

Global Settlement Agreement

~~January~~ ^{March 15} This Global Settlement Agreement (the "GSA") is entered into effective as of ~~January~~ ^{March 15} 2006, between and among House of Prince, A/S, a corporation organized under the laws of Denmark ("HOP"); Scandinavian Tobacco, S.I.A. f/k/a "House of Prince Riga", a corporation organized under the laws of Latvia ("STR") (collectively referred to as the "HOP Group"); Carolina Tobacco Company, a corporation organized under the laws of the Commonwealth of Virginia ("CTC"); Leonidas Trading Company, a corporation organized under the laws of the state of California ("LTC") and the Settling States. The capitalized terms used herein have the meanings ascribed to them in Paragraph 15 below entitled "Definitions". All references in this GSA to Paragraph(s) or Subparagraph(s) shall mean those paragraphs and subparagraphs in this GSA.

1. Background. In August 1999, HOP became an TPM pursuant to the MSA. Around the same time STR, a company partially owned by HOP, began contract manufacturing cigarettes for two U.S. companies, CTC and LTC, under brand names, styles and formulas owned by or licensed to those companies. STR sold and delivered the cigarettes to CTC and LTC in Riga, Latvia. Subsequently, a dispute arose between and among the HOP Group and the Settling States over whether STR was the TPM for the cigarettes manufactured and sold to CTC and LTC in Riga, Latvia by STR from 1999 through 2003 (the "Riga Cigarettes"); whether, as asserted by the Settling States, by virtue of STR's relationship with HOP, the Riga Cigarettes could be attributed to HOP; and whether HOP was subject to the MSA's payment and other obligations for the Riga Cigarettes. That dispute is now pending in the California Litigation. Each of the Settling States has alleged claims against the HOP Group similar to the claims that were or could have been raised in the California Litigation (the "Claims of the Settling States"). Many of the Settling States have also been in litigation with CTC with respect to CTC's contention that it should be treated as the TPM for the Riga Cigarettes (the "CTC Litigation"). In the absence of this GSA, the Parties will be involved in protracted litigation between and amongst themselves in multiple forums. The Settling States, the HOP Group, CTC and LTC now desire to settle all of the disputes referred to above with finality, and CTC and LTC desire and shall, as part of this GSA, contribute the Qualified Escrow Funds as described herein, in order to assist in the resolution of these disputes. CTC has recently filed for protection and reorganization pursuant to Chapter 11 of the Bankruptcy Code and such case is pending before the United States Bankruptcy Court for the District of Oregon and known as Case Number 05-34156-elp 11 ("CTC's Chapter 11").

2. Implementation. In order to assure that the GSA is final, the Parties have agreed to the procedure described herein to ensure that no part of the transfer of the Settlement Funds can ever be challenged as a preferential, or fraudulent, or unauthorized transfer, nor can such settlement funds be setoff, recouped or otherwise made subject to the claims of any other entity or set aside under any circumstances after Settlement Finalization. It is the intention of the Parties that in the event the settlement contemplated herein cannot become final for any reason that the steps taken to implement the settlement shall be unwound and the Parties will be put back into the position that they were in prior to the implementation of this GSA, without prejudice to any Parties' rights or position, and this GSA shall not be used as evidence or for any

purpose whatsoever in any subsequent litigation between or amongst the Parties except as provided in paragraph 12.

3. Determination of the Settlement Amount. The settlement amount for the Riga Cigarettes shall be \$50,826,632.00, plus certain interest as determined pursuant to Subparagraph 3.1 ("Settlement Funds"). The amount of the Settlement Funds is calculated as follows:

3.1 \$24,826,632.00, plus interest equal to \$919,679.28 (being the interest as calculated by the Independent Auditor at the Prime Rate through January 31, 2005, on \$24,826,632.00) and additional interest accrued at the Prime Rate from February 1, 2005, as calculated by the Independent Auditor in a manner consistent with the MSA, until the Settlement Funds are delivered by the Escrow Agent for the benefit of the Settling States as directed in writing pursuant to the terms of this GSA. The \$24,826,632.00 represents the agreed upon 2003 SPM liability for 1,250,000,000 cigarettes which the Parties, for the purpose of this GSA, agree were the cigarettes contract manufactured by STR upon which federal excise tax was collected in 2003 (such payment to be referred to hereinafter as the "2003 Liability"); and

3.2 \$26,000,000.00, representing the agreed upon compromise amount for the HOP Group SPM Liability for all cigarettes contract manufactured by STR upon which federal excise tax was collected other than those described in Subparagraph 3.1.

