2016 AND 2017 NPM ADJUSTMENTS
SETTLEMENT AGREEMENT

I. RECITALS

WHEREAS, the Settling States and the Participating Manufacturers are parties to the Master Settlement Agreement (“MSA”);

WHEREAS, the MSA provides that certain of the Participating Manufacturers’ annual payments for the benefit of the Settling States may be subject to the Non-Participating Manufacturer Adjustment (“NPM Adjustment”);

WHEREAS, the Signatory Parties are among the signatories to the NPM Adjustment Settlement Agreement, which provides for the settlement of disputes as among the Signatory Parties regarding the 2003-2015 NPM Adjustments and certain provisions as among them regarding the NPM Adjustments and other adjustments for subsequent years;

WHEREAS, the Signatory Parties have disputes concerning the 2016 and 2017 NPM Adjustments;

NOW, THEREFORE, in consideration for the payments and credits provided for in this Settlement Agreement, and such other consideration as described in this Settlement Agreement, the sufficiency of which is hereby acknowledged, the Signatory Parties, acting by and through their authorized representatives, memorialize and agree as follows:

II. DEFINITIONS

A. All capitalized terms not otherwise defined in this Settlement Agreement shall be defined as in the MSA.

B. “NPM Adjustment Settlement Agreement” means the agreement titled NPM Adjustment Settlement Agreement, which was entered into by the Signatory Parties regarding
the settlement of disputes between them concerning the 2003-2015 NPM Adjustments, and which has an Effective Date of October 10, 2017.

C. The following terms have the meaning set forth in Section II of the NPM Adjustment Settlement Agreement: “[Year] NPM Adjustment,” “NPM Adjustment for [Year],” “Allocable Share,” “IX(c)(2) Allocable Share,” “NPM,” “OPM,” “Potential Maximum NPM Adjustment,” “SET,” and “SPM.”

D. “Non-Signatory State” means a Settling State that is not a signatory to this Settlement Agreement.

E. “PM” means a Participating Manufacturer that is a signatory to this Settlement Agreement.

F. “Signatory Parties” means, collectively, all Signatory States and all PMs.

G. “Signatory State” means any Settling State that is a signatory to this Settlement Agreement.

H. “Subsection V.B Adjustment” means the downward dollar adjustment to the PMs’ payments pursuant to MSA Section IX(c)(1) that is described in subsection V.B of the NPM Adjustment Settlement Agreement.

III. ADJUSTMENTS FOR 2015-2017

A. Adjustment for the 2015 Sales Year. The PMs’ payments pursuant to MSA Section IX(c)(1) made for the benefit of each Signatory State shall not be subject to a Subsection V.B Adjustment for the 2015 sales year.

B. Adjustments for the 2016 Sales Year.

1. In lieu of the 2016 NPM Adjustment as applicable to the Signatory States, the PMs will receive the following adjustments applied to their payments pursuant to MSA Section IX(c)(1) due on April 16, 2019:

-2-
a. The OPMs will receive an aggregate adjustment applicable to MSA Section IX(c)(1) payments, subject to subsection IX.L of the NPM Adjustment Settlement Agreement, equal to the sum of (i) 25% of the OPMs’ Potential Maximum 2016 NPM Adjustment applicable to MSA Section IX(c)(1) multiplied by the aggregate Allocable Share of all Signatory States, and (ii) 25% of the OPMs’ Potential Maximum 2016 NPM Adjustment applicable to MSA Section IX(c)(2) multiplied by the aggregate IX(c)(2) Allocable Share of all Signatory States. Such aggregate OPM amount shall be allocated among the OPMs as they direct, and shall be allocated solely to and among the Signatory States, in proportion to their Allocable Shares and IX(c)(2) Allocable Shares, as applicable.

b. Each SPM will receive an adjustment applicable to MSA Section IX(c)(1) payments, subject to subsection IX.L of the NPM Adjustment Settlement Agreement, equal to the sum of (i) 25% of that SPM’s Potential Maximum 2016 NPM Adjustment applicable to MSA Section IX(c)(1) multiplied by the aggregate Allocable Share of all Signatory States, and (ii) 25% of that SPM’s Potential Maximum 2016 NPM Adjustment applicable to MSA Section IX(c)(2) multiplied by the aggregate IX(c)(2) Allocable Share of all Signatory States. Each SPM’s adjustment shall be allocated solely to and among the Signatory States, in proportion to their Allocable Shares and IX(c)(2) Allocable Shares, as applicable.

