



IMPERIAL TOBACCO GROUP PLC
PO Box 244, Southville, Bristol BS99 7UJ

Dear Shareholder

EIGHTH ANNUAL GENERAL MEETING OF IMPERIAL TOBACCO GROUP PLC

I am pleased to inform you that our eighth Annual General Meeting is to be held at the Bristol Marriott Hotel City Centre on Tuesday, 1 February 2005 at 2.30 pm. The formal notice of the Meeting, particulars of the resolutions on which you can vote and details of the administrative arrangements we have made for the Meeting are set out in this leaflet.

I appreciate that you may not be able to attend the Meeting but, in the event of a poll, you can use your vote by completing the voting form (Proxy Form) enclosed. You may, if you wish, appoint your proxy electronically at www.sharevote.co.uk. You will need your personal voting reference number shown on your voting form. Your Directors unanimously recommend that you vote in favour of all the resolutions set out in the attached notice.

You will find enclosed our Annual Report/Annual Review for the financial year ended 30 September 2004. This details our achievements in the last financial year and your Board's plans for the future direction of the Company. I hope that you find it informative and interesting.

For the safety and comfort of those attending the Meeting, bags, other large items, cameras and recording equipment will not be allowed into the auditorium. However, cloakroom facilities will be provided. Please ensure mobile phones are switched off during the Meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Derek C Bonham'.

Derek C Bonham

Chairman

www.imperial-tobacco.com

Registered in England and Wales No: 3236483 Registered Office: PO Box 244, Upton Road, Bristol BS99 7UJ

NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING OF IMPERIAL TOBACCO GROUP PLC

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

It lists the resolutions to be voted on at the Company's Annual General Meeting that will be held on 1 February 2005. The Meeting is due to start at 2.30 pm. However, the doors to the Meeting will be open from 1.30 pm and you may wish to arrive by 2.00 pm to ensure that you are able to take your seat in good time for the start of the Meeting.

Notice is hereby given that the eighth Annual General Meeting of Imperial Tobacco Group PLC will be held at the Bristol Marriott Hotel City Centre, 2 Lower Castle Street, Old Market, Bristol, BS1 3AD on 1 February 2005 at 2.30 pm for the transaction of the following business:

ORDINARY BUSINESS

Resolution 1

THAT the Accounts for the financial year ended 30 September 2004, together with the Directors' and Auditor's reports thereon, be received.

Resolution 2

THAT the Directors' Remuneration Report for the financial year ended 30 September 2004, together with the Auditor's report thereon, be received and approved.

Resolution 3

THAT a final dividend for the financial year ended 30 September 2004 of 35 pence per ordinary share of 10 pence each payable on 18 February 2005 to those shareholders on the register at the close of business on 21 January 2005 be declared.

Resolution 4

THAT Mr A G L Alexander be re-elected as a Director of the Company.

Resolution 5

THAT Mr D C Bonham be re-elected as a Director of the Company.

Resolution 6

THAT Mr G Davis be re-elected as a Director of the Company.

Resolution 7

THAT Mr R Dyrbus be re-elected as a Director of the Company.

Resolution 8

THAT Ms S Murray be re-elected as a Director of the Company.

Resolution 9

THAT PricewaterhouseCoopers LLP be reappointed as Auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

Resolution 10

THAT the Directors be authorised to set the remuneration of the Auditors.

SPECIAL BUSINESS

To consider and, if thought fit, pass resolutions 11 to 15 as ordinary resolutions and resolutions 16 and 17 as special resolutions:

Resolution 11

- (a) THAT in accordance with section 347C of the Companies Act 1985 (the "Act"), the Company is hereby authorised to:
- i. make donations to EU political organisations, as defined in section 347A of the Act, not exceeding £25,000 in total; and
 - ii. incur EU Political Expenditure, as defined in section 347A of the Act, not exceeding £25,000 in total, during the period commencing on the date of this resolution and ending on 1 August 2006 or, if sooner, the conclusion of the Annual General Meeting of the Company held in 2006.

