

Company No: 3299793

**THE COMPANIES ACT 1985**  
**COMPANY LIMITED BY SHARES**  
**SPECIAL RESOLUTIONS**  
**of**  
**GALLAHER GROUP PLC**

At an Annual General Meeting of the Company duly convened and held at Salters Hall, 4 Fore Street, London EC2Y 5DE at 11am on 10 May 2006, the following Resolutions, within the category of resolutions referred to in S 380 Companies Act 1985, were duly passed as Ordinary Resolutions and as Special Resolutions respectively:

**ORDINARY RESOLUTIONS**

- 9 That in accordance with section 347C of the Companies Act 1985 (the "Act") the Company is authorised to make donations to EU political organisations and to incur EU political expenditure (as such terms are defined in section 347A of the Act) up to a maximum aggregate amount of £50,000 per annum during the period beginning with the date of the passing of this resolution and ending on 9 August 2007 or, if sooner, the conclusion of the Company's AGM to be held in 2007.
- 10 That in accordance with section 347D of the Act Gallaher Limited, being a wholly-owned subsidiary of the Company, is authorised to make donations to EU political organisations and to incur EU political expenditure (as such terms are defined in section 347A of the Act) up to a maximum aggregate amount of £50,000 per annum during the period beginning with the date of the passing of this resolution and ending on 9 August 2007 or, if sooner, the conclusion of the Company's AGM to be held in 2007.
- 11 That in accordance with section 347E of the Act Austria Tabak GmbH & Co. KG, being a subsidiary undertaking of the Company, is authorised to make donations to EU political organisations and to incur EU political expenditure (as such terms are defined in section 347A of the Act) up to a maximum aggregate amount of £50,000 per annum during the period beginning with the date of the passing of this resolution and ending on 9 August 2007 or, if sooner, the conclusion of the Company's AGM to be held in 2007.
- 12 That the board is authorised, generally and without conditions, under section 80 of the Act, to allot the shares, and the rights to shares, which are defined in section 80 as "relevant securities". It is authorised to allot them during the period beginning with the date of the passing of this resolution and ending on 9 August 2007 or, if sooner, the conclusion of the Company's AGM to be held in 2007, but during this period the board can make offers, and enter into agreements, which would, or might, need relevant securities to be allotted after this period. The total nominal amount of relevant securities which can be allotted under this authority is £21,867,530 or 218,675,300 shares.



## SPECIAL RESOLUTIONS

- 13 That the board is given power under the authority given by resolution 12 and/or where an allotment constitutes an allotment of "equity securities" by virtue of section 94(3A) of the Act to allot "equity securities", entirely paid for in cash, free of the restriction in section 89(1) of the Act. The meaning of "equity securities" is given in the Act. This power applies during the period beginning with the date of the passing of this resolution and ending on 9 August 2007 or, if sooner, the conclusion of the Company's AGM to be held in 2007, but during this period the board can make offers, and enter into agreements, which would, or might, need equity securities to be allotted after this period. There is no limit on the total nominal amount of equity securities which can be allotted under this power where the allotment is in connection with a rights issue. In all other cases, the total nominal amount of equity securities which can be allotted under this power is £3,280,130 or 302,801,300 shares. In this resolution "rights issue" means an offer of equity securities which is open to the following people for a period decided on by the board:

- (A) people who are registered holders of ordinary shares on a particular date (excluding any holder holding shares as treasury shares), in proportion to their holdings of ordinary shares (ignoring for this purpose both any holder holding shares as treasury shares and the treasury shares held by him); and
- (B) people who are registered on a particular date as holders of other classes of equity securities (excluding any holder holding shares as treasury shares), if this is expressly required by the rights attached to those securities, or, if the board considers it appropriate, as permitted by the rights attached to those securities.

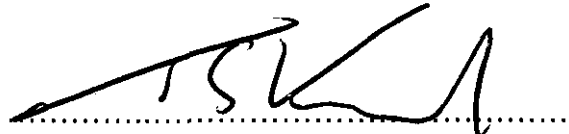
The offer may be subject to any limits, or restrictions, which the board thinks are necessary or appropriate to deal with:

- (i) any fractions of shares to which people would be entitled; or
- (ii) legal or practical problems under the laws of any territory, or under the requirements of any recognised regulatory body, or stock exchange, in any territory.

- 14 That the Company is authorised to make market purchases (within the meaning of section 163(3) of the Act) of its ordinary shares of 10p each ("ordinary shares") provided that:

- a the maximum number of ordinary shares authorised to be purchased is 65,602,600;
- b the minimum price which may be paid for any such ordinary share is 10p (exclusive of expenses);
- c the maximum price which may be paid for an ordinary share shall be an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and

- d this authority shall, unless previously renewed, revoked or varied, expire on 9 August 2007 or, if sooner, at the conclusion of the Company's AGM to be held in 2007, but the Company may enter into a contract for the purchase of ordinary shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

A handwritten signature in black ink, appearing to read 'TSK', is written over a horizontal dotted line.

Mr T S Keevil

Company Secretary & General Counsel

DATED 15<sup>th</sup> May 2006