

Forbearance Agreement

This agreement is entered into by and between Tabacos De Canarias S.L. ("CITA"), its wholly-owned subsidiary Canary Islands Cigars Company ("CIC") and the undersigned States ("Settling States") under the Master Settlement Agreement ("MSA") as of August 1, 2003 (this "Forbearance Agreement").

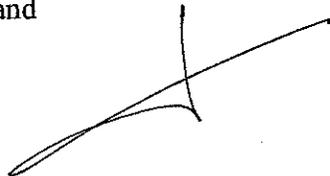
WHEREAS, CITA manufactures Corona and Palace brand cigarettes in Spain (the "Cigarettes"), some of which it has exported for sale in the United States since 1999; and

WHEREAS, on or about March 14, 2001 CITA entered into an exclusive distribution agreement with Tobacco & Candy International, Inc. ("TCI") pursuant to which TCI was designated the exclusive distributor of the Cigarettes in the United States; and

WHEREAS, the Settling States were third-party beneficiaries of such exclusive distribution agreement; and

WHEREAS, TCI entered into an amendment to the MSA under which TCI became a Participating Manufacturer under the MSA and undertook the obligation to make all MSA payments for the Cigarettes, including payment for all the Cigarettes sold in the United States in 1999 and 2000 as well as for all such Cigarettes sold thereafter and to perform all obligations under the MSA as Participating Manufacturer with respect to such Cigarettes; and

WHEREAS, TCI initially filed reports with the Independent Auditor that stated that the numbers of Cigarettes subject to the MSA were 92,220,000 in 1999, 332,691,000 in 2000, and 120,370,000 in 2001; and

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WHEREAS, TCI has subsequently agreed with the State of Iowa to file revised reports with the Independent Auditor stating that the actual numbers of Cigarettes it obtained from CITA and sold subject to the MSA (including Cigarettes supplied to TCI but sold by Alliance Tobacco Corp. ("Alliance")) were 275,694,000 in 1999, 747,365,000 in 2000, and 914,734,000 in 2001, and the payment obligation calculated by the Independent Auditor for each such year was therefore lower than the payment obligation would have been had accurate reports been filed; and

WHEREAS, TCI undertook to make full MSA payment for all Cigarettes sold in the United States in 1999-2001, as calculated by the Independent Auditor, no later than April 15, 2002; and

WHEREAS, the Independent Auditor calculated based on the incomplete and understated reports filed by TCI that TCI owed \$6,082,675.72, including interest, as of August 31, 2002 in MSA payments, and that TCI actually made payments of only \$1,324,638.48 by April 15, 2002, and in 2003, \$798,367.20, including funds which had been maintained in an escrow account for the benefit of certain of the Settling States, and has made no other payments;

WHEREAS, the Independent Auditor has now recalculated the additional sum that would need to be paid to satisfy the amounts due from TCI for the years 1999 through 2001.

WHEREAS, the exclusive distribution agreement between CITA and TCI has been terminated; and

WHEREAS, certain quantities of CITA-manufactured brands of cigarettes other than those for which TCI had been CITA's exclusive distributor were sold in the United States prior to the date of this Forbearance Agreement ("Other Brands"); and

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WHEREAS, CITA wishes to appoint CIC to be its exclusive distributor of Cigarettes in the United States in lieu of TCI and to have CIC join the MSA as a Participating Manufacturer under the MSA in connection with the sale of all CITA-manufactured brands, including newly created brands;

IT IS NOW THEREFORE agreed, by and between CITA and the Settling States, as follows:

1. **Representations.** As a condition of this Forbearance Agreement, CITA represents and warrants:

a. During the period January 1, 1999 to the date of this Forbearance Agreement, CITA's sales of CITA-manufactured cigarettes for export to the United States, Canada and Mexico have been solely to TCI, except such sales made in 2002 or 2003 to CITA's affiliate CIC or for Other Brands, Haba-Dom Cigars Corp., for importation into the United States.

b. CITA has recently been informed and believes that in addition to the import of the Cigarettes by TCI, Alliance, a customer of TCI, has also imported certain quantities of the Cigarettes into the United States without CITA's consent. There is no business relationship between Alliance and CITA.

c. Other than those imports described in a. and b. of this Section 1, CITA has no knowledge of any imports of the Cigarettes into the United States, except such new information concerning possible re-sales by TCI or Alliance to other unidentified customers obtained in connection with negotiating this Forbearance Agreement.