4. Qualified Escrow Contribution by CTC and LTC. The HOP Group asserts and CTC and LTC do not dispute that HOP Group currently holds a valid perfected security interest in the Qualified Escrow Accounts of both CTC and LTC. In order to pay \$34,091,730.00 of the Settlement Funds, the Settling States, CTC, and LTC shall take all steps reasonably necessary or appropriate to cause the Qualified Escrow Funds to be paid and delivered into an escrow account ("Escrow Contribution Account") established pursuant to the "Escrow Contribution Agreement" attached hereto as Exhibit 1 as soon as reasonably practicable, but in no event later than five (5) business days after the execution of this GSA by all parties thereto and the entry of an order in CTC's Chapter 11 approving CTC's execution of the GSA and authorizing and directing CTC to perform its obligation under this GSA (the "Court Order"). CTC shall request that the Court Order contain language providing that no part of the transfer of the Settlement Funds from CTC's Qualified Escrow Funds into the Escrow Contribution Account constitutes a preferential or fraudulent transfer or an unauthorized transfer under Sections 544, 547, 548, or 549 of the Bankruptcy Code, nor are such Settlement Funds subject to being setoff, recouped or otherwise subject to claims of any other person or entity. The Court Order shall be a separate and distinct order from any other order in CTC's Chapter 11, including any confirmation order.

5. Contribution by the HOP Group. In order to pay the balance of the Settlement Funds due after the payment of the Qualified Escrow Funds pursuant to Paragraph 4, the HOP Group shall cause \$16,734,902.00 together with the interest determined pursuant to Subparagraph 3.1 to be delivered to the Escrow Contribution Account on or before five (5) business days after the execution of this GSA by all Parties and the entry of the Court Order, except to the extent that the additional interest described in Subparagraph 3.1 has not yet been calculated by the Independent Auditor in which case the HOP Group shall cause such additional interest to be delivered to the Escrow Contribution Account within five (5) business days of the Independent Auditor's notice to the HOP Group of the calculated amount of additional interest.

6. Cooperation to Cause Disbursement from the Qualified Escrow Account to Finalize the GSA. The Parties shall cooperate with each other and coordinate their efforts to promptly take all actions necessary and appropriate to cause the Court Order to be entered and the disbursement of the Settlement Funds for Settlement Finalization. The Settling States' interest in and ability to enforce their statutory requirements relating to the Qualified Escrow Accounts (to the extent related to funds to be transferred to the Escrow Contribution Account) shall not be deemed released until Settlement Finalization has occurred.

7. MSA Most Favored Nations. The Settling States shall take all steps necessary or appropriate to obtain waivers of the "Most Favored Nations" provisions in the MSA (set out at Section XVIII(b)) from all persons or entities that the Settling States reasonably deem necessary as a condition to Settlement Finalization.

8. Termination of GSA by Settling States or HOP. If, within one hundred twenty (120) days after the last party has executed the GSA either (a) the Court Order is not entered or (b) the waivers referred to in Paragraph 7 have not been obtained by the Settling States, the Settling States or the HOP Group may thereafter, at any time, and at their sole discretion, terminate this GSA, and it shall thereafter be of no further force and effect. Upon such termination, all escrows created hereunder shall be dissolved and all funds shall be returned to their original depositors and status (including with respect to security interests) and, as to those funds returned to a Qualified Escrow Account, to the segregated State accounts from which such funds were disbursed.

9. NPM Adjustment. Upon Settlement Finalization, the HOP Group shall retain all of its rights to any 2003 NPM Adjustment; and, shall be deemed to have waived any and all claims to NPM Adjustments for the years 1999, 2000, 2001 and 2002.

10. Dismissal of California Litigation. Upon Settlement Finalization the California Litigation shall be dismissed with prejudice, with each party bearing its own costs and attorneys' fees; and HOP and the state of California shall take all steps reasonably necessary or appropriate to cause a stipulation and order to be entered to effectuate such dismissal.

