflicts of law principles.

6. EXECUTION AND EFFECT

6.1 This MCA comes into effect immediately prior to the Cooperation Agreement coming into effect on the Signature Date.

6.2 No provision of this MCA is intended to confer upon any person other than the EU and Participating Member States, and ITL Group Companies (and any companies referred to in sub-Clause 3.2 if applicable), any rights or remedies hereunder.

6.3 All of the obligations of this MCA are subject to the relevant constitutional provisions, statutes, ordinances, rules, regulations or other provisions having the force and effect of the law of the EU and/or the Participating Member States and, without limitation, nothing herein may be construed to limit, in any way, the EU's or Participating Member States' power or discretion to discharge their official duties.

6.4 This MCA may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF this MCA has been executed on behalf of the Parties hereto with effect from the date specified on the first page of this MCA.

Imperial Tobacco Limited

Imperial Tobacco Limited hereby executes the Mutual Cessation Agreement between the European Union and the Participating Member States with Imperial Tobacco Limited.

Imperial Tobacco Limited

Matthew Phillips
General Counsel & Company Secretary

Date: _____

European Union

The European Commission hereby executes this Mutual Cessation Agreement on behalf of the European Union and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the European Commission is within its powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the European Union and is enforceable in accordance with its terms.

Luis Requena Romero
Director General
Legal Service
European Commission

Nicholas Ilett
Acting Director General
European Anti-Fraud Office
European Commission

Date: _____

Republic of Austria

The Minister of Finance of the Republic of Austria hereby executes this Mutual Cessation Agreement on behalf of the Republic of Austria and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Republic of Austria is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Republic of Austria and is enforceable in accordance with its terms.

Minister of Finance of the
Republic of Austria

Date: _____

Kingdom of Belgium

The Minister of Finance of the Kingdom of Belgium hereby executes this Mutual Cessation Agreement on behalf of the Kingdom of Belgium and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Kingdom of Belgium is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Kingdom of Belgium and is enforceable in accordance with its terms.

Minister of Finance of the
Kingdom of Belgium

Date: _____

Republic of Bulgaria

The Minister of Finance of the Republic of Bulgaria hereby executes this Mutual Cessation Agreement on behalf of the Republic of Bulgaria and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Republic of Bulgaria is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Republic of Bulgaria and is enforceable in accordance with its terms.

Minister of Finance of the
Republic of Bulgaria

Date: _____

Republic of Cyprus

The Minister of Finance of the Republic of Cyprus hereby executes this Mutual Cessation Agreement on behalf of the Republic of Cyprus and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Republic of Cyprus is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Republic of Cyprus and is enforceable in accordance with its terms.

Minister of Finance of the
Republic of Cyprus

Date: _____

Czech Republic

The Minister of Finance of the Czech Republic hereby executes this Mutual Cessation Agreement on behalf of the Czech Republic and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Czech Republic is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Czech Republic and is enforceable in accordance with its terms.

Minister of Finance of the
Czech Republic

Date: _____

Kingdom of Denmark

The Minister of Taxation on behalf of the Government of Denmark hereby executes this Mutual Cessation Agreement on behalf of the Kingdom of Denmark and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Taxation on behalf of the Government of Denmark is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Kingdom of Denmark and is enforceable in accordance with its terms.

The Minister of Taxation on behalf of
the Government of Denmark

Date: _____

Republic of Estonia

The Minister of Finance of the Republic of Estonia hereby executes this Mutual Cessation Agreement on behalf of the Republic of Estonia and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Republic of Estonia is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Republic of Estonia and is enforceable in accordance with its terms.

Minister of Finance of the
Republic of Estonia

Date: _____

Republic of Finland

The Minister of Finance of the Republic of Finland hereby executes this Mutual Cessation Agreement on behalf of the Republic of Finland and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Republic of Finland is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Ministry of Finance and is enforceable in accordance with its terms.

Minister of Finance of the
Republic of Finland

Date: _____

République Française

The Ministre du Budget, des comptes publics et de la fonction publique de la République Française hereby executes this Mutual Cessation Agreement on behalf of the République Française and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministre du Budget, des comptes publics et de la fonction publique de la République Française is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the République Française and is enforceable in accordance with its terms.

Ministre du Budget, des comptes
publics et de la fonction publique de
la République Française

Date: _____

Federal Republic of Germany

The Minister of Finance of the Federal Republic of Germany hereby executes this Mutual Cessation Agreement on behalf of the Federal Republic of Germany and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Federal Republic of Germany is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Federal Republic of Germany and is enforceable in accordance with its terms.

On behalf of the
Minister of Finance of the
Federal Republic of Germany

Date: _____

Republic of Greece

The Minister of the Economy and Finance for the Republic of Greece hereby executes this Mutual Cessation Agreement on behalf of the Republic of Greece and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of the Economy and Finance for the Republic of Greece is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Republic of Greece and is enforceable in accordance with its terms.

Minister of the Economy and Finance
for the Republic of Greece

Date: _____

Republic of Hungary

The Minister of Finance of the Republic of Hungary hereby executes this Mutual Cessation Agreement on behalf of the Republic of Hungary and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Republic of Hungary is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Republic of Hungary and is enforceable in accordance with its terms.