2. **Reporting.** The revised sales amounts TCI has agreed with the State of Iowa to

report to the Independent Auditor as recited above shall be the amounts of CITA-manufactured cigarettes sold in the United States in the years 1999, 2000, and 2001 for purposes of this Forbearance Agreement. For imports of all CITA-manufactured cigarettes in 2002, and thereafter, CITA or CIC will timely and accurately make all reports required by the MSA or requested by the Independent Auditor. For the year 2002 only, the information in CITA's or CIC's reports as to all imports for which they or any affiliate of theirs paid excise taxes, plus the volume of sales of CITA-manufactured cigarettes reported by TCI for 2002 to the Independent Auditor, shall be the basis for determining the amounts of such cigarettes sold in the United States for purposes of this Forbearance Agreement. Nothing contained herein shall be construed to impose on CITA or CIC any liabilities of TCI or Alliance other than as provided in this Forbearance Agreement.

3. **Independent Auditor's Recalculation.** Based on the revised TCI sales reports for 1999 through 2001 as recited above, the Independent Auditor has recalculated the resulting payment obligations attributable to the sale of CITA-manufactured Cigarettes by TCI and Alliance for each such year. The amount of those obligations, including interest at the prime rate through July 21, 2003 and net of credits for amounts paid or caused to be paid by TCI as of July 31, 2003, is \$26,695,048.65. From that amount shall be subtracted the sum of \$445,048.56 which shall be debited against the NPM Adjustment Settlement amount referred to in paragraph 5 below.. The resulting principal amount due of \$26,250,000.00 shall bear interest from and after August 1, 2003, at the prime rate as of the date of this Forbearance Agreement plus 1 percentage point as calculated in the usual fashion by the Independent Auditor. Such amount, less all credits for payments with respect to such Cigarettes that may be received in the future by the Escrow Agent from TCI or Alliance or on TCI's or Alliance's behalf, will be designated the

“TCI/Alliance Prior Years' Balance.”

4. **Prior Years' Balance Payment Schedule.** CIC shall make payment as follows to the MSA Escrow Agent for credit against the TCI/Alliance Prior Years' Balance of the lesser of the unpaid TCI/Alliance Prior Years' Balance or the following:

- a. On or before September 30, 2003, \$3.0 million;
- b. On or before March 15, 2004, \$1.3 million;
- c. On or before March 15, 2005, \$1.3 million;
- d. On or before March 15, 2006, \$1.3 million;
- e. On or before March 15, 2007, \$1.5 million;
- f. On or before March 15, 2008, \$1.5 million;
- g. On or before March 15, 2009, \$1.5 million;
- h. On or before March 15, 2010, \$1.75 million;
- i. On or before March 15, 2011, \$1.75 million;
- j. On or before March 15, 2012, \$1.75 million;
- k. On or before March 15, 2013, \$2.0 million;
- l. On or before March 15, 2014, \$2.0 million;
- m. On or before March 15, 2015, \$2.0 million;
- n. On or before March 15, 2016, \$2.25 million;
- o. On or before March 15, 2017, \$2.25 million;
- p. On or before March 15, 2018, \$2.25 million;

- q. On or before March 15, 2019, \$2.5 million;
- r. On or before March 15, 2020, \$2.5 million;
- s. On or before March 15, 2021, \$2.5 million;
- t. On or before March 15, 2022, \$2.5 million;
- u. On or before March 15, 2023, a sum sufficient to have fully amortized the principal amount set forth in Paragraph 3, hereof, in accordance with the terms of this Forbearance Agreement.