11. Full and Complete Releases.

11.1 Settling States. Upon Settlement Finalization, the Settling States hereby remise, release and forever discharge HOP, STR and HOP and STR's parent, Scandinavian Tobacco, A/S, CTC and LTC and, as to each of the foregoing entities, all of their respective Affiliates, parents, officers, directors, shareholders, employees, attorneys, agents, consultants, successors and/or assigns of and from any and all civil liability, claims and causes of action solely relating to or arising out of the manufacture, delivery, importation or sale of the Riga Cigarettes including, without limitation, any of the foregoing issues that were raised or could have been raised in the California Litigation, provided, however, that the release contained above as to CTC and LTC shall be limited to the following items: (1) all issues arising out of or related to who was the TPM for the Riga Cigarettes; and (2) any claims that CTC or LTC did not fully pay into its Qualified Escrow all amounts due as an NPM on the Riga Cigarettes. The Settling States shall be forever barred from asserting any action seeking to prohibit CTC or LTC from selling cigarettes in the Settling States on the basis that CTC or LTC was not the TPM of the Riga Cigarettes and from any actions based on any allegation that the HOP Group has not

made the payments required by the MSA for the Riga Cigarettes. Provided further that nothing in this GSA provides a release for any criminal liability whatsoever for any person or entity. Nothing in this GSA shall affect the rights of the Settling States, CTC, or LTC to assert their respective arguments as to what entity is the TPM of any cigarettes sold in the United States other than the Riga Cigarettes and to enforce State statutes against any such entity.

In addition, nothing in the GSA shall affect the rights of the Settling States, in considering any offer of CTC or LTC to settle their Released Claims (as defined by the MSA) and become an SPM, or to determine the payments necessary for CTC or LTC to settle such claims and become an SPM, including the additional sums required with respect to the Riga Cigarettes, provided that CTC or LTC is given credit for all sums paid, including interest, pursuant to this Settlement by the HOP Group, for CTC's or LTC's, as the case may be, portion of the Riga Cigarettes, as allocated between CTC and LTC based on their relative number of Cigarettes . The Settling States have represented to CTC that the amount owed for such SPM liability through December 31, 2004, with interest through April 15, 2005, is presently but not conclusively estimated at approximately \$104 million, before giving effect to any credit for the payments made under Paragraph 3 of this agreement by the HOP Group. The exact amount owed by CTC or LTC for their respective SPM Liability will be resolved with the Settling States if there is an agreement for CTC or LTC to become an SPM.

11.2 HOP, CTC and LTC. Upon Settlement Finalization, HOP, STR, and their respective Affiliates as to CTC and LTC, and CTC and LTC and their respective affiliates as to HOP, STR and their respective Affiliates, do hereby remise, release and forever discharge the other and their respective officers, directors, shareholders, employees, attorneys, agents, successors and assigns from any and all liability arising out of the Riga Cigarettes or other business dealings, including but not limited to, all other transactions, agreements, dealings or interactions of any kind whatsoever between and among HOP, STR and their respective Affiliates on one side and CTC or LTC and their respective Affiliates on the other side, to the date of this GSA.

12. Compromise of Disputed Claims. The Parties acknowledge that this GSA documents the settlement and compromise of disputed claims and that the Parties have not and do not admit liability to any other Party. This GSA is without prejudice to any rights or liabilities not covered by the release referred to in Paragraph 11, and is not to be used in any other litigation or matter between or amongst the Parties except only in the event of litigation arising out of or relating to a default by or failure to perform any obligation imposed on any Party hereto by this GSA, including the failure or refusal to honor the releases provided for in this GSA. Nothing in this GSA shall prohibit any of the Parties from referring to any of the facts, information, or documents obtained to date in any litigation or non-litigation matters as either evidence or argument in any proceedings between them with respect to matters not specifically released herein in Paragraph 11, but any relief in such proceeding cannot be inconsistent with the release provisions of Paragraph 11. Likewise, nothing in this GSA shall bar any of the parties from asserting that any reference to such facts, information or documents is not admissible or relevant in any litigation or non-litigation matters. Nothing in this GSA shall

prevent the Settling States from using the GSA, and any evidence relating thereto, in bringing or defending any actions or claims brought against them by any other entity not signatory hereto.

13. Reporting to the Independent Auditor: Upon Settlement Finalization, HOP shall report to the Independent Auditor, as being included in HOP'S 2003 market share, 1,250,000,000 of the Riga Cigarettes for which, for the purposes of this GSA, federal excise tax was deemed collected in 2003.

14. Definitions.

14.1 "2003 Liability" means Twenty Four Million Eight Hundred Twenty Six Thousand Six Hundred Thirty Two and 00/100 Dollars (\$24,826,632.00) as described in Subparagraph 3.1.

