

DATE

1ST April

2003

194278

B.A.T. INTERNATIONAL FINANCE P.L.C.

- and -

BATIF DOLLAR LIMITED

DEED OF ASSIGNMENT

This Deed of Assignment is made on ~~1st~~ April 2003

Between:

- (1) B.A.T. INTERNATIONAL FINANCE P.L.C. of Globe House, 4 Temple Place, London WC2R 2PG ("BATIF");
- (2) BATIF DOLLAR LIMITED of Globe House, 1 Water Street,, London WC2R 3LA (the "Assignee");
- (3) BRITISH AMERICAN TOBACCO (1998) LIMITED of Globe House, 4 Temple Place, London WC2R 2PG ("BAT 1998");
- (4) BRITISH AMERICAN TOBACCO (HOLDINGS) LIMITED of Globe House, 4 Temple Place, London WC2R 2PG ("BATH"); and
- (5) BRITISH AMERICAN TOBACCO MEXICO,S.A.de C.V of Francisco I.Madero#2750 Pte, Monterrey, Nuevo Leon 64000 Mexico ("BATM").

Whereas:

- (A) BATIF is currently party as lender to the following loan facilities:
 - (i) a US\$1,400,000,000 loan (the "A Loan") with BAT 1998 under the terms of a Loan Confirmation dated 29th December 2001 to the Master Intra Group Treasury Products Agreement dated 26th June 2001 (the "MIGTPA") (the "US\$1.4 Billion Agreement");
 - (ii) a US\$463,240,065 loan (the "B Loan") with BAT 1998 under the terms of a Loan Confirmation dated 31st December 2002 to the MIGTPA (the "US\$463 Million Agreement");
 - (iii) a US\$177,132,300.37 loan (the "C Loan") with BAT 1998 under the terms of a Loan Confirmation dated 3rd March 2003 to the MIGTPA (the "US\$177 Million Agreement");
 - (iv) a US\$135,000,000 loan (the "D Loan") with BAT 1998 under the terms of a Loan Confirmation dated 9th December 2002 to the MIGTPA (the "US\$135 Million Agreement")
 - (v) a US\$915,000,000 loan (the "E Loan") with BATH under the terms of a Loan Confirmation dated 20th December 2001 to the MIGTPA (the "US\$915 Million Agreement");
 - (vi) a US\$ 429,600,000 loan (the "F Loan") with BATH under the terms of a loan agreement dated 1st December 1998 (the "US\$ 429.6 Million Agreement"); and
 - (vii) a US\$ 728,000,000 loan (the "G Loan") with BATM under the terms of a Loan Confirmation dated 28th June 2002 to the MIGTPA (the "US\$ 728 million Agreement")
- (B) BATIF has agreed to assign to the Assignee all of its right, title and interest in respect of the Loans under the Finance Documents and to transfer to the Assignee all of its obligations under the Loans in consideration of (i) the issue by the Assignee to BATIF of

~~The Consideration Shares and (ii) the payment by the Assignee to BATIF of USD 2,251,972,365 and otherwise upon the terms and subject to the conditions set out in this Deed.~~

Now it is agreed as follows:

1. DEFINITIONS

1.1 In this Deed, unless the context otherwise requires:

"Consideration Shares" means the 1,825,000,000 ordinary shares of USD 1.00 each to be issued by the Assignee to BATIF as consideration for the assignment of the Loans;

"Finance Documents" means the US\$1.4 Billion Agreement, the US\$463 Million Agreement, the US\$177 Million Agreement, the US\$ 135 Million Agreement, the US\$915 Million Agreement, the US\$429.6 Million Agreement and the US\$728 Million Agreement and any other document relating thereto.

"Loans" means the A Loan, the B Loan, the C Loan, the D Loan, the E Loan, the F Loan and the G Loan.

"US Dollars" and **"US\$"** means the lawful currency of the United States of America.

1.2 In this Deed:

- (a) Clause headings are inserted for ease of reference only and shall not affect the interpretation of this Deed.
- (b) Unless the context otherwise requires, references to Clauses and Schedules are to be construed as references to clauses of and schedules to this Deed.
- (c) Words importing the singular shall include the plural and vice versa.
- (d) Any reference to this Deed to another document or instrument is a reference to that other document or instrument as the same may have been, or may from time to time be, amended.

2. ASSIGNMENT AND CONSENT

2.1 In consideration of the issuance by the Assignee of the Consideration Shares and the payment of US\$ 2,251,972,365 to BATIF and the undertakings of the Assignee under this Deed, BATIF, with full title guarantee, assigns to the Assignee absolutely and without recourse to BATIF all of its right, title and interest in and to the Loans under the Finance Documents (including its right to repayment thereof and payment of interest thereon).