5. **Amendment of MSA and Payment for 2002 Sales.** CIC and the Settling States shall execute an amendment to the MSA in the form attached hereto as Exhibit A providing that CIC shall be a Participating Manufacturer under the MSA and CIC shall be obligated to make all payments under the MSA for CITA-manufactured cigarettes sold in the United States from and after January 1, 2002. In accordance with Paragraph 2 hereof, on or before September 30, 2003, CITA or CIC shall report to the Independent Auditor all sales in the U.S. of CITA-manufactured cigarettes in the year 2002 and shall make an initial payment to the MSA Escrow Agent an amount equal to \$0.01545 for each such cigarette, less an NPM Adjustment Settlement credit (a credit for releasing certain potential NPM Adjustment claims based on the settlement terms agreed to by similarly situated Participating Manufacturers), which amount (net of the amount set forth in paragraph 3 above) totals \$937,943.79 plus a sum equal to \$0.0012890 for each CITA-manufactured cigarette sold in in the U.S. in 2002 as reported to the Independent Auditor in excess of 311,198,000 The Independent Auditor shall determine the final payment amount due on account of sales in 2002 of CITA-manufactured cigarettes pursuant to its usual calculation methodology, and any debit or credit due to or from CIC upon calculation of the final

amount shall be an adjustment to CIC's payment for 2003 sales due April 15, 2004.

6. **Effect of TCI or Alliance Payments.** Nothing contained herein shall affect the rights of the Settling States to collect from Tobacco Center, Inc., TCI or any subsidiary or affiliate of TCI, or Alliance or any subsidiary or affiliate of Alliance, or any other person or entity acting in concert or participation with TCI or Alliance, any sums they were or are obligated to pay on account of importing or sale of cigarettes other than the Cigarettes. Nothing contained herein shall obligate the Settling States to initiate any action against Tobacco Center, Inc., TCI, or any subsidiary or affiliate of TCI, or Alliance, on account of importing or sale of the Cigarettes or the provisions of this Forbearance Agreement. Pursuant to Section 3 above, any sums collected from TCI or Alliance with regard to CITA-manufactured cigarettes shall be credited against the TCI/Alliance Prior Years' Balance payable by CIC pursuant to Section 4 of this Forbearance Agreement but shall not reduce the annual payment made by CIC pursuant to this Forbearance Agreement unless such annual payment exceeds the total remaining balance due.

7. **Recoupment from TCI and Alliance.** Nothing in this Forbearance Agreement shall prevent CITA or CIC from bringing an action against TCI or Alliance to recover payments made by CITA or CIC pursuant to this Forbearance Agreement.

8. **Additional Payments.** CIC may, at its option, make payments toward the outstanding TCI/Alliance Prior Years' Balance in addition to those set forth above and such payments will be credited toward the TCI/Alliance Prior Years' Balance when made. At CIC's election, such additional payments shall be applied either to reduce the total number of yearly payments required to pay off the TCI/Alliance Prior Years' Balance or to proportionally reduce the amount of each remaining yearly scheduled payment. In the event CIC has repaid the

TCI/Alliance Prior Years' Balance in full prior to the date of any payment provided for above, CIC's obligations under Sections 3 and 4 shall cease, and CIC thereafter shall make the regular payments provided for under the MSA.

9. **Guaranty.** Immediately upon execution of this Forbearance Agreement, CITA, acting through its authorized representative, shall execute a Contract of Guaranty in the form attached here as Exhibit B guaranteeing all payments by CIC under Section 4 of this Forbearance Agreement or under the MSA.

