months The Folz Employment Agreement provided for an initial annual base salary of $1 million As of August 1, 1996, for the services to be rendered by Mr. Folz to Cigar Holdings and Consolidated Cigar, Consolidated Cigar has assumed the obligations of the Company under the Folz Employment Agreement with respect to a portion of the base salary and employee benefits to be provided to Mr Folz under the Folz Employment Agreement and, simultaneously therewith, has entered into a new employment agreement with Mr Folz memorializing such assumption and expiring on December 31, 1999. After December 31, 1998, Consolidated Cigar may give notice of non-renewal, in which case the term of the agreement will be extended for a period of twelve months following such notice From and after January 1, 2000, the term will be automatically extended day-by-day until Consolidated Cigar gives notice of non-renewal, in which case the term will be extended for a period of twelve months. Consolidated Cigar has assumed 70% of the obligations of the Company under the Folz Employment Agreement with respect to any payments or benefits payable upon Mr. Folz's severance, death or disability. The base salary paid by Consolidated Cigar to Mr Folz was $770,000 for the year ended December 31, 1996. In addition, subject to approval by stockholders of Consolidated Cigar, Mr. Folz is eligible to receive annual performance bonus payments under the Consolidated Cigar Performance Bonus Plan. See "-- Consolidated Cigar Performance Bonus Plan". The Folz Employment Agreement includes compensation for his duties as Chief Executive Officer of Mafco Worldwide The portion allocable to Mafco Worldwide through November 25, 1996, the date of the Flavors Disposition, was reimbursed by Mafco Worldwide and is included in the compensation table above

Consolidated Cigar entered into an employment agreement with Mr. Ellis (the "Ellis Employment Agreement") with respect to an employment term commencing July 1, 1995 and ending on December 31, 1999, unless sooner terminated by Mr Ellis' death, disability (in which case Consolidated Cigar may elect to terminate the employment agreement), gross neglect or willful misconduct (in which case Consolidated Cigar may terminate the employment agreement immediately upon written notice) or Mr Ellis' willful and material failure to perform his contractual obligations or by Consolidated Cigar's material breach of the Ellis Employment Agreement After December 31, 1998, Consolidated Cigar may give notice of non-renewal, in which case the term of the agreement will be extended for a period of twelve months following such notice. From and after January 1, 2000, the term will be automatically extended day-by-day until Consolidated Cigar gives notice of non-renewal, in which case the term will be extended for a period of twelve months. In the event that Consolidated Cigar breaches the Ellis Employment Agreement, Mr Ellis is entitled to terminate the

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employment agreement, in that event, base salary, performance bonuses and benefits are to be paid to Mr. Ellis for the remaining term of the Ellis Employment Agreement or, if longer and if no non-renewal notice has been given by the Company prior to that time, twelve months, offset by any other compensation Mr. Elhs receives during this period. The Ellis Employment Agreement provides for an initial annual base salary of $217,500 for Mr. Ellis The Employment Agreement also provides, subject to approval by stockholders of Consolidated Cigar, for annual performance bonus payments, subject to an annual maximum of $1 million, based on achievement by Consolidated Cigar of certain EBITDA targets, which bonus payments shall be made pursuant to the Consolidated Cigar Performance Bonus Plan, as set forth in the Ellis Employment Agreement

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 1996, Mr Gittis and Ms LaFontant-Mankarious served as members of the Compensation Committee