14.2 "Affiliate(s)" means a person who 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" means ownership of an equity interest, or the equivalent thereof, of 10 percent or more, and the term "person" means an individual, partnership, committee, association, corporation or any other organization or group of persons.

14.3 "California Litigation" means the case now pending in the Superior Court of San Diego County and known as People of the State of California ex rel. Bill Lockyer, Attorney General of the State of California v. House of Prince, A/S. Case No. J.C.C.P. 4041.

14.4 "Claims of the Settling States" shall have the meaning ascribed to it in Paragraph 1 of this GSA.

14.5 "Court Order" shall have the meaning ascribed to it in Paragraph 4 of this GSA.

14.6 "CTC" means Carolina Tobacco Company, a corporation organized under the laws of the state of Virginia.

14.7 "CTC's Chapter 11" shall have the meaning ascribed to it in Paragraph 1 of this GSA.

14.8 "CTC Litigation" shall have the meaning ascribed to it in Paragraph 1.

14.9 "Escrow Contribution Account" shall mean the account established pursuant to the Escrow Contribution Agreement.

14.10 "Escrow Contribution Agreement" shall mean the agreement attached hereto as Exhibit 1.

14.11 "GSA" means the Global Settlement Agreement entered into effective as of ~~December~~ ^{March} 15, 2006.

14.12 "HOP" means House of Prince A/S, a corporation organized under the laws of Denmark.

14.13 "HOP Group" means HOP and STR.

14.14 "Independent Auditor" means the Independent Auditor described in the MSA.

14.15 "LTC" means Leonidias Trading Company, a corporation organized under the laws of the state of California.

14.16 "MSA" means the Master Settlement Agreement entered into November 23, 1998, between and amongst the Settling States and the Original Participating Manufacturers as described therein, and as subsequently amended.

14.17 "NPM Adjustment" shall have the meaning ascribed to it in the MSA.

14.18 "Paragraph(s)" means the paragraphs of this GSA.

14.19 "Parties" means HOP, STR, CTC, LTC and the Settling States.

14.20 "Qualified Escrow Accounts" means those accounts established by CTC and LTC and that CTC and LTC assert are in accordance with the State Qualifying Statutes as defined in Section IX of the MSA.

14.21 "Qualified Escrow Funds" means a total of Thirty Four Million Ninety One Thousand Seven Hundred Thirty and 00/100 Dollars (\$34,091,730.00) of the amount on deposit in the Qualified Escrow Accounts, Thirty One Million Nine Thousand Seven Hundred Fifty Seven and 00/100 Dollars (\$31,009,757.00) of which comes from CTC's Qualified Escrow Account at Bank of America and Three Million Eighty One Thousand Nine Hundred Seventy Three and 00/100 Dollars (\$3,081,973.00) of which comes from LTC's Qualified Escrow Account at Comerica Bank.

14.22 "Riga Cigarettes" has the meaning ascribed to it in Paragraph 1 of this GSA and shall specifically refer only to the Roger brand manufactured for CTC and the Noble, Geronimo, Natural Harvest and Money brands manufactured for LTC by HOP and/or STR.

14.23 "Scandinavian Tobacco A/S" means the corporation organized under the laws of Denmark that is the parent of HOP and STR.

14.24 "Settlement Finalization" means the disbursement of funds from the Escrow Contribution Account to the Settling States in full satisfaction of the payment of the settlement amount and accrued interest due pursuant to this GSA. Settlement Finalization shall not take place until the Court Order has become final and non-appealable, including by the expiration of the appeal period provided for in Bankruptcy Rule 8002.

14.25 "Settlement Funds" has the meaning ascribed to it in Paragraph 3 of this GSA.

14.26 "Settling States" has the meaning ascribed to it in the MSA.

14.27 "SPM" means Subsequent Participating Manufacturers as defined in the MSA.

14.28 "STR" means Scandinavian Tobacco S.I.A., a corporation organized under the laws of Latvia.

14.29 "Subparagraph" means the subparagraph of this GSA.

14.30 "TPM" means Tobacco Product Manufacturer as that term is defined in the MSA.

15. Miscellaneous.

15.1 References to amounts are in U.S. Dollars.

15.2 This GSA is binding upon the Parties and their respective successors and assigns and inures to their benefit.

15.3 This GSA is governed by the law of each Settling State, as it relates to that Settling State, without regard to its conflict laws.

15.4 The Parties agree to use reasonable efforts to take such actions and to execute such documents that may be reasonably required or necessary to carry out the intent of all of the provisions of this GSA.