c. The amounts of the adjustments pursuant to this subsection III.B.1 shall be determined based on the Market Share Loss for 2016 and the Potential Maximum NPM Adjustment for 2016 as determined by the Independent Auditor in the latest Final Calculation or Revised Final Calculation preceding the April 16, 2018 Payment Due Date. The Signatory Parties agree that the amounts of such adjustments shall not change after such Payment Due Date.
notwithstanding any subsequent revision or recalculation by the Independent Auditor of the amounts described in the preceding sentence.

d. The Signatory States and the PMs may provide the Independent Auditor with joint instructions specifying the dollar amounts to be used for the adjustments under this subsection III.B.1.

e. Each PM shall receive its amount under this subsection III.B.1 by repaying (without interest) all amounts previously released to that PM attributable to the 2016 NPM Adjustment and then receiving its amount under this subsection III.B.1 in full (without interest); provided, however, that each PM’s receipt of its amount under this subsection III.B.1 is conditioned on its prior release from the DPA to the Signatory States of all amounts, if any, that PM both deposited into the DPA and has retained in the DPA attributable to the Signatory States’ Allocable Share or IX(c)(2) Allocable Share of the 2016 NPM Adjustment (and the earnings on those amounts).

2. The PMs’ payments pursuant to MSA Section IX(c)(1) made for the benefit of each Signatory State shall not be subject to a Subsection V.B Adjustment for the 2016 sales year.

C. Adjustments for the 2017 Sales Year.

1. In lieu of the 2017 NPM Adjustment as applicable to the Signatory States, the PMs will receive the following adjustments applied to their payments pursuant to MSA Section IX(c)(1) due on April 16, 2020:

a. The OPMs will receive an aggregate adjustment applicable to MSA Section IX(c)(1) payments, subject to subsection IX.L of the NPM Adjustment Settlement Agreement, equal to 25% of the OPMs’ Potential Maximum 2017 NPM Adjustment applicable
to MSA Section IX(c)(1) multiplied by the aggregate Allocable Share of all Signatory States. Such aggregate OPM amount shall be allocated among the OPMs as they direct, and shall be allocated solely to and among the Signatory States, in proportion to their Allocable Shares.

b. Each SPM will receive an adjustment applicable to MSA Section IX(c)(1) payments, subject to subsection IX.L of the NPM Adjustment Settlement Agreement, equal to 25% of that SPM’s Potential Maximum 2017 NPM Adjustment applicable to MSA Section IX(c)(1) multiplied by the aggregate Allocable Share of all Signatory States. Each SPM’s adjustment shall be allocated solely to and among the Signatory States, in proportion to their Allocable Shares.

c. The amounts of the adjustments pursuant to this subsection III.C.1 shall be determined based on the Market Share Loss for 2017 and the Potential Maximum NPM Adjustment for 2017 as determined by the Independent Auditor in the latest Final Calculation or Revised Final Calculation preceding the April 15, 2019 Payment Due Date. The Signatory Parties agree that the amounts of such adjustments shall not change after such Payment Due Date notwithstanding any subsequent revision or recalculation by the Independent Auditor of the amounts described in the preceding sentence.

d. The Signatory States and the PMs may provide the Independent Auditor with joint instructions specifying the dollar amounts to be used for the adjustments under this subsection III.C.1.

e. Each PM shall receive its amount under this subsection III.C.1 by repaying (without interest) all amounts previously released to that PM attributable to the 2017 NPM Adjustment and then receiving its amount under this subsection III.C.1 in full (without interest); provided, however, that each PM’s receipt of its amount under this subsection III.C.1 is
conditioned on its prior release from the DPA to the Signatory States of all amounts, if any, that PM both deposited into the DPA and has retained in the DPA attributable to the Signatory States’ Allocable Share of the 2017 NPM Adjustment (and the earnings on those amounts).

