TAX SHARING AGREEMENT

The Company and certain of its domestic subsidiaries (including Consolidated Cigar) (the "Company Group") have been, for federal income tax purposes, members of an affiliated group of corporations of which Mafco Holdings is the common parent (the "Mafco Holdings Group") Accordingly, the Company Group has been included in the consolidated federal income tax returns and, to the extent permitted by applicable law, included in combined state or local income tax returns filed on behalf of the old Mafco Holdings Group Pursuant to a tax sharing agreement (the "Mafco Consolidated Tax Sharing Agreement") between the Company and Mafco Holdings, the Company is required to pay to Mafco Holdings with respect to each taxable year an amount equal to the consolidated federal and state and local income taxes that would have been incurred by the Company Group had it not been included in the consolidated federal and any combined state or local income tax returns filed by the Mafco Holdings Group Pursuant to a tax sharing agreement (the "Subsidiary Tax Sharing Agreement") between the Company and Consolidated Cigar, Consolidated Cigar is required to pay to the Company with respect to each taxable year an amount equal to the consolidated federal and state and local income taxes that would have been incurred by Consolidated Cigar had it not been included in the consolidated federal and any combined state or local income tax returns filed by the Mafco Holdings Group.

Since the completion of the Secondary Offering, Consolidated Cigar is no longer included in the Mafco Holdings Group consolidated tax returns and, instead, files its own tax returns and pays its own taxes on a separate company basis.

Under existing federal income tax regulations the Company and Consolidated Cigar are liable for the consolidated federal income taxes of the Mafco Holdings Group for any taxable year in which they are a member of the Mafco Holdings Group. Pursuant to the Mafco Consolidated Tax Sharing Agreement and the Subsidiary Tax Sharing Agreement, Mafco Holdings has agreed to indemnify the Company, and the Company has agreed to indemnify Consolidated Cigar and its direct and indirect subsidiaries for any such federal income tax liability.

PROMISSORY NOTE

In connection with the Cigar IPO, Cigar Holdings issued the Promissory Note in an original principal amount of $70 million to the Company. The Promissory Note is noninterest bearing, unsecured, subordinated to senior indebtedness (as defined in the Promissory Note) and repayable in whole or in part at any time or from time to time without premium or penalty The Promissory Note is payable in quarterly installments of $2.5 million beginning March 31, 1997 with the final installment payable on December 31, 2003.

PURCHASE OF LICORICE EXTRACT

Consolidated Cigar purchases all of the licorice extract used as flavoring and moistening agents in its manufacturing processes from Mafco Worldwide, which following the Flavors Disposition became an indirect wholly owned subsidiary of PCT. During the years ended December 31, 1996, 1995 and 1994, the Company purchased approximately $211,000, $269,000 and $265,000 of licorice extract from Pneumo Abex (successor by merger to Mafco Worldwide) The Company believes that the licorice extract purchased from Pneumo Abex was purchased on terms no less favorable to the Company than those obtainable in an arm's length transaction with an independent third party