15.5 This GSA constitutes the entire agreement between the Parties hereto with respect to the subject matter contained in this GSA.

15.6. No party shall affirmatively assert that any provision of this GSA is illegal, invalid or unenforceable. If any provision of this GSA is, nevertheless, determined by a court having jurisdiction thereof to be illegal, invalid or unenforceable (the "Unenforceable Provision") under any present or future law, the remainder of this GSA will not be affected thereby. It is the intention of the Parties hereto that if any provision is so held to be illegal, invalid or unenforceable, there will be added in lieu of such Unenforceable Provision, a legal, valid, and enforceable provision which is as similar in terms and import to the Unenforceable Provision as is possible, provided, however, that in no event, shall any replacement provision affect the scope of the release provided in Paragraph 11 without the express written consent of the affected party. This Paragraph shall not apply if the GSA is terminated pursuant to Paragraph 8.

15.7 This GSA cannot be changed, waived, discharged or terminated except by a writing signed by all of the Parties hereto, except as provided in Paragraph 8.

15.8 The Parties hereto acknowledge that their respective legal counsel had time to review and revise this GSA, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party will not be employed in the interpretation of this GSA or any exhibits, amendments or schedules hereto.

15.9 The headings and titles of the Paragraph and Subparagraphs of this GSA are not a part of this GSA, but are for convenience only and are not intended to define, limit or construe the contents of the various Paragraphs and Subparagraphs herein.

15.10 The Parties hereto represent and warrant that they have full authority to execute and deliver this GSA, and each person executing this GSA on behalf of the respective Parties hereto is duly and validly authorized to do so, except in the case of CTC, its authority is subject to confirmation of its plan of reorganization or an order of the United States Bankruptcy Court authorizing or approving this GSA.

15.11 This GSA may be executed in multiple counterparts, each of which shall be deemed an original but all of which shall constitute one in the same instrument.

House of Prince, A/S

By: _____

[Handwritten signatures]
SEBASTIAN ANDERSEN OLAUS BAGGER

Print Name: _____

Date: 23. January 2006

Carolina Tobacco Company, Inc.

By: _____

Print Name: _____

Date: _____

Leonidas Trading Company

By: _____

Print Name: _____

Date: _____

Scandinavian Tobacco, S.I.A.

By: _____

[Handwritten signatures]
LARS KAUSE THUNJEN MIKAEL SKADHOLLE

Print Name: _____

Date: 19/1/2006

The Settling States by the signatures of their respective authorized officials attached hereto which are deemed executed as of _____.

15.11 This GSA may be executed in multiple counterparts, each of which shall be deemed an original but all of which shall constitute one in the same instrument.

House of Prince A/S

Scandinavian Tobacco, S.I.A.

By: _____

By: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

Carolina Tobacco Company, Inc.

The Settling States by the signatures of their respective authorized officials attached hereto which are deemed executed as of _____.

By: *David H. Redmond, President*

Print Name: *David H. Redmond*

Date: *07 February 2006*

Leonidas Trading Company

By: _____

Print Name: _____

Date: _____

15.11 This GSA may be executed in multiple counterparts, each of which shall be deemed an original but all of which shall constitute one in the same instrument.

House of Prince, A/S

By: _____

Print Name: _____

Date: _____

Carolina Tobacco Company, Inc.

By: _____

Print Name: _____

Date: _____

Leonidas Trading Company

By: Sally Baldwin

Print Name: Sally Baldwin

Date: 4/1/06

Scandinavian Tobacco, S.L.A.

By: _____

Print Name: _____

Date: _____

The Settling States by the signatures of their respective authorized officials attached hereto which are deemed executed as of MARCH 15, 2006

15.11 This GSA may be executed in multiple counterparts, each of which shall be deemed an original but all of which shall constitute one in the same instrument.

House of Prince, A/S

Scandinavian Tobacco, S.L.A.

By: _____

By: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

Carolina Tobacco Company, Inc.