- (b) THAT in accordance with section 347D of the Act Imperial Tobacco Limited, being a wholly-owned subsidiary of the Company, is hereby authorised to:
- i. make donations to EU political organisations, as defined in section 347A of the Act, not exceeding £25,000 in total; and
 - ii. incur EU Political Expenditure, as defined in section 347A of the Act, not exceeding £25,000 in total, during the period commencing on the date of this resolution and ending on 1 August 2006 or, if sooner, the conclusion of the Annual General Meeting of the Company held in 2006.
- (c) THAT in accordance with section 347D of the Act Imperial Tobacco International Limited, being a wholly-owned subsidiary of the Company, is hereby authorised to:
- i. make donations to EU political organisations, as defined in section 347A of the Act, not exceeding £25,000 in total; and
 - ii. incur EU Political Expenditure, as defined in section 347A of the Act, not exceeding £25,000 in total, during the period commencing on the date of this resolution and ending on 1 August 2006 or, if sooner, the conclusion of the Annual General Meeting of the Company held in 2006.
- (d) THAT in accordance with section 347D of the Act Van Nelle Tabak Nederland B.V. (incorporated in The Netherlands), being a subsidiary of the Company, is hereby authorised to:
- i. make donations to EU political organisations, as defined in section 347A of the Act, not exceeding £25,000 in total; and
 - ii. incur EU Political Expenditure, as defined in section 347A of the Act, not exceeding £25,000 in total, during the period commencing on the date of this resolution and ending on 1 August 2006 or, if sooner, the conclusion of the Annual General Meeting of the Company held in 2006.
- (e) THAT in accordance with section 347D of the Act John Player & Sons Limited (incorporated in the Republic of Ireland), being a wholly-owned subsidiary of the Company, is hereby authorised to:
- i. make donations to EU political organisations, as defined in section 347A of the Act, not exceeding £25,000 in total; and
 - ii. incur EU Political Expenditure, as defined in section 347A of the Act, not exceeding £25,000 in total, during the period commencing on the date of this resolution and ending on 1 August 2006 or, if sooner, the conclusion of the Annual General Meeting of the Company held in 2006.
- (f) THAT in accordance with section 347D of the Act Reemtsma Cigarettenfabriken GmbH (incorporated in Germany), being a wholly-owned subsidiary of the Company, is hereby authorised to:
- i. make donations to EU political organisations, as defined in section 347A of the Act, not exceeding £25,000 in total; and
 - ii. incur EU Political Expenditure, as defined in section 347A of the Act, not exceeding £25,000 in total, during the period commencing on the date of this resolution and ending on 1 August 2006 or, if sooner, the conclusion of the Annual General Meeting of the Company held in 2006.
- (g) THAT in accordance with section 347D of the Act Ets L. Lacroix Fils NV/SA (incorporated in Belgium), being a wholly-owned subsidiary of the Company, is hereby authorised to:
- i. make donations to EU political organisations, as defined in section 347A of the Act, not exceeding £25,000 in total; and
 - ii. incur EU Political Expenditure, as defined in section 347A of the Act, not exceeding £25,000 in total, during the period commencing on the date of this resolution and ending on 1 August 2006 or, if sooner, the conclusion of the Annual General Meeting of the Company held in 2006.

Resolution 12

THAT the rules of the Imperial Tobacco Group International Sharesave Plan (the "Sharesave Plan") a summary of which is set out in Appendix 1 to this notice and in the form produced to the meeting and initialled by the Chairman for the purpose of identification be and they are hereby approved and adopted and the Directors be and they are hereby authorised to make any amendments to the Plan that they consider necessary or appropriate to implement the Sharesave Plan and to comply with or take account of taxation, exchange control or securities laws or regulations in any jurisdiction in which the Sharesave Plan is or is intended to operate including amendments to obtain the approval of any tax authority.

Resolution 13

THAT the rules of the Imperial Tobacco Group Share Matching Scheme, as amended, a summary of which is set out in Appendix 2 to this notice and in the form produced to the meeting and initialled by the Chairman for the purpose of identification, be and they are hereby approved.

Resolution 14

THAT the rules of the Imperial Tobacco Group Long Term Incentive Plan, as amended, a summary of which is set out in Appendix 3 to this notice and in the form produced to the meeting and initialled by the Chairman for the purpose of identification, be and they are hereby approved.

Resolution 15

THAT the Directors be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £24,300,000. This authority shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 1 August 2006, save that the Company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

Resolution 16

THAT subject to the passing of Resolution 15, the Directors be and are hereby generally and unconditionally empowered to allot equity securities (as defined in section 94 of the Companies Act 1985 (the "Act")) whether for cash pursuant to the authority conferred by Resolution 15 or otherwise in the case of treasury shares (as defined in section 162(3) of the Act), in each case as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (i) the allotment of equity securities in connection with a rights issue, open offer and other pro rata issue in favour of holders of equity securities where the equity securities respectively attributable to the interest of all such holders are proportionate (or as nearly as may be) to the respective number of equity securities held by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, treasury shares or any legal or practical problems arising under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory; and
- (ii) the allotment (otherwise than pursuant to sub-paragraph (i)) of equity securities up to a maximum nominal amount of £3,645,000.

This power shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 1 August 2006, unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of this resolution the words "That subject to the passing of Resolution 15 above" were omitted.

Resolution 17

THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 10 pence each ("Ordinary Shares") on such terms and in such manner as the Directors may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purpose of its employee share schemes, provided that:

- (i) the maximum number of Ordinary Shares hereby authorised to be acquired is 72,900,000;
- (ii) the minimum price which may be paid for any such share is 10 pence (exclusive of expenses);
- (iii) the maximum price which may be paid for any such share is an amount (exclusive of expenses) equal to 105 per cent of the average of the middle market quotations, or the market values, 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
- (iv) the authority hereby conferred shall, unless previously revoked or varied, expire at the conclusion of the next Annual General Meeting of the Company to be held in 2006 or, if earlier, on 1 August 2006 save in relation to purchases of Ordinary Shares the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry.

Registered Office:

PO Box 244

Upton Road

Bristol BS99 7UJ

Registered in England and Wales Number: 3236483

By order of the Board

Matthew R Phillips

Company Secretary

8 December 2004

Notes

1. Only holders of Ordinary Shares are entitled to attend and vote at this Meeting. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company. A proxy form is enclosed with this notice and instructions for completion are shown on the form. Proxy forms need to be deposited with the Company's Registrars, Lloyds TSB Registrars, not less than 48 hours before the start of the Meeting or any adjournment thereof. Completion of a proxy form does not preclude a member attending and voting in person at the Meeting.
2. The following documents, which are available for inspection during normal business hours at the registered office of the Company on any weekday (Saturdays and public holidays excluded), will also be available for inspection at the place of the Annual General Meeting from 1.30 pm on the day of the Meeting until the conclusion of the Meeting:
 - (i) copies of service contracts of the Directors under which they are employed by the Company;
 - (ii) the Register of Interests of the Directors (and their families) in the share capital of the Company;
 - (iii) the Memorandum and Articles of Association of the Company; and
 - (iv) copies of the rules of the proposed International Sharesave Plan, the Share Matching Scheme (as amended), the Long Term Incentive Plan (as amended) and the Employee Benefit Trusts.

3. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00 pm on 30 January 2005 shall be entitled to attend or vote at the aforesaid Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 6.00 pm on 30 January 2005 shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
4. **Electronic proxy appointment through CREST**
CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Imperial Tobacco Group PLC meeting to be held on 1 February 2005 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID 7RA01) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

EXPLANATORY NOTES

Report and Accounts (Resolution 1)

The Directors of the Company must present the accounts to the Meeting.

Directors' Remuneration Report (Resolution 2)

In line with legislation, this vote will be advisory and in respect of the overall remuneration package and not specific to individual levels of remuneration. You can find the Report on page 45 of the Annual Report and Accounts.

Declaration of a dividend (Resolution 3)

A final dividend can only be paid after the shareholders at a General Meeting have approved it. A final dividend of 35 pence per Ordinary Share is recommended by the Directors for payment to shareholders who are on the Register at the close of business on 21 January 2005. If approved, the date of payment of the final dividend will be 18 February 2005. An interim dividend of 15 pence per Ordinary Share was paid on 6 August 2004. This represents an increase of 8 pence per share, or 19 per cent on the total 2003 dividend.

Re-election of Directors (Resolutions 4 to 8)

The Company's Articles of Association requires that all directors retire at least every three years and that all newly appointed Directors retire at the first Annual General Meeting following their appointment. At this Meeting Messrs A G L Alexander, D C Bonham, G Davis and R Dyrbus will retire and stand for re-election as directors. Short biographies of these Directors are given in the accompanying report. Ms S Murray who was appointed to the Board on 8 December 2004 will also retire and stand for re-election. Susan Murray, aged 47, was a member of the Board of Littlewoods Limited from October 1998 to January 2004, latterly as Chief Executive of Littlewoods Stores Limited. Prior to joining Littlewoods she was Worldwide President and Chief Executive of The Pierre Smirnoff Company, part of Diageo plc. Ms Murray is a fellow of the Royal Society of Arts, a council member of the Advertising Standards Authority and a Non-Executive Director of Enterprise Inns Plc.

Reappointment and Remuneration of Auditors (Resolutions 9 and 10)

Resolutions 9 and 10 propose the reappointment of PricewaterhouseCoopers LLP as Auditors of the Company and authorise the Directors to set their remuneration.

Authority to make donations to EU political organisations and to incur EU political expenditure (Resolution 11)

The Group's ongoing policy is not to make donations to political parties and your Board will not use this authority to do so.

The Companies Act 1985 (the "Act") however includes very broad and ambiguous definitions of political donations and expenditure, which may have the effect of covering some normal business activities. These could include making provision for employees to take paid time off to participate in trade union activities and campaign for and hold public office, sponsorship of industrial forums and involvement in seminars and functions to which politicians may be invited.

Your Board will not use this authority to make any political donations in the previously accepted sense and does not intend to make political donations within the meaning of the Act; however as the penalties for breach of the Act are severe, your Board, in common with other companies, feels it is prudent to seek authority for the Company to make political donations within the meaning of the Act. Since the Act specifically requires that separate authority be sought for subsidiaries that may incur relevant expenditure, you will see that there are effectively seven resolutions proposed within item 11 covering the Company and its major operating subsidiaries within the EU.

New International Sharesave Plan (Resolution 12)

The Company proposes to adopt a new International Sharesave Plan (the "Sharesave Plan") in place of its existing UK and International Sharesave Plans. Sub-plans to the Sharesave Plan which will be capable of approval by the Board of the Inland Revenue and the Irish Revenue Commissioners are to be adopted.

The terms of the Sharesave Plan are similar to those of the existing plans but updated to assist the administration and operation of the new plan.

As with the existing plans, it is proposed that the Sharesave Plan will be introduced with any necessary adaptations to allow it to be offered in certain overseas countries where there are group companies. Under the Sharesave Plan, eligible employees and executive directors may apply for either a three year or five year savings contract and use the proceeds of that, if they wish, to buy shares in the Company after three years or five years.

In those countries where it may not be possible to issue or transfer shares in a UK company to local residents, the Company will consider operating a cash-based scheme, under the terms of which similar economic benefits could be delivered to participants.

A summary of the principal terms of the Sharesave Plan is set out in Appendix 1 to this notice.

Share Matching Scheme (Resolution 13) and Long Term Incentive Plan (Resolution 14)

The Company's Share Matching Scheme (the "Scheme") and its Long Term Incentive Plan (the "Plan"), which have operated since 1996, will expire in 2006. Following a full review of its remuneration policies, the Company has decided to seek shareholder authority at its Annual General Meeting to extend the Scheme and the Plan for up to a further 10 years. Whilst the terms of these schemes will remain broadly the same, certain amendments to their operation are proposed, as set out below.