Minister of Finance of the
Republic of Hungary

Date: _____

Ireland

The Minister for Finance for Ireland hereby executes this Mutual Cessation Agreement on behalf of Ireland and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry for Finance for Ireland is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of Ireland and is enforceable in accordance with its terms.

Minister for Finance for
Ireland

Date: _____

Italian Republic

The Ministro dell'Economia e delle Finanze della Repubblica Italiana hereby executes this Mutual Cessation Agreement on behalf of the Italian Republic and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Minisstro dell'Economia e delle Finanze della Repubblica Italiana is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Italian Republic and is enforceable in accordance with its terms.

Ministro dell'Economia e delle
Finanze della Repubblica Italiana

Date: _____

Republic of Latvia

The Minister of Finance of the Republic of Latvia hereby executes this Mutual Cessation Agreement on behalf of the Republic of Latvia and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Republic of Latvia is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Republic of Latvia and is enforceable in accordance with its terms.

Minister of Finance
Republic of Latvia

Date: _____

Republic of Lithuania

The Minister of Finance of the Republic of Lithuania hereby executes this Mutual Cessation Agreement on behalf of the Republic of Lithuania and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Republic of Lithuania is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Republic of Lithuania and is enforceable in accordance with its terms.

Minister of Finance
Republic of Lithuania

Date: _____

Grand-Duchy of Luxembourg

The Minister of Finance of the Grand-Duchy of Luxembourg hereby executes this Mutual Cessation Agreement on behalf of the Grand-Duchy of Luxembourg and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Grand-Duchy of Luxembourg is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Grand-Duchy of Luxembourg and is enforceable in accordance with its terms.

Minister of Finance of the
Grand-Duchy of Luxembourg

Date: _____

Malta

The Minister of Finance of Malta hereby executes this Mutual Cessation Agreement on behalf of Malta and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of Malta is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Malta and is enforceable in accordance with its terms.

Prime Minister and
Minister of Finance of Malta

Date: _____

Kingdom of the Netherlands

The Minister of Finance of the Netherlands hereby executes this Mutual Cessation Agreement on behalf of the Netherlands and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Netherlands is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Netherlands and is enforceable in accordance with its terms.

Minister of Finance of the
Netherlands

Date: _____

Republic of Poland

The Minister of Finance of the Republic of Poland hereby executes this Mutual Cessation Agreement on behalf of the Republic of Poland and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Republic of Poland is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Republic of Poland and is enforceable in accordance with its terms.

Minister of Finance of the
Republic of Poland

Date: _____

Portuguese Republic

The Minister of State and Finance of the Portuguese Republic hereby executes this Mutual Cessation Agreement on behalf of the Portuguese Republic and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of State and Finance of the Portuguese Republic is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Portuguese Republic and is enforceable in accordance with its terms.

Minister of State and Finance of the
Portuguese Republic

Date: _____

Romania

The Minister of Economy and Finance of Romania hereby executes this Mutual Cessation Agreement on behalf of Romania and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Economy and Finance of Romania is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of Romania and is enforceable in accordance with its terms.

Minister of Economy and Finance
Romania

Date: _____

Slovak Republic

The Minister of Finance of the Slovak Republic hereby executes this Mutual Cessation Agreement on behalf of the Slovak Republic and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Slovak Republic is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Slovak Republic and is enforceable in accordance with its terms.

Minister of Finance
Slovak Republic

Date: _____

Republic of Slovenia

The Minister of Finance of the Republic of Slovenia hereby executes this Mutual Cessation Agreement on behalf of the Republic of Slovenia and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance of the Republic of Slovenia is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Republic of Slovenia and is enforceable in accordance with its terms.

Minister of Finance
Republic of Slovenia

Date: _____

Kingdom of Spain

The Minister of the Economy and Finance of the Kingdom of Spain hereby executes this Mutual Cessation Agreement on behalf of the Kingdom of Spain and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Economy and Finance of the Kingdom of Spain is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Kingdom of Spain and is enforceable in accordance with its terms.

Minister of the Economy and Finance
of the Kingdom of Spain

Date: _____

Kingdom of Sweden

The Minister of Finance hereby executes this Mutual Cessation Agreement on behalf of the Government of the Kingdom of Sweden and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by the Ministry of Finance on behalf of the Government of the Kingdom of Sweden is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Government of the Kingdom of Sweden and is enforceable in accordance with its terms.

Minister of Finance, on behalf of the
Government of Sweden

Date: _____

United Kingdom of Great Britain and Northern Ireland

The Exchequer Secretary to the Treasury hereby executes this Mutual Cessation Agreement on behalf of the Government of the United Kingdom of Great Britain and Northern Ireland and has the full right and authority to do so;

The execution and performance of this Mutual Cessation Agreement by HM Treasury on behalf of the Government of the United Kingdom of Great Britain and Northern Ireland is within its governmental powers and has been duly authorised by all necessary action on its part; and

This Mutual Cessation Agreement constitutes a valid and binding agreement of the Government of the United Kingdom of Great Britain and Northern Ireland and is enforceable in accordance with its terms.

Exchequer Secretary to the Treasury,
on behalf of the Government of the
United Kingdom of Great Britain and
Northern Ireland

Date: _____