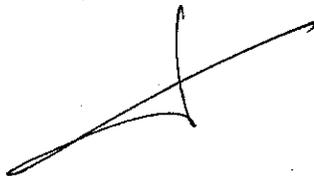
10. **Monitoring.** To enable the Settling States to monitor compliance by CIC with this Forbearance Agreement, CIC shall upon request provide the Tobacco Project of the National Association of Attorneys General ("NAAG"), subject to the confidentiality agreement with NAAG, following the end of each calendar year copies of all of its Form 7501's filed during that year with the U.S. Customs Service and, upon request by NAAG, copies of internal accounting records reflecting Cigarette sales and federal excise taxes paid during that year. CIC shall also execute such reasonable documentation requested to enable NAAG to obtain information filed with or maintained by the U.S. Customs Service related to Cigarettes imported by CIC.

11. **Forbearance and Release.** Each Settling State agrees that it will not initiate any action or proceeding against CITA, CIC or any affiliate or subsidiary of CITA to enforce its rights under the MSA or its third party beneficiary rights under the distribution agreement between CITA and TCI or its rights under any statute in the form of Exhibit T to the MSA so long as CIC and CITA are in compliance with this Forbearance Agreement. Subject solely to CITA and CIC complying with all terms and conditions of this Forbearance Agreement, the Settling States forever release and discharge CITA and CIC (including any of their past, present or future officers, directors, employees, agents, legal representatives, shareholders, trustees,

parents, subsidiaries, affiliates, partners, executors, administrators, successors, predecessors and assigns) from all manner of claims, demands, actions, suits, causes of action, damages, and liabilities of whatever nature, including costs, expenses, penalties and attorney's fees, known or unknown, suspected or unsuspected, in law or equity, that may concern or arise from the importing and sale in the United States of the Cigarettes in the period 1999 through 2001.

12. **Default and Acceleration.** If upon notice from the Settling States that CIC has failed to make any payment required by this Forbearance Agreement, which failure has not been cured within ninety (90) days from the date of such notice, or should CIC become the subject of any insolvency proceeding, including but not limited to CIC's seeking (voluntarily or involuntarily) federal bankruptcy protection, which proceeding has not been dismissed within one hundred eighty (180) days from its commencement, the entire unpaid balance of the TCI/Alliance Prior Years' Balance shall become immediately due and payable. The first sentence of this Section 12 of this Forbearance Agreement shall not apply in the event that CITA pursuant to the Contract of Guaranty makes the payments as required from CIC.

13. **Enforcement.** Any of the undersigned Settling States may enforce this Forbearance Agreement in its respective Court (as defined in Section II(p) of the MSA) and in any such proceeding the prevailing party shall be entitled to its costs and expenses (including its attorneys fees) in addition to all other remedies to which it may be entitled.

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TABACOS DE CANARIAS S.L.

By: Francisco Javier Zamorano

Title: Consejero Delegado

Date: August 4, 2003

CANARY ISLANDS CIGARS COMPANY

By: Francisco Javier Zamorano

Title: President

Date: August 4, 2003

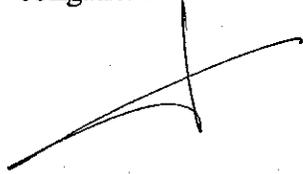
(Signatures of Settling States to follow)

Exhibit A

Amendment No. _____ to Master Settlement Agreement

Pursuant to the Forbearance Agreement dated as of August 1, 2003 between Tabacos de Canarias S.L. ("CITA"), a corporation existing under the laws of Spain, and the Settling States (the "Forbearance Agreement"), Canary Islands Cigars Company ("CIC"), a wholly owned subsidiary of CITA, hereby signs and executes this Amendment No. ("this Amendment") to the Master Settlement Agreement ("MSA") dated as of August 1, 2003. Unless otherwise indicated, all capitalized terms not otherwise defined in this Amendment shall have the same meaning given those terms in the Forbearance Agreement, or if not defined therein, the MSA.