The Settling States by the signatures of their respective authorized officials attached hereto which are deemed executed as of MARCH 15, 2006

By: _____

Print Name: _____

Date: _____

Leonidas Trading Company

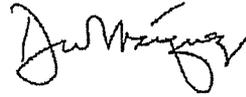
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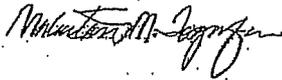
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Troy King
Attorney General of Alabama



David W. Marquez
Attorney General of Alaska



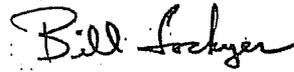
Malaetasi M. Togafau
Attorney General of American Samoa



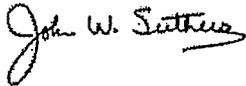
Terry Goddard
Attorney General of Arizona



Mike Beebe
Attorney General of Arkansas



Bill Lockyer
Attorney General of California



John Suthers
Attorney General of Colorado



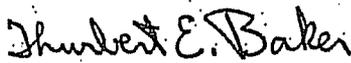
Richard Blumenthal
Attorney General of Connecticut



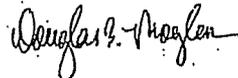
Carl C. Danberg
Attorney General of Delaware



Robert Spagnoletti
Attorney General of District of Columbia



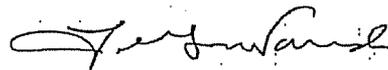
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Mark J. Bennett
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Lawrence Wasden
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Lisa Madigan
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Tom Miller
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Tom Reilly
Attorney General of Massachusetts

Mike Cox
Attorney General of Michigan

Jeremiah W. Nixon
Attorney General of Missouri

Mike McGrath
Attorney General of Montana

Jon Bruning
Attorney General of Nebraska

George J. Chanos
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Attorney General for New Hampshire

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Roy Cooper
Attorney General of North Carolina

Matt Gregory
Attorney General of Northern Mariana Islands

W.A. Drew Edmondson
Attorney General of Oklahoma

Tom Corbett
Attorney General of Pennsylvania

Patrick Lynch
Attorney General of Rhode Island

Lawrence Long
Attorney General of South Dakota

Zulima V. Farber
Attorney General of New Jersey

Eliot Spitzer
Attorney General of New York

Wayne Stenehjem
Attorney General of North Dakota

Jim Petro
Attorney General of Ohio

Hardy Myers
Attorney General of Oregon

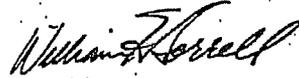
Roberto J. Sanchez-Ramos
Attorney General of Puerto Rico

Henry McMaster
Attorney General of South Carolina

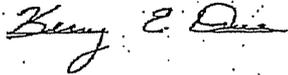
Paul Summers
Attorney General of Tennessee



Mark Shurtleff
Attorney General of Utah



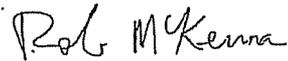
William H. Sorrell
Attorney General of Vermont



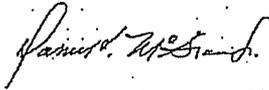
Kerry E. Drue
Attorney General of Virgin Islands



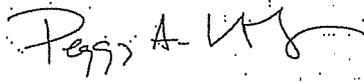
Bob McDonnell
Attorney General of Virginia



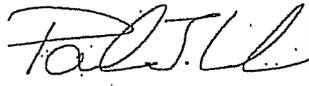
Rob McKenna
Attorney General of Washington



Darrell V. McGraw Jr.
Attorney General of West Virginia



Peg Lautenschlager
Attorney General of Wisconsin



Pat Crank
Attorney General of Wyoming

Escrow Contribution Agreement

To: Washington Trust Bank ("Escrow Agent")
Wealth Management & Advisory Services
P.O. Box 2127
Spokane, WA 99210

A. Background. The Settling States and House of Prince, A/S ("HOP"), Scandinavian Tobacco, S.I.A. f/k/a "House of Prince Riga" ("STR"), Carolina Tobacco Company, Inc. ("CTC") and Leonidas Trading Company ("LTC") have entered into a Global Settlement Agreement as of June __, 2005; and enter into this Escrow Contribution Agreement ("Agreement") in order to facilitate the implementation of the Global Settlement Agreement. HOP and STR are hereinafter jointly referred to as the "HOP Group".

B. HOP Deposits. The HOP Group will deposit or cause to be deposited the following:

1. On or before five (5) business days after the execution and delivery of this Agreement:

1.1 The sum of \$16,734,902.00 U.S. Dollars;

1.2 The sum of \$919,679.28 U.S. Dollars (interest on \$24,826,632.00 through January 31, 2005.)

2. On or before five (5) business days after HOP receives notice from or on behalf of the Master Settlement Agreement ("MSA") Independent Auditor, PriceWaterHouseCoopers LLP (the "IA"), a copy of which shall be sent to the Escrow Agent, regarding the additional interest calculated by the IA to have accrued at the "prime rate" from February 1, 2005, to the date of calculation in a manner consistent with the MSA on \$24,826,632.00 (the "2003 SPM Amount").

