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18TH MAY 2005

**BRITISH AMERICAN TOBACCO PLC**

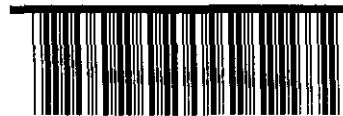
and

**BRITISH AMERICAN TOBACCO (1998) LIMITED**

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**DEED OF WAIVER AND RELEASE**  
**in relation to certain monies owed by**  
**British American Tobacco (1998) Limited**

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THIS DEED is made the 18<sup>th</sup> day of May 2005,

**BETWEEN:**

- (1) **BRITISH AMERICAN TOBACCO PLC**, a company incorporated in England and Wales with registered number 03407696 and whose registered office is at Globe House, 4 Temple Place, London WC2R 2PG ("**BAT**"); and
- (2) **BRITISH AMERICAN TOBACCO (1998) LIMITED**, a company incorporated in England and Wales with registered number 3422701 and whose registered office is at Globe House, 4 Temple Place, London WC2R 2PG ("**1998**").

**WHEREAS:**

- (A) 1998 owes £3,617,283,164.98 to BAT under a deed of novation dated the date of this Deed between 1998, BAT, British American Tobacco International (Holdings) B.V. and B.A.T. International Finance Plc (the "**Deed of Novation**");
- (B) It is intended that BAT invest additional capital in 1998;
- (C) BAT and 1998 wish to cancel the debt owed to BAT by 1998 under the Deed of Novation in consideration for the issue of share capital in 1998 to BAT on the terms of this Deed and with effect from the Effective Date.

**NOW THIS DEED WITNESSES** as follows:

**1. DEFINITIONS AND INTERPRETATION**

- 1.1 In this Deed unless the context requires otherwise the following expressions shall have the following meanings:

**"Effective Date"** means the date of this Deed;

**"Waived Obligations"** means all obligations, duties and liabilities of 1998 to BAT under or in connection with the Deed of Novation;

- 1.2 In this Deed, unless the context requires otherwise:

- 1.2.1 headings and bold type face inserted in this Deed are inserted for convenience only and do not affect the interpretation of this Deed;

- 1.2.2 references to recitals, clauses, sub-clauses, paragraphs are to recitals, clauses, sub-clauses and paragraphs of this Deed;

- 1.2.3 references to the singular include the plural, and vice versa;

- 1.2.4 references to any gender include a reference to all genders;

- 1.2.5 references to persons include a reference to bodies corporate, unincorporated associations, partnerships, individuals, governments, states, agencies and trusts;

- 1.2.6 references to a statute or statutory provision include a reference:

- (A) to that statute or provision as from time to time modified, extended, replaced or re-enacted;

- (B) to any repealed statute or statutory provision which it re-enacts (with or without modification); and
- (C) to any subordinate legislation made under the relevant statute or statutory provision.

## **2. WAIVER AND RELEASE**

In return for the Consideration (as defined in clause 3 below), BAT hereby agrees, with effect from the Effective Date, to waive and release 1998 to the fullest extent possible under all applicable laws from all rights and claims it may have (if any) under the Deed of Novation, whether arising prior to or subsequent to the Effective Date.

## **3. CONSIDERATION**

The consideration for the waiver of the obligation shall be the allotment to BAT on the Effective Date, credited as fully paid with a share premium of £1,899,832.60 of 1,904 ordinary shares of £1 each in the share capital of 1998 (the "**Consideration**").

## **4. FURTHER ASSURANCE**

The parties hereto shall (at their own cost) perform, execute and deliver such further acts and documents as may be required by law or (at the cost of the requesting party) reasonably requested by each other to implement the purpose of and to perfect this Deed.

## **5. COUNTERPARTS**

This Deed may be executed in any number of counterparts and by the parties to it on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same instrument.

## **6. THIRD PARTY RIGHTS**

No person other than a party hereto may enforce this Deed by virtue of the Contracts (Rights of Third Parties) Act 1999.

## **7. GOVERNING LAW**

- 7.1 This Deed shall be governed by, and construed in accordance with, English law.
- 7.2 Each party irrevocably agrees that the courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this Deed and any matter arising therefrom.
- 7.3 Any notice, demand or other communication under this Deed shall be in writing and may be delivered personally or by letter or facsimile transmission despatched as follows:
  - (a) if to BAT:

Globe House  
4 Temple Place  
London WC2R 2PG

Facsimile: 0207 845 2189  
For the attention of the Secretary

(b) if to 1998:

Globe House  
4 Temple Place  
London WC2R 2PG

Facsimile: 0207 845 2189  
For the attention of the Secretary

**IN WITNESS** whereof the parties hereto have caused this Deed to be executed and delivered the day and year first above written.

**EXECUTED as a DEED** )  
by **BRITISH AMERICAN** )  
**TOBACCO PLC** )  
acting by two directors or a )  
director and its company secretary )

Director



~~Director~~/Secretary



**EXECUTED as a DEED** )  
by **BRITISH AMERICAN** )  
**TOBACCO (1998) LIMITED** )  
acting by two directors or a )  
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Director



~~Director~~/Secretary

