#### 2023 AND 2024 NPM ADJUSTMENTS SETTLEMENT AGREEMENT

#### I. RECITALS

WHEREAS, the undersigned Signatory Parties are parties to the tobacco Master Settlement Agreement ("MSA") and among the signatories to the NPM Adjustment Settlement Agreement, the 2016 and 2017 NPM Adjustments Settlement Agreement, the Joinder Agreements accepting the February 16, 2018 Settlement Proposal, the 2018 through 2022 NPM Adjustments Settlement Agreement, and the separate joinder agreements of Pennsylvania, Illinois, and Iowa (here, collectively, the "Term Sheet Settlements"); and

WHEREAS, the undersigned Signatory Parties anticipate disputes with respect to the 2023 and 2024 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 undersigned Signatory Parties, acting by and through their authorized representatives, memorialize and agree as follows:

#### **II. DEFINITIONS**

A. "Undersigned Signatory States" means all Settling States that are signatories to(a) any of the Term Sheet Settlements and (b) this Settlement Agreement.

B. All capitalized terms not otherwise defined in this Settlement Agreement shall be defined as in the MSA and/or the Term Sheet Settlements.

#### III. ADJUSTMENTS FOR 2023 AND 2024

A. <u>No Modification without Joinder</u>. Except as provided in this Settlement Agreement or other existing agreements among the Signatory Parties, the provisions of the Term Sheet Settlements continue to apply to those Signatory Parties that are signatories to the Term

Sheet Settlement(s) at issue.

B. <u>Data Clearinghouse</u>. The Data Clearinghouse process set forth in section VI of the NPM Adjustment Settlement Agreement shall be modified with respect to sales years 2023 and 2024 only as follows:

1. The Data Clearinghouse shall not perform the calculations described in subsection VI.A.(ii)-(iv).

2. Subsections VI.E.6, VI.F.3, and VI.F.5 shall not apply.

3. (a) On or before August 1 of each year any Signatory State may, at its sole election, represent to the PMs that the number of potentially Non-Compliant NPM Cigarettes sold in the State during the applicable year falls within the safe harbor specified in subsection V.B.8 of the NPM Adjustment Settlement Agreement, specifying: (*i*) the total number of Non-Compliant NPM Cigarettes sold in the State during such sales year; and (*ii*) the total number of NPM Cigarettes on which the State's SET was paid during such year.

(b) If a State elects to make such a representation under paragraph B.3.(a): (*i*) the provisions of subsections VI.E, VI.G, and VI.J of the NPM Adjustment Settlement Agreement shall not apply as to that State for that year; (*ii*) the State and the PMs shall, at the State's election, execute a stipulation in substantially the form utilized by the Parties by agreement with respect to the 2022 sales year; and (*iii*) the Data Clearinghouse shall use the data provided by the State under paragraph B.3.(a) for that year in connection with its subsection VI.H.4 report. This paragraph B.3 is not intended to limit any other terms that the PMs and any Signatory State may choose to stipulate.

4. Any Signatory State not making the election under paragraph B.3.(a) shall

participate in the Data Clearinghouse process outlined in the NPM Adjustment Settlement Agreement, subject to paragraphs B.1-B.2 above.

C. <u>Transition Years</u>. The transition period described in section V of the NPM Adjustment Settlement Agreement shall be extended as among the PMs and the Undersigned Signatory States for all NPM Adjustments through 2024 as set forth herein. During this transition period, subsection V.C.1 of the NPM Adjustment Settlement Agreement shall not apply, and the Undersigned Signatory States shall not be subject to any NPM Adjustment with respect to the NPM Adjustments addressed by this Settlement Agreement (i.e., 2023 and 2024).

1. <u>No Withholding of Potential Maximum NPM Adjustment Amounts with</u> <u>Respect to the Undersigned Signatory States</u>. With respect to the NPM Adjustments for 2023 and 2024, if a PM disputes the Independent Auditor's failure to apply the NPM Adjustment for a year in question, that PM shall deposit into the Disputed Payments Account the Undersigned Signatory States' aggregate Allocable Share of that PM's Potential Maximum NPM Adjustment for that year. Then, following the Independent Auditor's confirmation that it will apply the settlement credits and reductions set forth in this section III, the Undersigned Signatory States and that PM shall jointly instruct the Independent Auditor to release such deposited amounts and to allocate those released amounts solely to and among the Undersigned Signatory States as they direct.