2. The PMs’ payments pursuant to MSA Section IX(c)(1) made for the benefit of each Signatory State shall not be subject to a Subsection V.B Adjustment for the 2017 sales year.

IV. RELEASES

Effective upon payment of all sums due from a Signatory State under subsection III.B.1 of this Agreement, all PMs also absolutely and unconditionally release and discharge that Signatory State from any further Claims directly or indirectly based on, arising out of or in any way related, in whole or in part, to the 2016 NPM Adjustment and the Subsection V.B Adjustments for the 2015 and 2016 sales years. Effective upon payment of all sums due from a Signatory State under subsection III.C.1 of this Agreement, all PMs also absolutely and unconditionally release and discharge that Signatory State from any further Claims directly or indirectly based on, arising out of or in any way related to the 2017 NPM Adjustment and the Subsection V.B Adjustment for the 2017 sales year. Subject to the preceding two sentences, the releases and all other provisions in subsections VIII.A-VIII.E of the NPM Adjustment Settlement Agreement as they relate to the 2015 NPM Adjustment are incorporated by reference and shall apply as part of this Agreement with respect to the 2016-2017 NPM Adjustments. The provisions in subsection VIII.F of the NPM Adjustment Settlement Agreement (and the April 18, 2018 email from Elli Leibenstein to Mike Parrish, and the April 26, 2018 email from Elizabeth McCallum to Mike Parrish, concerning that subsection), which all relate to the arbitration and effect of disputes between the PMs and Non-Signatory States concerning the 2004-2015 NPM Adjustments, are incorporated by reference and shall apply as part of this Settlement Agreement.
to the arbitration and effect of disputes between the PMs and any Non-Signatory State concerning the 2016-2017 NPM Adjustments.

V. ADDITIONAL TERMS

The following provisions in the NPM Adjustment Settlement Agreement are incorporated by reference and made part of this Agreement: subsections VII.D-VII.F and IX.Q-IX.BB.

IN WITNESS WHEREOF, each Signatory Party, through its authorized representative, has agreed to this Settlement Agreement on the respective date indicated below.

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/
PHILIP MORRIS USA INC.

By: ____________________________
   Heather Newman
   President and Chief Executive Officer

Date: 6-16-18
R. J. REYNOLDS TOBacco COMPANY, in its own capacity and as successor in interest to Brown & Williamson Tobacco Corporation and as Successor in interest to Lorillard Tobacco Company

By: [Signature]

J. Jeffrey Rampn
EVP Law & External Affairs and RAI General Counsel

Date: 9/11/18
COMMONWEALTH BRANDS, INC.

By: [Signature]

Rob Wilkey
General Counsel and Secretary

Date: June 14, 2018
2016 AND 2017 NPM ADJUSTMENT SETTLEMENT AGREEMENT
SIGNATURE PAGE

COMPANIA INDUSTRIAL DE TABACOS MONTE PAZ, S.A.

By: Elizabeth B. McCallum
    Outside Counsel

Date: 10-10-18
DAUGHTERS & RYAN, INC.

By: Elizabeth B. McCallum
   Outside Counsel

Date: 10-16-18
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

ETS L LACROIX FILS S.A. (BELGIUM)

By: [Signature]

Rob Wilkey
Authorized Signatory

Date: June 14, 2018
FARMER'S TOBACCO CO. OF CYNTHIANA, INC.

By: Desha Henson
Desha Henson
President

Date: 6/14/2018
HOUSE OF PRINCE A/S

By: [Signature]
    Peter Helbo
    Board Member

Date: 16 July 2018

By: [Signature]
    James Yanamaka
    Chief Executive Officer

Date: 17 July 2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

IMPERIAL TOBACCO LIMITED (UK)

By: [Signature]

Rob Wilkey
Authorized Signatory

Date: June 14, 2018
IMPERIAL TOBACCO MULLINGAR (IRELAND)

By: [Signature]

Rob Wilkey
Authorized Signatory

Date: June 14, 2018
IMPERIAL TOBACCO POLSKA S.A. (POLAND)

By: __________________________
    Rob Wilkey
    Authorized Signatory

Date: June 14, 2018
IMPERIAL TOBACCO PRODUCTION UKRAINE

By: [Signature]

Rob Wilkey
Authorized Signatory

Date: June 14, 2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

IMPERIAL TOBACCO SIGARA VE TUTUNCULUK SANAYI VE TICARET S.A.
(TURKEY)

By:  
Rob Wilkey
Authorized Signatory

Date:  June 14, 2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

ITG BRANDS, LLC (FORMERLY LIGNUM-2, LLC)

By: __________________________
    Rob Wilkey
    General Counsel and Secretary

Date: June 14, 2018
JAPAN TOBACCO INTERNATIONAL U.S.A., INC.