3. If the Escrow Agent is notified by or on behalf of the IA that further interest has accrued on the 2003 SPM Amount prior to the Escrow Agent's disbursement of the funds in the Escrow Contribution Account to the Settling States (as provided herein) and the amount of interest earned on the entire escrow account to the date of disbursement is less than such additional accrued interest ("Interest Deficiency"), then on or before five (5) days after the Escrow Agent's notice thereof to HOP, the amount of such Interest Deficiency in U.S. Dollars.

C. Joint Deposit of CTC, HOP Group and the Settling States. Tonia J. Lindquist, Vice President and Sr. Trust Officer at Bank of America (Phone #: 503-279-3592) for and on behalf of CTC, HOP and the Settling States will deposit or cause to be deposited the sum of \$31,009,757.00 U.S. Dollars from Bank of America Escrow Account No. 79011000380360 on or before five (5) business days after the execution and delivery of this Agreement.



D. Joint Deposit of LTC, HOP and the Settling States. Lawrence Nelson, Vice President of Special Corporate Financial Services at Comerica Bank (Phone #: 415-477-3248) for and on behalf of LTC, HOP and the Settling States will deposit or cause to be deposited the sum of \$3,081,973.00 U.S. Dollars from Comerica Bank.

E. Creation of Escrow Contribution Account. As and when you are in receipt of each of the deposits you are to deposit all sums so received in an interest bearing account as jointly directed in writing by one of Joseph A. Ginsburg or Jonathan M. Weis on behalf of HOP and one of Peter J. Levin or Samuel R. Maizel on behalf of the Settling States. You are under no duty to invest deposits until you are in receipt of such joint direction. In the event the Escrow Agent invests deposits as required hereunder, Escrow Agent shall not be held responsible for any loss of principal or interest that may be incurred as a result of making the investments or redeeming said investments for the purposes of this escrow.

F. Holding and Disbursement of Funds. You are to continue to hold the sums deposited and all earned and accrued interest thereon, if any, until you are in receipt of one of the following:

1. The joint written direction of one of Joseph A. Ginsburg or Jonathan M. Weis on behalf of HOP and Peter J. Levin or Samuel R. Maizel on behalf of the Settling States directing you to disburse all funds on deposit including earned interest, if any; to each of the Settling States in the amount directed; or

2. If after the one hundred twentieth (120th) day that is a business day after you are in receipt of all deposits you have not received the joint written direction described in subparagraph F1 above, but do receive written notice from one of Joseph A. Ginsburg or Jonathan M. Weis on behalf of HOP or Peter J. Levin or Samuel R. Maizel on behalf of the Settling States advising you of the termination of the GSA and this Agreement together with the notices thereof to the other party, CTC and LTC, (a "Termination Notice") and you are not in receipt of a notice from the other party, the Settling States or HOP Group, as the case may be, disputing such termination notice within ten (10) business days of your receipt of a Termination Notice, then you shall disburse all sums on deposit as follows:

2.1 Return all sums deposited by on or behalf of HOP pursuant to B above, together with all earned and accrued interest thereon to the party depositing the same.

2.2 Return all sums deposited by or on behalf of CTC, HOP and the Settling States pursuant to C above together with all earned and accrued interest thereon to the following account at Bank of America: Escrow Account No. 79011000380360.

2.3 Return all sums deposited by or on behalf of LTC, HOP and the Settling States pursuant to D above, together with all earned and accrued interest thereon to the following account at Comerica Bank for deposit in the accounts listed on the attached Exhibit 2.3.



G. In the event of any dispute (including one described in F2 above) as to this Agreement you are to continue to hold all sums on deposit and all earned and accrued interest thereon until you are in receipt of either (i) a joint written direction of Joseph A. Ginsburg or Jonathan M. Weis on behalf of HOP and Peter J. Levin or Samuel R. Maizel on behalf of the Settling States as to the disbursement of Escrowed Funds or (ii) an order of a court of competent jurisdiction directing you as to the disbursement of the funds.