2. <u>Transition Year Adjustment Credits</u>. In lieu of the 2023 and 2024 NPM Adjustments applicable to the Undersigned Signatory States, each PM will receive a "Transition Year" adjustment to its Annual Payment. Each PM's annual Transition Year adjustment with respect to each Undersigned Signatory State will be calculated once and applied as a credit against a single Annual Payment, continuing without interruption the

respective payment schedule of credits established under the prior Term Sheet Settlements for each of the Undersigned Signatory States. The application of such adjustment credits will continue annually, through the application of the 2024 Transition Year adjustment credit against the PMs' Annual Payment for each of the respective Undersigned Signatory States.

3. As to each PM, the amount of its Transition Year adjustment credit for a year shall equal the product of (a) the Potential Maximum NPM Adjustment allocated to that PM (as calculated by the Independent Auditor in the Final Calculation for such year as revised in the year immediately preceding application of the credit), (b) the aggregate Allocable Share of the Undersigned Signatory States, and (c) 25%. The undersigned Signatory Parties agree that the amounts of such credits shall not change regardless of any subsequent revision of the applicable Final or Revised Final Calculations by the Independent Auditor.

D. <u>SET-Paid Adjustment Credits</u>. For each of these 2023 and 2024 Transition Years, the SET-Paid Adjustment set out in subsection V.B of the NPM Adjustment Settlement Agreement shall continue to apply and the adjustment described in subsection V.C of the NPM Adjustment Settlement Agreement shall not apply. The Undersigned Signatory States and the PMs will continue to discuss in good faith on an ongoing basis whether there are improvements or modifications to the SET-Paid Adjustment and Data Clearinghouse process set out in subsection V.B and section VI of the NPM Adjustment Settlement Agreement and subsection III.B of this Agreement that should be made.

E. <u>Transfer of Transition Year and SET-Paid Adjustment Credits</u>. The Undersigned Signatory States and the PMs shall provide the Independent Auditor with joint instructions

specifying the dollar amounts to be released to the Undersigned Signatory States as set forth in subsection III.C.2. The Undersigned Signatory States agree that the aggregate amount of any Transition Year adjustment credits for R.J. Reynolds Tobacco Company, Philip Morris USA Inc., ITG Brands, LLC, and Scandinavian Tobacco Group Lane Ltd, as such adjustments are determined for each of them pursuant to subsection III.C.3 above, may be allocated among them as they direct. The Undersigned Signatory States and the PMs further agree that the Transition Year adjustment credit amount allocated to any SPM may be transferred or carried forward pursuant to the terms of subsection IX.K of the NPM Adjustment Settlement Agreement.

F. <u>Releases</u>. Effective upon implementation of the Transition Year adjustment credits due from an Undersigned Signatory State under subsection III.C of this Agreement, the PMs absolutely and unconditionally release and discharge that 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 2023 and 2024 NPM Adjustments. Subject to the preceding sentence, the releases and all other provisions in section IV of the 2016 and 2017 NPM Adjustments Settlement Agreement and the 2018 through 2022 NPM Adjustments Settlement Agreement are incorporated by reference and shall apply as part of this Agreement to the 2023 and 2024 NPM Adjustments and disputes regarding the application thereof.

#### **IV. OTHER TERMS**

A. <u>Subsequent NPM Adjustments</u>. No determination that an Undersigned Signatory State failed to diligently enforce a Qualifying Statute in 2025 or any subsequent year shall be based at all on NPM Cigarettes sold in or before sales year 2022.

B. <u>Miscellaneous Terms</u>. Arbitration Provisions VII.D through VII.F and Miscellaneous Provisions IX.E through IX.F and IX.M through IX.BB of the NPM Adjustment

Settlement Agreement are hereby incorporated as substantive terms of this Settlement Agreement, substituting original references to the Signatory States for the Undersigned Signatory States, original references to the NPM Adjustment Settlement Agreement for this Settlement Agreement, and extending the applicable years through 2024.

