The Company has a performance bonus plan (the "Performance Bonus Plan") for senior executive officers of the Company. The Performance Bonus Plan provides for the payment of cash compensation upon the achievement of predetermined individual and corporate performance goals during the calendar year The Performance Bonus Plan is administered by the Compensation Committee The Compensation Committee has the full power to select the senior executive officers for participation in the Performance Bonus Plan and to establish the performance goals for each senior executive officer in the Performance Bonus Plan Such performance goals will be based upon achievement of operating results targets. Compensation payable under the Performance Bonus Plan is intended to qualify as "performance based compensation" under Section
162(m) of the Code The payments under the Performance Bonus Plan to any one individual during any calendar year may not exceed $500,000 See "--Employment Agreements "

TRANSACTION BONUS PLAN

The Company has a performance bonus plan (the "Transaction Bonus Plan") for the Company's Chief Executive Officer. The Transaction Bonus Plan provides for the payment of cash compensation to the Company's Chief Executive Officer for achieving certain performance goals relating to the consummation of acquisitions of businesses, divestitures of businesses or the value of any acquisitions and/or divestitures consummated during the applicable performance period. The Transaction Bonus Plan is administered by the Compensation Committee Compensation payable under the Transaction Bonus Plan is intended to qualify as "performance based compensation" under Section 162(m) of the Code. The payments under the Transaction Bonus Plan may not exceed an aggregate maximum of $4,000,000. In connection with the Flavors Disposition, the Company's Chief Executive Officer received a payment of approximately $3,000,000 under the Transaction Bonus Plan. See "--Employment Agreements "

CONSOLIDATED CIGAR PERFORMANCE BONUS PLAN

The Company has adopted the Consolidated Cigar Performance Bonus Plan Compensation payable under the Consolidated Cigar Performance Bonus Plan is intended to qualify as "performance based compensation" under Section
162(m) of the Code Senior executive officers of Cigar Holdings and Consolidated Cigar, selected for participation in the Consolidated Cigar Performance Bonus Plan by the Compensation Committee, will be entitled to participate in the Consolidated Cigar Performance Bonus Plan. The performance goals under the Consolidated Cigar Performance Bonus Plan will be based on achievement of EBITDA targets established by the Compensation Committee with respect to each calendar year The payments under the Consolidated Cigar Performance Bonus Plan to any one individual during any calendar year may not exceed $2,000,000 See "--Employment Agreements "

DEFINED BENEFIT PLAN

Domestic (United States) salaried employees of Consolidated Cigar are eligible to participate in the Consolidated Cigar Domestic Salaried Employees' Defined Benefit Plan, a defined benefit pension plan (the "Plan"), which, effective as of the end of 1995, was merged into a defined benefit pension plan sponsored by a subsidiary of the Company The merger of the Plan did not change the level of pension benefits provided to Consolidated Cigar employees. Plan benefits are a factor of service (up to a maximum of 33 years) with Consolidated Cigar and Average Final Compensation (average monthly compensation during the 60 consecutive months in which compensation was highest in the 10 years prior to termination of employment) Compensation includes total wages, overtime, bonuses and 401(k) salary deferrals, and excludes fringe benefits and employer contributions to other deferred compensation