2.2 BATIF and the Assignee agree, for the avoidance of doubt, that all interest on the Loans accrued up to (but not including) the date of this Deed shall accrue for the sole benefit of BATIF. On receipt of interest on a Loan in respect of the interest period current under the relevant Finance Document as at the date of this Deed, the Assignee shall pay to BATIF that proportion of the amount of interest received as equates to the period from (and including) the first day of that interest period to (but excluding) the date of this Deed.

2.3 Notwithstanding the terms of the Finance Documents, each of BAT 1998, BATH and BATM consents to the assignment by BATIF to the Assignee of all of its right, title and

~~interest in and to the Loans under the Finance Documents pursuant to the terms of this Deed.~~

3. TRANSFER

In consideration of the assignment and consent provided for in Clause 2:

- (a) the Assignee undertakes to each of BAT 1998, BATH and BATM to perform the obligations and assume the liabilities in favour of each of them identical to the obligations and liabilities of BATIF under the Finance Documents at the date of this Deed; and
- (b) simultaneously, each of BAT 1998, BATH and BATM releases BATIF from its obligations and liabilities under the Finance Documents and agrees and acknowledges that it has no further rights or benefits against BATIF under or in relation to such Finance Documents.

4. PAYMENTS

All payments to be made by the Assignee to BATIF under this Deed shall be made in US Dollars without any deduction or withholding for or on account of any taxes or otherwise and in immediately available and freely transferable funds in such time, place and manner as BATIF may specify.

5. CONFIRMATION

5.1 The Assignee confirms to BATIF that:

- (a) it has received a copy of the Finance Documents and all such other documents, approvals and opinions relating to the Finance Documents as it has required to see in connection with this Deed and the Assignee accepts all the terms thereof;
- (b) it has itself been, and will at all times continue to be, solely responsible for making its own independent appraisal of, and investigations into, (i) the financial condition, creditworthiness, affairs, status and nature of BAT 1998, BATH and BATM respectively, (ii) the Finance Documents and any other document relating thereto or contemplated by this Deed, and (iii) the matters and things contemplated by the Finance Documents or any such other document, and it has entered into this Deed on the basis of such independent appraisal and investigations; and
- (c) it has not relied, and will not hereafter rely, on BATIF to appraise or keep under review on its behalf the financial condition, creditworthiness, affairs, status or nature of BAT 1998, BATH and BAT Mexico respectively or any matter or thing contemplated by, any of the Finance Documents or any such other document.

5.2 BATIF makes no representation or warranty and assumes no responsibility with respect to:

- (a) the due execution, legality, validity, adequacy or enforceability of the Finance Documents or any document relating thereto or contemplated thereby or the recoverability of any Loan or any other sum due to the Assignee under any Finance Document; or
- (b) the financial condition of BAT 1998, BATH and BATM respectively; or

- ~~(c) the performance by BAT 1998, BATH and BATM respectively of their obligations under the Finance Documents or any document relating thereto or contemplated thereby; or~~
- (d) the accuracy of any representation or warranty made by BAT 1998, BATH and BATM respectively in the Finance Documents or any document relating thereto or contemplated thereby; or
- (e) the accuracy of any opinions or certificates delivered or to be delivered under or in connection with the Finance Documents or any document relating thereto or contemplated thereby; and if BAT 1998, BATH and BATM respectively shall fail to perform any of their obligations under this Finance Documents or any document relating thereto or contemplated thereby, the Assignee shall have no recourse whatsoever to BATIF in respect of such failure.

5.3 BATIF and the Assignee agree that:

- (a) BATIF has no residual beneficial interest in any Loan;
- (b) the Assignee shall have no recourse or claim on BATIF for any loss, costs, expense or liability sustained or incurred by the Assignee as a result of or in connection with this Deed;
- (c) BATIF is not obliged to enter into any arrangements to repurchase any Loan or any part thereof at any time or other arrangements whereby any Loan or any part thereof are re-transferred at any time to BATIF;
- (d) BATIF is not obliged to enter into any arrangements to indemnify or compensate the Assignee for any losses incurred by the Assignee pursuant to this Deed or by reason of or any failure by any of BAT 1998, BATH or BATM to perform any of their obligations under any of the Finance Documents; and
- (e) the Assignee and not BATIF shall assume the risk in respect of any moratorium, rescheduling, refinancing, suspension of payments or similar arrangement or circumstances affecting any Loan.