Share Matching Scheme (Resolution 13)

Certain minor amendments are proposed to assist the administration and operation of the Scheme.

A summary of the principal terms of the Scheme is set out in Appendix 2 to this notice.

Long Term Incentive Plan (Resolution 14)

Following an extensive review and consultation, the Remuneration Committee agreed that the individual levels of award currently available under the Plan (which are linked to base salary) are no longer appropriate nor competitive and should be increased. In addition, the performance targets applicable to awards made under the Plan should be expanded to include a target based on the Company's total shareholder return (TSR).

As regards the individual levels of award it is proposed that these should be increased for the various executive grades as set out below:

	Current Level (% of base salary)	Proposed Level (% of base salary)
Chief Executive	75	200
Finance Director	75	150
Board Member	75	100

At present, all of an award under the Plan vests dependent on the achievement of a target related to the Company's earnings per share. It is proposed that a similar earnings per share target (the EPS target) should be retained in respect of one half of an award and that a target based on the Company's TSR should be adopted for the other half of the award. The Company will thereby introduce a measure for the awards which is based on a market comparison rather than simply a Company related measure.

Vesting of those Ordinary Shares subject to the EPS target will be as follows. 12.5 per cent of the relevant Ordinary Shares will vest if the Company's average real annual EPS growth (as adjusted on a basis determined as appropriate by the auditors, for amortisation, exceptional and extraordinary items and inflation) over the performance period equals three per cent. All of the Ordinary Shares subject to the EPS target will vest if the Company's average real annual EPS growth equals or exceeds ten per cent. Between these two levels the Ordinary Shares subject to the EPS target will vest on a straight line basis.

Under the TSR target there will be two comparator groups against which the Company's performance will be measured. The half of the award subject to the TSR target will be split equally between these two comparator groups. The first comparator group will comprise those companies in the FTSE 100 and the second group will be those companies in the Alcohol and Tobacco sector as set out below.

Allied Domecq PLC	Gallaher Group PLC
Altadis SA	Interbrew SA
Altria Group Inc	Imperial Tobacco Group PLC
British American Tobacco PLC	Reynolds American Inc
Carlsberg A/S	SABMiller PLC
Diageo PLC	Scottish & Newcastle PLC

None of the Ordinary Shares subject to the target based on the Company's TSR relative to that of the FTSE 100 companies will vest unless the Company's TSR exceeds that of 50 per cent of those companies. 30 per cent of the relevant Ordinary Shares will vest if the Company's TSR ranks it as the 50th Company by reference to TSR performance and all of the relevant Ordinary Shares will vest if the Company's TSR ranks it within the top 25 companies in the FTSE 100 Index. Between the 50th and 25th ranking the Ordinary Shares subject to this part of the award will vest on a straight-line basis. None of the Ordinary Shares subject to the target based on the Company's TSR relative to the comparator companies in the Alcohol and Tobacco sector will vest if the Company is ranked in the bottom six of those companies. 30 per cent of the relevant Ordinary Shares will vest if the Company is ranked sixth by reference to its TSR in that group and all of the relevant Ordinary Shares will vest if the Company is ranked in the top three companies in that group. Between third and sixth place the Ordinary Shares subject to this part of the award will vest on a straight-line basis.

There will be no re-testing of any of the performance conditions if they are not satisfied at the end of the performance period and each performance condition will be considered separately.

Certain other minor amendments are also proposed to assist the administration and operation of the Plan.

A summary of the principal terms of the Plan is set out in Appendix 3 to this notice.

Directors' authority to allot securities (Resolution 15)

Your Directors may only allot Ordinary Shares or grant rights over Ordinary Shares if authorised to do so by shareholders. The authority granted at the last Annual General Meeting is due to expire at this year's Annual General Meeting. Accordingly, this resolution seeks to grant a new authority to the Directors to allot unissued share capital of the Company and will expire at the conclusion of the next Annual General Meeting of the Company in 2006 or, if earlier, on 1 August 2006. There is no present intention of exercising this authority, which would give Directors authority to allot relevant securities up to an aggregate nominal value of £24,300,000, approximately one-third of the Company's issued ordinary share capital as at 8 December 2004.

Disapplication of pre-emption rights (Resolution 16)

Under section 89(1) of the Companies Act 1985, if the Directors wish to allot any of the unissued shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of Ordinary Shares without a pre-emptive offer to existing shareholders. This cannot be done under the Companies Act 1985 unless the shareholders have first waived their pre-emption rights. Resolution 16 asks the shareholders to do this and, apart from (i) rights issues or any other pre-emptive offer concerning equity securities and (ii) the sale by the Company of treasury shares (see below), the authority will be limited to a maximum aggregate nominal value of £3,645,000, when taken together with any treasury shares sold on a non pre-emptive basis, which is equivalent to approximately 5 per cent of the Company's issued ordinary share capital as at 8 December 2004. Shareholders will note that this Resolution also relates to treasury shares.

This resolution seeks a disapplication of the pre-emption rights on a rights issue so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders. If given, the authority will terminate at the conclusion of the next Annual General Meeting of the Company in 2006 or, if earlier, 1 August 2006.

