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**Via Electronic and U.S. Mail**

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Re: Settlement of NPM Adjustment Disputes

Dear Counsel:

I am authorized by the State of Utah to agree to Utah becoming a signatory to the October 2017 NPM Adjustment Settlement Agreement (“Settlement Agreement”) for settlement of the NPM Adjustment disputes on the terms and conditions set forth in that Agreement and the proposal for joinder attached as Exhibit A (the “Joinder”). All provisions of the Settlement Agreement will apply to Utah except as set forth in the Joinder and below (including the inapplicability to Utah of the provisions of the Settlement Agreement applicable to years after 2017 unless the Deductibility Condition described in the Joinder is satisfied).

If the Deductibility Condition is satisfied and the provisions of the Settlement Agreement applicable to years after 2017 apply to Utah, the PMs and Utah agree as follows.

1. The diligent enforcement standard set forth in Paragraph V.C.5 of the Settlement Agreement shall not apply to contraband NPM Cigarettes and/or contraband NPM RYO that, as part of Utah’s interdiction efforts, including interdictions in cooperation with other State, City, County, or Federal Law Enforcement Agencies, are seized prior to being sold to an individual

consumer in a face-to-face transaction, where such contraband is not returned by the State to the party from which the contraband was seized or to any person or entity associated with that party.

The same diligent enforcement standard shall not apply if the specified contraband is returned to an individual consumer in any bona fide consumer quantities pursuant to the authority granted to Federal agencies.

2. Exhibit K of the Settlement Agreement will apply to Utah, such that, if the number of FET-paid NPM Cigarettes sold in Utah on which escrow was not deposited, but about which the arbitrators determine Utah reasonably could have known, was *de minimis*, that fact will be relevant to the diligent enforcement determination as to Utah with respect to the year in which the escrow on those Cigarettes was due.

3. If Utah, despite using best efforts to the contrary, is unable to reach a compact or similar cooperative agreement with a tribe in the State with which it does not have such an agreement, that fact will be relevant to the diligent enforcement determination as to Utah in a favorable manner with respect to NPM sales made on that tribe's reservation. If a current compact or similar cooperative agreement under which Utah currently collects tax and escrow on NPM sales is rescinded despite Utah's best efforts to avoid that result, then the fact that the compact or cooperative agreement was rescinded will be relevant to the diligent enforcement determination as to Utah for a period of twelve (12) months following the rescission with respect to NPM sales made on that tribe's reservation. For avoidance of doubt, the preceding sentences do not mean that the diligent enforcement standard does not apply to such sales or that Utah does not have to pursue enforcement with respect to them as part of diligent enforcement.

Utah will become a signatory to the Settlement Agreement effective upon the approval of the foregoing on behalf of PMs with aggregate Market Share in 2017 equal to at least 93% of the aggregate Market Share of all the PMs.

Sincerely,



Sean D. Reyes  
Utah Attorney General