By: __________________________
    Jerry Loftin
    President

Date: __________________________

By: __________________________
    Michael Mete
    Chief Financial Officer

Date: 10/12/2019
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

JAPAN TOBACCO INTERNATIONAL U.S.A., INC.

By: [Signature]
  Jerry Loftin
  President
Date: 10/12/18

By: [Signature]
  Michael Mete
  Chief Financial Officer
Date: [Signature]

KING MAKER MARKETING, INC.

By: Edward W. Kaosuta
   Vice President

Date: 06.07.18
PREMIER MANUFACTURING, INC.

By: Edward W. Kacsuta  
Vice President

Date: 04.07.18
NPM ADJUSTMENT SETTLEMENT AGREEMENT
SIGNATURE PAGE

U.S. FLUE-CURED TOBACCO GROWERS, INC.

By:  
Edward W. Kaesuta  
Treasurer

Date: 06.07.18
KRETEK INTERNATIONAL, INC.

By: [Signature]

Henry C. Roemer
Counsel

Date: October 15, 2018
LIGGETT GROUP LLC

By: John Long
Vice President and General Counsel

Date: 6-14-2019
000 TABAKSFABRIK REEMTSMA WOLGA (RUSSIA)

By: ________________
   Rob Wilkey
   Authorized Signatory

Date: June 14, 2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

PETER STOKKEBYE TOBAKSFABRIK A/S

By: [Signature]
Mette Valentin
Member of the Board of Directors
Date: June 15, 2018

By: [Signature]
Christian H. Sørenson
Member of the Board of Directors
Date: June 15, 2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

SCANDINAVIAN TOBACCO GROUP LANE LTD (FORMERLY LANE LIMITED)

By: [Signature]
Christian H. Sørenson
Member of the Board of Directors
Date: JUNE 15, 2018

By: [Signature]
Niels Frederiksen
Member of the Board of Directors
Date: JUNE 15, 2018
PREMIER MANUFACTURING, INC.

By: Edward W. Kacsuta
    Vice President

Date: 06.07.18
P.T. DJARUM

By: [Signature]
    Henry C. Roemer
    Counsel

Date: October 15, 2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

REEMTSMA ZIGARETTENFABRIKEN GMBH (REEMTSMA)

By: [Signature]
Rob Wilkey
Authorized Signatory

Date: June 14, 2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

VAN NELLE TABAK NEDERLAND B.V. (NETHERLANDS)

By: [Signature]

Rob Wilkey
Authorized Signatory

Date: June 14, 2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

SANTA FE NATURAL TOBACCO COMPANY, INC.

By: ____________________________
   Michael R. Ball
   President SFNTC
   9-12-14

Date: ____________________________
SCANDINAVIAN TOBACCO GROUP LANE LTD (FORMERLY LANE LIMITED)

By: [Signature]
   Christian H. Sørenson
   Member of the Board of Directors

Date: June 15, 2018

By: [Signature]
   Niels Frederiksen
   Member of the Board of Directors

Date: June 15, 2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

SHERMAN’S 1400 BROADWAY N.Y.C., LLC

By:  
Brendon Scott  
Vice President and Chief Financial Officer

Date: June 15, 2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

SOCIETE NATIONAL D’EXPLOITATION INDUSTRIELLE DES TABACS ET
ALLUMETTES (SEITA)

By: [Signature]
Rob Wilkey
Authorized Signatory

Date: June 14, 2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

TABACALERA DEL ESTE S/A (TABESA)

By: [Signature]

Stephen Johnson
Director and Secretary

Date: June 14, 2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

TOP TOBACCO, L.P.