A. In signing and executing this Amendment, CIC agrees and acknowledges that as of the effective date of this Amendment ("Effective Date") it shall become CITA's sole distributor, with the right to appoint sub-distributors, of all brands of cigarettes manufactured by CITA for distribution in the United States and shall meet the payment obligations set forth in the separate Forbearance Agreement entered into concurrently with this Amendment with respect to all such cigarettes manufactured by CITA and imported into the United States prior to the Effective Date of this Amendment. For purposes of this Amendment, the Effective Date is the date by which CIC and each of the Settling States have executed this Amendment and CITA and each of the Settling States have executed the Forbearance Agreement. This Amendment shall in no way relieve TCI or Alliance of their financial and other obligations under the MSA both before and after the Effective Date, and the obligations of CIC with regard to cigarettes



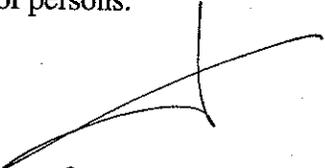
manufactured and sold in the United States prior to the Effective Date shall be subject to the terms set forth in the Forbearance Agreement.

B. Notwithstanding sections II(jj) and II(uu) of the MSA, CIC shall be considered a Tobacco Product Manufacturer and a Participating Manufacturer, and CITA shall not be considered a Tobacco Product Manufacturer (and CITA shall for the purposes of the Model Statute set forth in Exhibit T to the MSA ("Model Statute") only, be considered to be a Participating Manufacturer), provided that:

a. CIC signs the MSA as of the Effective Date of this Amendment and is bound by such Agreement in all Settling States in which such Agreement binds Original Participating Manufacturers and Subsequent Participating Manufacturers;

b. On or before the Effective Date CITA and CIC shall have entered into an exclusive distributorship agreement (the "Exclusive Distribution Agreement"), in a form materially the same as Exhibit 1 hereto, and such Exclusive Distribution Agreement remains in full force and effect, and the parties fully perform their obligations thereunder. The Exclusive Distribution Agreement must contain the following terms:

1. CITA appoints CIC as its exclusive distributor (other than as set forth in paragraph 4 hereof) for sale in any state in the United States, including the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa and the Northern Mariana Islands ("the United States") of all cigarettes which are or may be manufactured by CITA, or by any licensee or Affiliate of CITA, and which are exported for intended sale in the United States, subject to the terms and conditions appearing in the Exclusive Distribution Agreement (insofar as such terms and conditions are not inconsistent with paragraphs 1 through 6 hereof). 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" means ownership of an equity interest, or the equivalent thereof, of more than 50 percent, and the terms "Person" means an individual, partnership, committee, association, corporation or any other organization or group of persons.



2. CITA shall not appoint any person other than CIC as an additional distributor for sale of cigarettes within the United States, nor shall CITA sell or distribute cigarettes in the United States except through CIC or market or advertise cigarettes in the United States. Notwithstanding the foregoing, nothing contained in this paragraph or this Amendment shall prohibit CIC from appointing its own distributors or sub-distributors.

3. CITA shall supply cigarettes which shall comply with the requirements or applicable regulations effective in the United States. CIC shall obtain, or require its distributor or subdistributor to obtain, the governmental certification, license, permit or approval necessary to import and distribute cigarettes in the United States and shall sell cigarettes in the United States in strict compliance with any and all laws, regulations and other requirements of federal, state, and local governments and their agencies. Consistent with the terms of the Forbearance Agreement, CIC shall be responsible for all payments under the MSA with respect to all CITA-manufactured cigarettes sold in the United States prior to and after the date of this Agreement, shall pay the taxes specified in the 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.

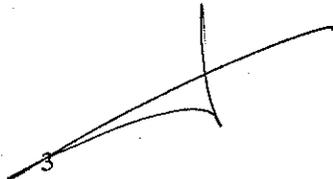
4. The Exclusive Distribution Agreement between CITA and CIC shall be effective on the date of execution of that agreement (which shall be on or before the Effective Date) and shall not be terminated by either party to that agreement unless CITA has appointed another signatory to the MSA as distributor for the United States as long as the MSA remains in effect.

5. The Settling States and the Original Participating Manufacturers are third-party beneficiaries of the Exclusive Distribution Agreement.