Authority to purchase own shares (Resolution 17)

In certain circumstances, it may be advantageous for the Company to purchase its own shares and Resolution 17 seeks the authority from shareholders to do so. The Directors intend to exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and is in the best interest of the shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account before a decision is made to exercise this authority. Save to the extent purchased pursuant to the Treasury Share Regulations 2003, any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly. The Company may hold in treasury any of its own shares that it purchases pursuant to the Treasury Share Regulations and the authority conferred by this Resolution. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with greater flexibility in the management of its capital base.

The resolution specifies the maximum number of Ordinary Shares that may be acquired (approximately 10 per cent of the Company's issued ordinary share capital as at 8 December 2004) and the maximum and minimum prices at which they may be bought. If given, this authority will expire at the conclusion of the next Annual General Meeting of the Company in 2006 or if earlier, 1 August 2006.

The Directors intend to seek renewal of this power at subsequent Annual General Meetings.

APPENDIX 1

PRINCIPAL TERMS OF THE IMPERIAL TOBACCO GROUP INTERNATIONAL SHARES SAVE PLAN (THE "SHARES SAVE PLAN")

1. Eligibility

All employees of the Company and any of its subsidiaries, and those Directors who devote a minimum of 25 hours per week to their duties, who have the requisite period of continuous employment determined by the Board, but not exceeding five years, are entitled to participate. The Board has discretion to include other employees.

2. Grant of Options

Invitations to apply for options may be made by the Board within 28 days of the announcement of the Company's annual or half-yearly results. Options may be granted within 60 days of the date by reference to which the exercise price is determined.

Options may be satisfied by the issue of new Ordinary Shares or by the transfer of existing Ordinary Shares, either from treasury or otherwise.

If the Board resolves to operate the Sharesave Plan, all eligible employees will be invited to apply for options. The Board may decide, prior to making invitations, to offer the Sharesave Plan to eligible employees in certain jurisdictions but not in others.

The number of Ordinary Shares subject to an option will be determined by the level of contribution an eligible employee agrees to make to his savings contract. The number of Ordinary Shares under option may subsequently be adjusted with the approval of the Company's Auditors in the same manner and circumstances which would result in the exercise price being adjusted as set out in paragraph 3 below.

Options will not be assignable or transferable.

3. Exercise price

The exercise price of an option will be determined by the Board, but shall not be less than the higher of:

- (1) 80 per cent of the middle market quotation for dealings in Ordinary Shares, as derived from the Official List on the day prior to the invitation date; and
- (2) in the case of an option to subscribe for Ordinary Shares, the nominal value of an Ordinary Share.

Where an option is granted at any time at which there are no dealings, the exercise price shall not be less than 80 per cent of such sum as is agreed by the Board to be the market value of an Ordinary Share.

In the United States, the exercise price of an option over an American Depositary Share ("ADS") will be determined by the Board, but shall not be less than 80 per cent, of the closing price per ADS as derived from the New York Stock Exchange Consolidated Tape on the trading day immediately preceding the invitation date. In any event, the exercise price of an option to subscribe over ADSs shall not be less than the nominal value of the Ordinary Shares represented by ADSs.

The exercise price of an option may be adjusted (with confirmation in writing from the Company's Auditors that, in their opinion, such adjustment is fair and reasonable) to take account of any capitalisation or rights issue or the sub-division, consolidation or reduction of or any other variation in the Company's ordinary share capital.

4. Savings Contract

All options must be linked to a savings contract entered into by each participant with the savings institution nominated by the Board. Currently, participants must save between £5 (or its local currency equivalent) and £250 (or its local currency equivalent) per month. Such sums will, where possible, be deducted from the relevant participant's pay.

Options will normally be granted for three years or five years. The duration of an option is determined at the date of grant. Options may be exercised with an amount not exceeding the available proceeds of the savings contract. However, participants (other than Irish and UK participants) in the Sharesave Plan may, at the Board's invitation, make additional contributions at the end of the savings contract if their savings plus interest are insufficient to pay for the Ordinary Shares subject to options granted to them, due to currency or interest rate fluctuations.

Participants may terminate a savings contract at any time (although their option may then lapse) and are not obliged to exercise an option when the contract matures at the relevant bonus date. All savings contracts of any participants which are linked to options are aggregated for the purposes of the savings limit of £250 per month. Arrangements for the earning of interest vary, but typically interest is at a variable rate.

5. Limitations

Currently, the Board intends to grant options over existing Ordinary Shares purchased in the market by the trustees of the Company's Employee Benefit Trusts. No option shall be granted on any date if, as a result, the total number of Ordinary Shares acquired or which may be acquired pursuant to grants and appropriations made within the ten years or the five years preceding that date under the Sharesave Plan and all other share schemes established by the Company would exceed ten per cent or five per cent respectively of the Company's issued ordinary share capital on the date of grant.

6. Exercise of options

In normal circumstances options may only be exercised during the period of six months commencing on the maturity of the savings contract. An option will be exercisable immediately on the death of a participant or on his or her ceasing to be an eligible employee by reason of injury, disability, redundancy, retirement on reaching the age of 60 or at such other age at which that employee is bound to retire in accordance with the terms of his or her contract of employment or for any other reason if the option has been held for at least three years. Options will also

become exercisable on an employee attaining the age of 60 if he or she continues in employment, on the sale or transfer out of the Group of any member of the Group, or any business or part of a business, to which his or her employment relates and on a change in control or voluntary winding up of the Company. Any option that becomes exercisable before the maturity date can only be exercised using money already saved plus a further six monthly payments and any interest payable on those savings.

On a change in control of the Company options may, with the consent of the company acquiring control of the Company, be released in consideration of the grant of equivalent rights over the shares of the acquiring company or a company associated with it. Rights are equivalent if, broadly speaking, the aggregate market values of the Ordinary Shares under both the old and new options and the aggregate exercise price of each option are, on the date of exchange, equal.

7. Issue of Shares and other rights

Ordinary Shares allotted following the exercise of an option will rank *pari passu* with the then Ordinary Shares of the Company of the same class provided that they shall not be entitled to any distribution of other rights if the related record date falls prior to the date of exercise.

Benefits received by Participants under the Plan will not be pensionable.

8. “Phantom” Options

Under the terms of the Sharesave Plan, instead of granting options to acquire Ordinary Shares, phantom or notional options may be granted which on exercise give a participant an entitlement to a cash sum equal to the difference between the market value of an Ordinary Share at the date of exercise and the notional exercise price multiplied by the number of Ordinary Shares over which such option may be exercised. The participant is still required to enter into a savings contract as outlined in paragraph 4 above.

Phantom or notional options will generally be granted in those countries where it may not be possible to issue or transfer shares in the Company to local residents because of restrictions in the local securities legislations.

9. Amendments

The Rules of the Sharesave Plan may be amended by the Board in any respect provided that:

- (i) no amendment may be made to the rules relating to eligibility, the limitations on the number of Ordinary Shares available under the Sharesave Plan, a participant's maximum entitlement or the basis for determining a participant's entitlement under the Sharesave Plan and its adjustment in the event of a variation in capital, to the advantage of participants without the prior approval of shareholders in general meeting except for minor amendments to benefit the administration of the Sharesave Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any member of the Group; and
- (ii) no amendment may be made which would alter to the disadvantage of a participant any rights already acquired by him under the Sharesave Plan without the prior approval of the majority of the affected participants.

11. Sub-Plans

The Rules of the Sharesave Plan will be modified to include UK and Irish sub-plans which will be capable of approval by the Board of the Inland Revenue and the Irish Revenue Commissioners under the UK and Irish tax legislations respectively. The UK and Irish sub-plans will be submitted for approval by the Board of the Inland Revenue and the Irish Revenue Commissioners under Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 and Schedule 12A to the Irish Taxes Consolidation Act 1997 respectively.

12. Termination

The Sharesave Plan will terminate on 1 February 2015 or earlier by resolution of the Board or the Company in general meeting. Termination of the Sharesave Plan will not affect the rights of existing participants. No further options will be granted following termination.

APPENDIX 2

PRINCIPAL TERMS OF THE IMPERIAL TOBACCO GROUP SHARE MATCHING SCHEME (THE “SCHEME”)

1. Eligibility and participation

All employees of the Company or any of its subsidiaries are eligible to participate in the Scheme. Employees invited to participate may do so by acquiring Ordinary Shares in the Company as “Qualifying Shares”. An employee's Qualifying Shares (or the share certificate(s) representing those Qualifying Shares) must either be deposited with the trustee (the “Trustee”) of the Imperial Tobacco Group PLC 2001 Employee Benefit Trust or the Imperial Tobacco Group PLC Employee and Executive Benefit Trust, as designated by the Company (in either case, the “Trust”) to hold as the Employee's nominee or held by the employee in a CREST account approved by the Trustee until the related Matched Award (see below) has vested.

No invitation can be made to an employee when that employee is prohibited from dealing in Ordinary Shares by the Model Code of the Financial Services Authority.

Benefits received by employees under the Scheme are not pensionable.

2. Grant of Matched Awards

An employee who acquires Qualifying Shares (a “Participant”) will be granted a right (a “Matched Award”) to acquire further Ordinary Shares (the “Matching Shares”) in a ratio not exceeding one Matching Share for each Qualifying Share acquired at that invitation. Subject to this limit, the Remuneration Committee may vary the ratio depending on the Participant's length of service, the earnings of the Group or any other factor it thinks appropriate. The vesting of Matched Awards may also be made subject to the satisfaction of performance conditions. The Remuneration Committee currently intends that Matched Awards granted to Executive Directors of the Company will vest subject to the satisfaction of the performance condition described below.

3. Vesting and lapse of Matched Awards

Subject to the satisfaction of any applicable performance targets, a Matched Award will vest on the date determined by the Board at the time the Matched Award was granted (normally three years after the date of grant). If earlier, a Matched Award will vest proportionately on a change of control, a reconstruction, a compromise or arrangement under Section 425 of the Companies Act 1985 or the voluntary winding up of the Company.

A Matched Award will also vest before the scheduled vesting date if the Participant ceases to be employed due to ill health, death, disability, redundancy, the company by which the Participant is employed ceasing to be a member of the Group or the business in which the Participant is employed being transferred to a person who is not a member of the Group. Any early vesting of a Matched Award will result in proportional vesting in respect of the period for which the Participant remained employed during the normal vesting period. If a Participant ceases to be employed in any other circumstance, the Participant's Matched Award(s) will only vest (if at all) to the extent permitted by the Trustee within six months of the date of cessation.

On vesting of a Matched Award the Matching Shares vested and the Participant's Qualifying Shares will be transferred to the Participant at no cost to the Participant.

A Matched Award will cease to be capable of vesting and will lapse if the related Qualifying Shares are assigned, charged or otherwise disposed of before the Matched Award vests.