6. FURTHER ASSURANCES

BATIF agrees to execute and deliver to the Assignee any and all instruments and to issue and deliver such notices and procure such consents and acknowledgements as shall be necessary or as the Assignee may deem reasonably advisable to perfect the assignment herein contained.

7. COSTS AND EXPENSES

The Assignee shall pay all stamp duty and documentation, registration or other like duties and taxes, if any, from time to time imposed on or in connection with this Deed and shall indemnify BATIF against any liability arising by reason of any delay or omission by the Assignee to pay such stamp duty, duties or taxes.

8. REPRESENTATIONS

BATIF and the Assignee represent and warrant to each other that:

- (a) it is a limited liability company, duly incorporated and validly existing under the laws of the jurisdiction of its incorporation and has the power to own its assets and carry on its business as it is being conducted;
- (b) it has the power to enter into and perform, and has taken all necessary action to authorise the entry into, performance and delivery of this Deed;
- (c) this Deed constitutes its legal, valid and binding obligations enforceable (subject to applicable insolvency, bankruptcy, reorganisation, moratorium or similar laws affecting creditors' rights generally and subject to equitable principles of general application) in accordance with its terms;
- (d) the entry into and performance by it of, and the transactions contemplated by, this Deed do not and will not conflict with:
 - (i) any law or regulation or judicial or official order applicable to it; or
 - (ii) its constitutional documents; or
 - (iii) any agreement or instrument to which it is party or which is binding on its assets in such a manner or to such an extent which is reasonably likely to have a material adverse effect on its ability to perform its obligations under this Deed.

9. COMMUNICATIONS

9.1 Every notice, demand or other communication under this Deed shall be in writing and may be delivered personally or by letter of facsimile transmission despatched as follows:

- (a) if to BATIF:

Globe House
4 Temple Place
London WC2R 2PG

Facsimile: 0207 845 2141
For the attention of: Treasurer

- (b) if to the Assignee:

Globe House
1 Water Street
London WC2R 3LA

Facsimile: 0207 845 2141
For the attention of: Treasurer

or to such other address and/or facsimile number as may be notified in accordance with this Clause by the relevant party to the other party for such purposes.

9.2 Every notice, demand or other communication shall be deemed to have been received (if sent by post) 24 hours after despatch and (if delivered personally or by facsimile transmission) at the time of delivery or despatch if during normal business hours in the place of intended receipt on a working day in that place and otherwise at the opening of business in that place on the next succeeding such working day.

10. COUNTERPARTS

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

11. LAW AND JURISDICTION

11.1 This Deed shall be governed by, and construed in accordance with, English law.

11.2 In relation to any dispute arising out of or in connection with Deed, each of the parties hereto hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of England and waives any objection to proceedings with respect to this Deed in such courts on the grounds of venue or inconvenient forum.

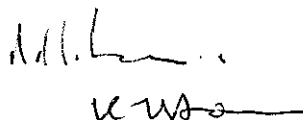
In witness whereof BATIF, the Assignee, BAT 1998, BATH and BATM have each caused this Deed to be executed as a deed on the day and year first above written.

EXECUTED as a DEED

by **B.A.T. INTERNATIONAL
FINANCE p.l.c.** acting by two directors
or a director and its company secretary

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Director



Director/Secretary

EXECUTED as a DEED

by **BRITISH AMERICAN TOBACCO
(1998) LIMITED** acting by two directors
or a director and its company secretary

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Director



Director/Secretary



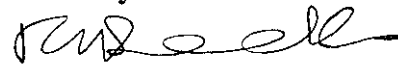
EXECUTED as a DEED

by **BRITISH AMERICAN TOBACCO
(HOLDINGS) LIMITED** acting by two
directors or a director and its company
secretary

Director



Director/Secretary



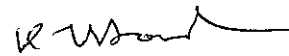
EXECUTED as a DEED

by **BATIF DOLLAR LIMITED**
acting by two directors or a director
and its company secretary

Director



Director/Secretary



SIGNED for and on behalf of
BRITISH AMERICAN TOBACCO
MEXICO, S.A. de C.V.
by

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by **B.A.T. INTERNATIONAL**)
FINANCE p.l.c. acting by two directors)
or a director and its company secretary)

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Director/Secretary

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(HOLDINGS) LIMITED acting by two)
directors or a director and its company)

secretary

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EXECUTED as a **DEED**

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by **BATIF DOLLAR LIMITED**

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acting by two directors or a director

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and its company secretary

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Director

Director/Secretary

SIGNED for and on behalf of
BRITISH AMERICAN TOBACCO
MEXICO, S.A. de C.V.

By two directors

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C.B.C.
[Signature]