C. CIC shall not, after the time CIC becomes a signatory to the MSA, import, sell or distribute cigarettes manufactured (or purchased for resale in the United States) by a Non-Participating Manufacturer;

D. If CITA becomes an Affiliate of an Original Participating Manufacturer ("OPM"), CIC will not import or distribute the cigarettes unless CIC assumes the payment obligations under the MSA of an OPM with respect to all cigarettes manufactured by CITA (or under trademarks owned by or licensed to CITA) and imported or distributed by CIC.

E. If CIC becomes an Affiliate of an OPM, CIC will assume the payment obligations under the MSA of an OPM with respect to the cigarettes shipped by CIC in or to the United States.



Dated: August 7, 2003

CANARY ISLANDS CIGARS COMPANY

By _____

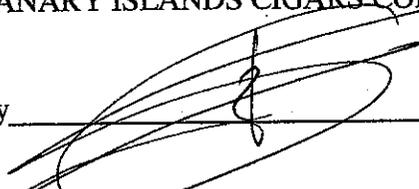

Francisco Javier Zamorano
President

Exhibit 1

Exclusive Distribution Agreement

This Exclusive Distribution Agreement is entered into between Tabacos De Canarias S.L. ("CITA") and Canary Islands Cigars Company ("CIC"), its wholly-owned subsidiary, as of August 1, 2003 ("this Agreement"). Unless otherwise defined herein, all capitalized terms used in this Agreement shall have the same meaning as those same terms used in the Forbearance Agreement between the Settling States, CITA and CIC ("the Forbearance Agreement"), or if not defined therein, the Master Settlement Agreement with the Settling States ("MSA").

1. CITA hereby appoints CIC, and CIC accepts the appointment, as its exclusive distributor for sale in any state in the United States, including the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa and the Northern Mariana Islands ("the United States") of all cigarettes which are or may be manufactured by CITA, or by any licensee or Affiliate of CITA, and which are exported for intended sale in the United States. 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" means ownership of an equity interest, or the equivalent thereof, of more than 50 percent, and the term "Person" means an individual, partnership, committee, association, corporation or any other organization or group of persons.

2. CITA shall not appoint any Person as an additional distributor for sale of its cigarettes within the United States, nor shall CITA sell or distribute cigarettes in the United States except through CIC or market or advertise cigarettes in the United States.

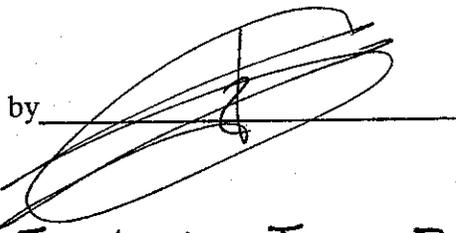
Notwithstanding the foregoing, nothing contained in this paragraph shall prohibit CIC from appointing its own distributors or sub-distributors.

3. CITA shall supply cigarettes which shall comply with the requirements or applicable regulations effective in the United States. CIC shall obtain, or require its distributor or sub-distributor to obtain, the governmental certification, license, permit or approval necessary to import and distribute cigarettes in the United States and shall sell cigarettes in the United States in strict compliance with any and all laws, regulations and other requirements of federal, state, and local governments and their agencies. Consistent with the terms of the Forbearance Agreement, CIC shall be responsible for all payments under the MSA with respect to all CITA-manufactured cigarettes sold in the United States prior to and after the date of this Agreement, shall pay the taxes specified in the 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.

4. This Agreement shall be effective as of the date first written above and shall not be terminated by either party unless CITA has appointed another signatory to the MSA as its exclusive distributor for the United States as long as the MSA remains in effect.

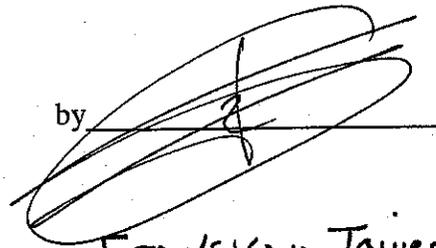
5. The Settling States and the Original Participating Manufacturers are third-party beneficiaries of this Agreement.