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

SA2023301941 37497856

STATE OF ALABAMA

ll Signed:

Steve Marshall Attorney General

Dated: 3/5/2024

STATE OF ALASKA TREG TAYLOR ATTORNEY GENERAL

By: /s/ Treg Taylor\_\_\_\_\_

Dated: <u>March 8, 2024</u>

STATE OF ARIZONA

M N

Signed:

Kris Mayes Attorney General

Dated: <u>2/23/2024</u>

STATE OF ARKANSAS

Signed: Senior Assistant Attorney General Tim Griffin

Attorney General

Dated: \_2/28/24

#### STATE OF CALIFORNIA

Rob Bonta,Digitally signed by Rob<br/>Bonta, Attorney GeneralSigned:Attorney GeneralAttorney General14.24.52-08'00'Rob BontaAttorney General

Dated:

STATE OF COLORADO

Wese Signed:

Phil Weiser Attorney General

Dated: 03/01/2024

STATE OF CONNECTICUT

Signed:	iles	R
-	William Tong	1
	Attorney General	

Dated: 3/04/24

STATE OF DELAWARE

ming othleen Signed:

Kathy Jennings Attorney General

Dated: \_\_\_\_\_

DISTRICT OF COLUMBIA

Signed:

Brian Schwalb Attorney General

Dated: March 7, 2024

STATE OF GEORGIA toha Signed:

Chris Carr Attorney General

Dated: Mark 8, 2024

STATE OF HAWAII

Signed: 00e2 Anne E. Lopez Attorney General

24 Dated:

STATE OF INDIANA

Signed:

Todd Rokita Attorney General

Dated: February 27, 2024

STATE OF KANSAS

Mis Signed:

Kris Kobach Attorney General

Dated: March 7, 2024

## 2023 AND 2024 NPM ADJUSTMENTS SETTLEMENT AGREEMENT

COMMONWEALTH OF KENTUCKY

Signed: \_\_\_\_\_ Colum

Russell Coleman Attorney General

Dated: 02/28/2024

STATE OF LOUISIANA unilla Signed: Liz Murrill

Liz Murfill Attorney General 3/4/2024 Dated:

STATE OF MAINE

m M. Signed: Aaron M. Frey Attorney General

Dated: 7 March 2024

STATE OF MICHIGAN

resd Signed: ina

Dana Nessel Attorney General

Dated: 2-29-24

STATE OF NEBRASKA

Ke Hila Signed:

Mike Hilgers Attorney General

Dated: 3/5/2024

STATE OF NEVADA Signed: Aaron D. Ford

Attorney General

U Dated:

STATE OF NEW HAMPSHIRE

Signed:

John Formella Attorney General

2123/24 Dated:

STATE OF NEW JERSEY

Alla Signed:

Matthew J. Platkin Attorney General

Dated: 3/8/2024

STATE OF NORTH CAROLINA

Sta ah Signed:

Josh Stein Attorney General

Dated: March 6, 2024

## STATE OF NORTH DAKOTA

Signed:

Drew H. Wrigley Attorney General

Dated: <u>3/05/2024</u>

STATE OF OKLAHOMA Signed: Gentner Drummond Attorney General

2/27/24 Dated:

STATE OF OREGON

Signed: Comben

Ellen F. Rosenblum Attorney General

Dated: \_\_\_\_\_2024

#### COMMONWEALTH OF PUERTO RICO

Signed:

Domingo Emanuelli Hernández Attorney General

March 8, 2024

Dated:

STATE OF RHODE ISLAND

Signed:

Peter F. Neronha Attorney General

3/6/24 Dated:

STATE OF SOUTH CAROLINA

Signed:

Alan Wilson Attorney General

Dated: 2-12-24

STATE OF SOUTH DAKOTA

Signed: Marty Jackley Attorney General

Dated: 3-6-24

STATE OF TENNESSEE Jonathan Skrmetti Attorney/General Signed:

2024 5 Dated:

STATE OF UTAH Signed: Sean Reyes Attorney General

Dated: 02.2(.2024

STATE OF VERMONT

n M.Q raisty Signed: <u>U</u>

Charity R. Clark Attorney General

Dated: March 8, 2024

COMMONWEALTH OF VIRGINIA

Signed: Attorney General

Dated: 2/28/2024

STATE OF WEST VIRGINIA

Signed: Douglas P. Buffington, II Chief Deputy Attorney General

Dated: 3-8-24

STATE OF WYOMING

Bridget Hill Attorney General Signed:

Dated: 3/1/2024

COMMONWEALTH BRANDS, INC.

dor By:

Rob Wilkey General Counsel and Secretary

COMPANIA INDUSTRIAL DE TABACOS MONTE PAZ, S.A.

By: <u>Elizabeth B McCallun</u> Elizabeth B. McCallum

Elizabeth B. McCallum Outside Counsel Authorized to Execute

Date: <u>Feb. 13, 2024</u>

DAUGHTERS & RYAN, INC.