By:________________________
   Seth Gold
   General Counsel

Date: ____________
      October 22, 2019
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

VAN NELLE TABAK NEDERLAND B.V. (NETHERLANDS)

By: ________________________________
    Rob Wilkey
    Authorized Signatory

Date: June 14, 2018
U.S. FLUE-CURED TOBACCO GROWERS, INC.

By:  
Edward W. Kacsuta  
Treasurer

Date:  06.07.18
VECTOR TOBACCO INC.

By: Nick Anson
Vice President-Finance and Chief Financial Officer

Date: 6/14/2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

VON EICKEN GROUP

By:  
Henry C. Rocmer
Counsel

Date:  
October 15, 2018
WIND RIVER TOBACCO COMPANY INC.

By: [signature]

Brien Tescher
Chief Financial Officer

Date: 8/15/18
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

STATE OF ALABAMA

By: [Signature]
Steve Marshall
Attorney General

Date: 8/7/18
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

STATE OF ARIZONA

By: Mark Brnovich
Attorney General

Date: 2/1/18.
STATE OF ARKANSAS

By: 
Leslie Rutledge  
Attorney General

Date: July 5, 2018
STATE OF CALIFORNIA

By: 

Xavier Becerra
Attorney General

Date: 11/27/2018
STATE OF CONNECTICUT

By:  

George Jepsen  
Attorney General  

Date: 6/22/18
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

DISTRICT OF COLUMBIA

By: Karl A. Racine
   Attorney General

Date: 6/28/18
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

STATE OF GEORGIA

By: [Signature]

Christopher M. Carr
Attorney General

Date: 7/23/2018
STATE OF INDIANA

By: [Signature]

Curtis T. Hill, Jr.
Attorney General

Date: 7/10/18
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

STATE OF KANSAS

By: [Signature]

Derek Schmidt
Attorney General

Date: 7/18/2018
COMMONWEALTH OF KENTUCKY

By: Andy Beshear
Attorney General

Date: 6-19-2018
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

STATE OF LOUISIANA

By: ________________________________
    Jeff Landry
    Attorney General

Date: ________________________________

By: ________________________________
    Wilbur L. Stiles, III
    Chief Deputy Attorney General
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

STATE OF MICHIGAN


By: Bill Schuette
   Attorney General

Date: 7/16/18
STATE OF NEBRASKA

By: [Signature]

Doug Peterson
Attorney General

Date: July 9, 2018
STATE OF NEVADA

By: ______________________________
    Adam Paul Laxalt
    Attorney General

Date: 7/17/18
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

STATE OF NEW HAMPSHIRE

By: __________________________
    Gordon J. MacDonald
    Attorney General

Date: __________________________
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

STATE OF NEW JERSEY

By: [Signature]
Gurbir S. Grewal,
Attorney General

Date: July 10, 2018
STATE OF NORTH CAROLINA

By: [Signature]

Josh Stein
Attorney General

Date: 7/16/18
STATE OF OKLAHOMA

By: [Signature]
Mike Hunter
Attorney General

Date: 7/9/18
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

STATE OF OREGON

By: ___________________________
     Ellen F. Rosenblum
     Attorney General

Date: July 16, 2018
COMMONWEALTH OF PUERTO RICO

By: Wanda Vázquez Garced
   Attorney General

Date: July 3, 2018
STATE OF RHODE ISLAND

By: Peter F. Kilmartin
   Attorney General

Date: 30 July, 2018
STATE OF SOUTH CAROLINA

By:  
Alan Wilson  
Attorney General

Date: July 11, 2018
STATE OF TENNESSEE

By: Herbert H. Slatery III
Attorney General and Reporter

Date: 7/9/2018
COMMONWEALTH OF VIRGINIA

By: Mark R. Herring
Mark Herring
Attorney General

Date: 8/14/18
2016 AND 2017 NPM ADJUSTMENTS SETTLEMENT AGREEMENT
SIGNATURE PAGE

STATE OF WEST VIRGINIA

By:  
Patrick Morrisey
Attorney General

Date: 6-28-18
STATE OF WYOMING

By: [Signature]

Peter K. Michael
Attorney General

Date: June 22, 2018