Canary Islands Cigars Company, Inc.

by 

Francisco Javier Zamorano
President

Tabacos De Canarias S.L.

by 

Francisco Javier Zamorano
Consejero Delegado

EXHIBIT B

CONTRACT OF GUARANTY

This Contract of Guaranty ("this Guaranty") is entered into by Tabacos De Canarias S.L. ("CITA") for the benefit of the forty-six States, the District of Columbia, the Commonwealth of Puerto Rico, and the four United States Territories (the "Settling States") under the Master Settlement Agreement dated November 23, 1998 ("MSA") and in connection with the Forbearance Agreement between CITA and the Settling States executed concurrently with this Guaranty (the "Forbearance Agreement"). Unless otherwise indicated, capitalized terms used in this Guaranty shall have the same meaning as those in the Forbearance Agreement.

WHEREAS, certain disputes have arisen between the Settling States and CITA relating to the performance under the MSA of TCI, as CITA's exclusive United States distributor of the Cigarettes; and

WHEREAS, the Settling States and CITA have entered into the Forbearance Agreement to resolve those disputes; and

WHEREAS, pursuant to the Forbearance Agreement CIC will be obligated to make payments to the Escrow Agent under the MSA on account of sales by it and its affiliates, and on account of past sales by TCI and Alliance to the extent payments are not made by TCI or Alliance, defined in the Forbearance Agreement as the TCI/Alliance Prior Years' Balance;

IT IS NOW AGREED, for good and sufficient consideration and as a material inducement for the Settling States to enter into the Forbearance Agreement, that CITA does hereby guaranty to the Settling States each and every one of the payments by CIC required by the Forbearance Agreement, including full payment of the TCI/Alliance Prior Years' Balance.

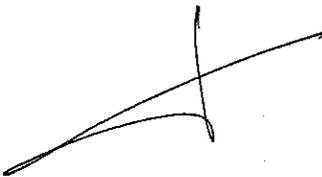
In the event that the Exclusive Distribution Agreement between CITA and CIC is terminated and CITA appoints another signatory to the MSA to be the exclusive distributor of its cigarettes in the United States, this Guaranty shall also apply to the MSA payments owed with respect to cigarettes manufactured by CITA and sold by such other signatory in the United States.

This Guaranty shall remain in full force and effect until the TCI/Alliance Prior Years' Balance is paid in full notwithstanding any extension, compromise, adjustment, forbearance, waiver, release or discharge of CIC, and the undersigned waives all notices thereto. This Guaranty is binding upon the undersigned and its successors or assigns. This Guaranty shall be unconditional and absolute, and CITA waives all rights of subrogation and set-off. CITA further waives all suretyship defenses or defenses in the nature thereof.

The obligations of CITA shall be, at the election of the Settling States or any of them, primary and not necessarily secondary, and the Settling States, or any of them, shall not be required to exhaust their or its remedies as against CIC or any other party prior to enforcing their or its rights under this Guaranty against the undersigned.

Any of the Settling States may enforce this Guaranty in its respective Court (as defined in Section II(p) of the MSA) and in such action the prevailing party shall be entitled to its costs and expenses (including its attorneys fees) in addition to all other remedies to which it may be entitled.

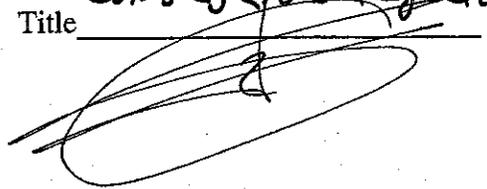
This Guaranty shall be construed and enforced under the laws of the State of New York, exclusive of those related to choice of law.

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Executed as of August 4, 2003

TABACOS DE CANARIAS S.L.

By Francisco Javier Zamorano
Title Consejero Delegado

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a central vertical stroke, positioned below the printed name and title.