H. Notices. All notices, requests, demands, consents and communications necessary or required under this Agreement shall be made in the manner specified, or, if not specified, shall be delivered by hand, by recognized courier service, or sent by registered or certified mail, return receipt requested, or by telecopy (receipt confirmed) to:

- 1 if to HOP and STR:
Joseph A. Ginsburg (#442101)
Jonathan M. Weis
Levin Ginsburg
180 North LaSalle Street, Suite 3200
Chicago, Illinois 60601
Facsimile Number: (312) 368-0111

- 3 if to CTC:
Mr. Peter McKittrick
Farleigh Witt
121 S.W. Morrison Street, Suite 600
Portland, Oregon 97204
Facsimile Number: (503) 228-1741

- 4 if to LTC:
Mr. Steven Cramer
Aiken, Kramer & Cummings, Inc.
1111 Broadway, Suite 1500
Oakland, California 94607
Facsimile Number: (510) 465-5105

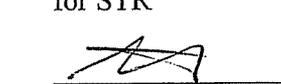
- 5 if to the Settling States:
Mr. Sam Maizel
Pachulski, Stang, Ziehl, Young
Jones & Weintraub
10100 Santa Monica Boulevard, 11th Floor
Los Angeles, California 90067
Facsimile Number: (310) 201-0760

All such notices, requests, demands, consents and other communications shall be deemed to have been duly given or sent two (2) days following the date on which mailed, or on the date on which delivered by hand, or by recognized overnight courier service or by facsimile transmission (receipt confirmed) as the case may be, and addressed as aforesaid.



All such notices, requests, demands, consents and other communications shall be deemed to have been duly given or sent two (2) days following the date on which mailed, or on the date on which delivered by hand, or by recognized overnight courier service or by facsimile transmission (receipt confirmed), as the case may be, and addressed as aforesaid.

I. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Oregon, without regard to the conflicts of laws provisions thereof.

for HOP		for CTC	
	<u>ANDERS C. FEILS</u>		<hr/>
for STR			
	<u>CLAUS BAGGER</u>		
			
	<u>MIKAEL SKADNAVE, LARS ICROUSE THOMSEN</u>		
for the Settling States		for LTC	
	<hr/>		<hr/>

Accepted:

As Escrow Agent

By:

Authorized Officer

All such notices, requests, demands, consents and other communications shall be deemed to have been duly given or sent two (2) days following the date on which mailed, or on the date on which delivered by hand, or by recognized overnight courier service or by facsimile transmission (receipt confirmed), as the case may be, and addressed as aforesaid.

I. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Oregon, without regard to the conflicts of laws provisions thereof.

for HOP

for CTC

for STR

for the Settling States

for LTC

Sally Baldi

Accepted:

As Escrow Agent

By: _____

Authorized Officer

I. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Oregon, without regard to the conflicts of laws provisions thereof.

for HOP

for CTC
 President

for STR

for the Settling States

for LTC

Accepted:

As Escrow Agent

By: _____

Authorized Officer

EXHIBIT 2.3 TO ESCROW CONTRIBUTION AGREEMENT

Leonidas Trading Company				
MSA Escrow Principal				
As of 3-31-06				
State	Comerica A/C#	Comerica Escrow #	Principal Balance	
Alabama	1891920264	48-1335	10,723.16	
Arizona	1891920231	48-1336	402,209.66	
California	1891920272	48-1337	1,166,926.40	
Colorado	1891920249	48-1338	94,038.94	
Georgia	1891920280	48-1339	32,754.77	
Idaho	1891920256	48-1340	15,142.84	
Illinois	1891914226	48-1342	217,356.80	
Indiana	1891920298	48-1341	106,043.15	
Kentucky	1891914234	48-1343	13,951.16	
Louisiana	1891914242	48-1344	3,099.09	
Nevada	1891914259	48-1345	246,253.49	
New Mexico	1891914267	48-1346	65,076.55	
New York	1891914275	48-1347	20,923.75	
North Carolina	1891914283	48-1348	102,540.43	
Ohio	1891914291	48-1349	16,271.38	
Oklahoma	1891914408	48-1360	44.79	
Oregon	1891914309	48-1350	180,514.03	
Pennsylvania	1891914317	48-1351	13,548.03	
South Carolina	1891914325	48-1352	93,447.69	
Tennessee	1891914333	48-1353	11,971.36	
Utah	1891914341	48-1354	25,713.49	
Vermont	1891914358	48-1355	8,056.56	
Virginia	1891914366	48-1356	2,167.92	
Washington	1891914374	48-1357	208,171.49	
Wisconsin	1891914382	48-1358	9,994.55	
Wyoming	1891914390	48-1359	4,879.32	
Total			3,071,820.80	