RICHEMONT

Not for distribution in the United States, Canada and Japan

Richemont subsidiary to issue secured call warrants exercisable into ordinary shares of British American Tobacco p.l.c.

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Compagnie Financière Richemont SA announces that its subsidiary, R&R Holdings SA is to offer 120.9 million secured European-style call warrants exercisable only upon maturity, at the option of the warrant holder, into ordinary shares of British American Tobacco p.l.c. ('BAT'). The warrants, which will expire in May 2004, are exercisable at 675p per warrant.

Richemont holds 66.7% of R&R Holdings SA, a Luxembourg company, which in turn owns 604.3 million ordinary shares and 120.9 million convertible redeemable participating preference shares ('the preference shares') in BAT. The ordinary shares and preference shares represent some 31.5 per cent of the issued share capital of BAT. The remaining 33.3 % of R&R Holdings SA is owned by Remgro Limited, a South African public company.

The BAT preference shares will automatically convert into ordinary shares on a one for one basis on any sale by R&R Holdings SA to a third party, failing which they will be redeemed by BAT on 7 June 2004 at 675p per share. The issuance of the call warrants realises the value of the option rights embedded in the terms of the preference shares.

In June 2004, therefore, R&R Holdings SA will receive £ 816 million, either upon exercise of the warrants by warrant holders or through the redemption of the preference shares by BAT. The share of the proceeds of the disposal or redemption attributable to Richemont will amount to £ 544 million.

R&R Holdings SA's interest in the 604.3 million BAT ordinary shares will not change as a result of this transaction.

In Richemont's balance sheet, those BAT shares linked to the warrants will be carried as an investment and will be marked to the present value of dividends receivable through to maturity and the amount of £ 544 million receivable in 2004. This will result in an exceptional gain in the region of € 300 million being realised by Richemont in the current financial year. From the closing date, Richemont will equity account only its two thirds interest in the 604.3 million BAT shares which are not subject to the warrants. In respect of those BAT shares which are the subject of the warrant issue, Richemont will amortise, as a credit to income over the period to maturity in 2004, the difference between their net present value and the redemption value (including future dividends).

The offer is expected to close on 23 January 2003, subject to customary closing conditions.

Commenting on the offer, Mr Johann Rupert, Chairman of both Richemont and Remgro, said:

"When we merged Rothmans International with BAT in 1999, we asked for the compulsory redemption terms for the preference shares as a quid pro quo for the fact that the shares were non-voting. Absent any major capital increase in BAT, which would have allowed R&R Holdings to convert its holding of preference shares into ordinary shares, Richemont and Remgro were therefore effectively forced to sell the preference shares or have them redeemed in 2004.

The warrant issue effectively crystallises the proceeds to be received in 2004 and realises for us the time value of the option element. Through its holding of 604.3 million ordinary shares, R&R Holdings SA will continue to hold a significant stake in BAT and will thus benefit from the substantial cash flow generated by this investment."

Richemont is a Swiss luxury goods group. The Group owns a portfolio of leading international brands including Cartier, Van Cleef & Arpels, Piaget, Montblanc, Dunhill and Lancel as well as the prestigious watch manufacturers Jaeger-LeCoultre, Baume & Mercier, IWC, Vacheron Constantin, A. Lange & Söhne, and Officine Panerai.