4. Performance conditions

Matched Awards granted to Executive Directors of the Company will only vest on the scheduled vesting date if the Company's average annual earnings per share growth (as adjusted on a basis determined as appropriate by the auditors, for amortisation, exceptional and extraordinary items and inflation) from their date of grant exceeds three per cent in real terms. There will be no re-testing of the performance condition if it is not satisfied at the scheduled vesting date of a Matched Award. Further, the Remuneration Committee may vary, but not increase, the extent to which a Matched Award vests to ensure that it only vests, and at an appropriate level, if there has been an improvement in the underlying financial performance of the Company, including the maintenance of long-term return on capital employed.

5. Rights attaching to Ordinary Shares

Qualifying Shares and Matching Shares acquired under the Scheme will rank equally in all respects with Ordinary Shares then in issue.

Participants will be entitled to vote and receive dividends on their Qualifying Shares while they are subject to the Scheme. A Participant will have no rights in relation to Matching Shares until they vest.

6. Limits on Ordinary Shares available

Only existing Ordinary Shares are currently used for the Scheme. No Ordinary Shares shall be available on any date under the Scheme if, as a result, the total number of Ordinary Shares acquired or which may be acquired pursuant to grants and appropriations made:

- (i) within the ten years or the five years preceding that date under the Scheme and all other employees' share schemes established by the Company would exceed ten per cent or five per cent respectively of the Company's issued ordinary share capital on the date of grant; or
- (ii) within the ten years preceding that date under the Scheme and any other discretionary employees' share scheme established by the Company would exceed five per cent of the Company's issued ordinary share capital on the date of grant.

7. Adjustment of Awards

If there is a variation in the share capital, a capitalisation issue or any other distribution of a capital nature in respect of Ordinary Shares the number and or nominal value of Matching Shares outstanding under Matched Awards may be adjusted in the manner that the Company's auditors determine as fair and reasonable.

8. Administration and amendment

The Scheme will be administered by the Remuneration Committee whose decision on any matter related to the Scheme will be final.

The Remuneration Committee may amend the rules of the Scheme at any time provided that no amendment can be made which would adversely affect rights already acquired by Participants. Further, no amendment may be made to the rules (including as to eligibility to participate, the number of Ordinary Shares available under the Scheme or a Participant's entitlements under the Scheme) to the advantage of Participants without the prior approval of shareholders in general meeting, except for minor amendments to benefit the administration of the Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or for any member of the Group.

9. Operation of the Scheme in other jurisdictions

The Company may adopt additional sections of the Scheme with terms amended in order to comply with or take advantage of any tax, legal, regulatory or other provisions applicable in any jurisdiction in which the Scheme is or is intended to be operated. Where possible, the Company intends to operate the Scheme in any jurisdiction in which it believes that it is appropriate to do so.

10. Termination of the Scheme

The Scheme will terminate on 1 February 2015 or earlier by resolution of the Remuneration Committee. Termination of the Scheme will not affect the outstanding rights of Participants. No further Matched Awards will be granted following termination.

APPENDIX 3

PRINCIPAL TERMS OF THE IMPERIAL TOBACCO GROUP LONG TERM INCENTIVE PLAN (“THE PLAN”)

1. Eligibility and participation

All employees of the Company and any of its subsidiaries designated by the Remuneration Committee who are required to devote substantially the whole of their working time to their duties are eligible to participate in the Plan. The Remuneration Committee currently intends to limit participation to Executive Directors and certain senior managers.

2. Grant of Awards

The Remuneration Committee will grant awards (“Awards”) under the Plan over Ordinary Shares in the Company to selected employees (“Participants”). No employee who is due to reach age 65 before an Award would, in the normal course, vest will be granted an Award. The Remuneration Committee will, before the grant of an Award, determine the maximum number of Shares subject to an Award, the date that the Award would normally vest, the performance conditions to be satisfied before the Award vests and the period over which the performance conditions will be measured (the “Performance Period”), which is currently three years.

No employee can be granted an Award when that employee is prohibited from dealing in Ordinary Shares by the Model Code of the Financial Services Authority.

Neither an Award nor any interest in it can be assigned, charged or transferred. Benefits received by a Participant under the Plan are not pensionable.

3. Individual limit on participation

The Remuneration Committee has currently set an annual limit on the value of Ordinary Shares that may be put under an Award to any individual as follows:

Grade	(% of base salary)
Chief Executive	200
Finance Director	150
Board Member	100

4. Vesting and lapse of Awards

Awards will only vest if the performance condition(s) to which they are subject are satisfied at the end of the Performance Period and normally only if the Participant remains employed by the Group at that time.

An Award held by a Participant who ceases to be employed due to death, injury, ill health, redundancy, retirement (on or after contractual retirement age), the Company by which the Participant is employed ceasing to be a member of the Group, the business in which the Participant is employed being transferred to a person who is not a member of the Group or any other reason determined by the Remuneration Committee, will vest proportionally to the period that the Participant was employed during the Performance Period and to the extent that the performance conditions were satisfied at the date of cessation of employment. In the case of redundancy and agreed early retirement the Remuneration Committee may determine another, but not more beneficial, basis of vesting.

If there is a change of control of the Company as a result of a takeover, merger or reconstruction, Awards will vest proportionately to the extent that the Performance Period has elapsed on the occurrence of the relevant event and only to the extent that the performance conditions are satisfied at that time.

To the extent that an Award ceases to be capable of vesting it will lapse.

5. Performance Conditions

Until amended by the Remuneration Committee, the vesting of one half of an Award will be dependent on the achievement of a target related to the Company’s earnings per share (the EPS target) and the vesting of the other half of an Award will be dependent on the Company’s total shareholder return (TSR) performance against that of two comparator groups (the TSR target).

12.5 per cent of the Ordinary shares under an Award subject to the EPS target will vest if the Company’s average real annual EPS growth (as adjusted on a basis determined as appropriate by the auditors, for amortisation, exceptional and extraordinary items and inflation) over the Performance Period equals three per cent. All of the Ordinary Shares subject to the EPS target will vest if the Company’s average annual EPS growth is equal to or exceeds ten per cent. Between these two levels the Ordinary Shares subject to the EPS target will vest on a straight line basis.

The half of an Award subject to the TSR target will be split equally between the two comparator groups against which the Company’s TSR performance will be measured. The first comparator group will comprise those companies in the FTSE 100 Index and the second group will be those companies in the Alcohol and Tobacco sector, as set out below.

Allied Domecq PLC	Gallaher Group PLC
Altadis S.A.	Interbrew SA
Altria Group Inc.	Imperial Tobacco Group PLC
British American Tobacco PLC	Reynolds American Inc.
Carlsberg A/S	SABMiller PLC
Diageo PLC	Scottish & Newcastle PLC

None of the Ordinary Shares under an Award subject to the target based on the Company's TSR relative to that of the FTSE 100 companies will vest unless the Company's TSR exceeds that of 50 per cent of those companies. 30 per cent of the relevant Ordinary Shares will vest if the Company's TSR ranks it as the 50th Company by reference to TSR performance and all of the relevant Ordinary Shares will vest if the Company's TSR ranks it within the top 25 companies in the FTSE 100 Index. Between the 50th and 25th ranking the Ordinary Shares subject to this part of the Award will vest on a straight-line basis.

None of the Ordinary Shares under an Award subject to the target based on the Company's TSR relative to the comparator companies in the Alcohol and Tobacco sector will vest if the Company is ranked in the bottom six of those companies. 30 per cent of the relevant Ordinary Shares will vest if the Company is ranked sixth by reference to its TSR in that group and all the relevant Ordinary Shares will vest if the Company is ranked in the top three companies in that group. Between third and sixth place the Ordinary Shares subject to this part of the Award will vest on a straight-line basis.

Each performance condition will be measured separately. There will be no re-testing of a performance condition if it is not satisfied at the end of the Performance Period. Further, the Remuneration Committee may vary, but not increase, the extent to which an Award vests to ensure that it only vests, and at an appropriate level, if there has been an improvement in the underlying financial performance of the Company, including the maintenance of long-term return on capital employed.

6. Grant of Option

On the vesting of an Award, a Participant will be granted an option (an "Option") over the number of Shares in respect of which the Award has vested. An Option may normally be exercised at any time within the period of seven years from its date of grant. On the occurrence of certain events (such as a takeover, merger or reconstruction) the Option must be exercised within specified periods or it will lapse.

7. Rights attaching to Ordinary Shares

Ordinary Shares acquired under the Plan will rank equally in all respects with Ordinary Shares then in issue except that they will not rank for any dividend or other distribution of the Company paid or made by reference to a record date falling before the date an Option is exercised.

8. Limits on Ordinary Shares available

Only existing Ordinary Shares are currently used for the Plan. No Award shall be granted on any date under the Plan if, as a result, the total number of Ordinary Shares acquired or which may be acquired pursuant to grants and appropriations made:

- (i) within the ten years or the five years preceding that date under the Plan and all other employees' share schemes established by the Company would exceed ten per cent or five per cent respectively of the issued ordinary share capital of the Company on the date of grant; or
- (ii) within the ten years preceding that date under the Plan and any other discretionary employees' share scheme established by the Company would exceed five per cent of the Company's issued ordinary share capital on the date of grant.

9. Adjustment of Awards or Options

If there is any capital reorganisation of the Company (including a capitalisation or rights issue) Awards and Options outstanding under the Plan will be adjusted in a manner determined as fair and reasonable by the Company's Auditors.

10. Administration and amendment

The Plan will be administered by the Remuneration Committee whose decision on any matter related to the Plan will be final.

The Remuneration Committee may amend the rules of the Plan at any time provided that no amendment can be made which would adversely affect rights already acquired by Participants. Further, no amendment can be made to the rules (including as to eligibility to participate, the number of Ordinary Shares available under the Plan or a Participant's entitlements under the Plan) to the advantage of Participants without the prior approval of shareholders in general meeting, except for minor amendments to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or for any member of the Group.

11. Operation of the Plan in other jurisdictions

The Company may adopt additional sections of the Plan with terms amended in order to comply with or take advantage of any tax, legal, regulatory or other provision applicable in any jurisdiction in which the Plan is or is intended to be operated. Where possible, the Company intends to operate the Plan in any jurisdiction in which it believes it is appropriate to do so.

12. Termination of the Plan

The Plan will terminate on 1 February 2015 or earlier by resolution of the Remuneration Committee. Termination of the Plan will not affect the outstanding rights of Participants. No further Awards will be granted following termination.