By: Elizabeth & McCaller

Elizabeth B. McCallum Outside Counsel Authorized to Execute

Date: <u>Feb. 13, 2024</u>

ETS L LACROIX FILS S.A. (BELGIUM)

< da By:

Rob Wilkey Authorized Signatory

Date: <u>February</u> 12, 2024

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FARMER'S TOBACCO CO. OF CYNTHIANA, INC.

Jernifer Straus By:

President

Date: \_\_\_\_//u /ay

HOUSE OF PRINCE A/S

By: Elizabeth & McCaller

Elizabeth B. McCallum Outside Counsel Authorized to Execute

Date: Feb. 13, 2024

## IMPERIAL TOBACCO LIMITED (UK)

By: Rob Wilkey

Authorized Signatory

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

By:

Rob Wilkey Authorized Signatory

## IMPERIAL TOBACCO PRODUCTION UKRAINE

Kob W By: Rob Wilkey

Rob Wilkey Authorized Signatory

IMPERIAL TOBACCO MULLINGAR (IRELAND)

Sob [] By: Rob Wilkey

Authorized Signatory

IMPERIAL TOBACCO POLSKA S.A. (POLAND)

By: Rob Wilkey

Authorized Signatory

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

By: **Rob Wilkey** 

General Counsel and Secretary

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

By: <u>Elizabeth B McCallum</u>

Outside Counsel Authorized to Execute

Date: <u>Feb. 13, 2024</u>

KING MAKER MARKETING, INC.

By: <u>Elizabeth B McCallun</u> Elizabeth B. McCallum Outside Counsel Authorized to Execute

Date: <u>Feb. 13, 2024</u>

KRETEK INTERNATIONAL, INC.

By: <u>Elizabeth B McCallu</u> Elizabeth B. McCallum

Outside Counsel

Date: March 8, 2024

LIGGETT GROUP LLC

Victoria Spier Evans Victoria Spier Evans By:

Vice President and General Counsel

Date: 02/12/2024

P.T. DJARUM

By: <u>Elizabeth B. McCallum</u>

Outside Counsel

Date: March 8, 2024

#### PETER STOKKEBYE TOBAKSFABRIK A/S

By: <u>Elizabeth B. McCallum</u>

Outside Counsel Authorized to Execute

Date: <u>Feb. 13, 2024</u>

PHILIP MORRIS USA INC.

\_\_\_\_ By:

Alexander Shaknes Counsel

02/21/2024

PREMIER MANUFACTURING, INC.

By: <u>Elizabeth B McCallun</u> Elizabeth B. McCallum

Elizabeth B. McCallum Outside Counsel Authorized to Execute

Date: <u>Feb. 13, 2024</u>

REEMTSMA CIGARETTENFABRIKEN GMBH (REEMTSMA)

<wb By:

Rob Wilkey Authorized Signatory

## R.J. REYNOLDS TOBACCO COMPANY

Elli Terbenst

By:

Elli Leibenstein Outside Counsel

Date: \_\_\_\_\_March 7, 2024

## SANTA FE NATURAL TOBACCO COMPANY, INC.

Elli Lubenstr

By:

Elli Leibenstein Outside Counsel

Date: \_\_\_\_ March 7, 2024

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

By: Rob Wilkey

Authorized Signatory

## SCANDINAVIAN TOBACCO GROUP LANE LTD (FORMERLY LANE LIMITED)

By: Elizabeth B Mc Calle

Elizabeth B. McCallum Outside Counsel Authorized to Execute

Date: Feb. 13, 2024

# SHERMAN'S 1400 BROADWAY N.Y.C., LLC

-

Alexander Shaknes Counsel

02/21/2024

Date: \_\_\_\_\_

By:

TOP TOBACCO, L.P.

By: Elizabeth B Mc Calle

Elizabeth B. McCallum Outside Counsel Authorized to Execute

Date: Feb. 13, 2024

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

By: Elizabeth B McCaller

Elizabeth B. McCallum Outside Counsel Authorized to Execute

Date: Feb. 13, 2024

VAN NELLE TABAK NEDERLAND B.V. (NETHERLANDS)

Toh By:

Rob Wilkey Authorized Signatory

VECTOR TOBACCO LLC

By:

Henry T. Sauter Assistant Secretary

Date: \_February 12, 2024\_\_\_\_\_

#### VON EICKEN GROUP

By: Elizabeth & McCaller

Elizabeth B. McCallum Outside Counsel

Date: <u>March 7, 2024</u>

WIND RIVER TOBACCO COMPANY INC.

By:

Brian Tascher Chief Financial Officer

Date: