

**Final Notice Regarding Termination and Distribution of All
Residual Funds of the National Tobacco Grower Settlement Trust**

July 16, 2015

State of South Carolina
Office of the Governor
1205 Pendleton Street
Columbia, South Carolina 29201

The Honorable Nikki Haley:

As you may be aware, the National Tobacco Grower Settlement Trust (the "*Trust*") established in August 1999 pursuant to a Trust Agreement dated July 19, 1999 (the "*Trust Agreement*") terminated pursuant to its terms on December 31, 2014 ("*Termination Date*"). Background information regarding the Trust is summarized below.

Financial Statements

Pursuant to Section 2.09 of the Trust Agreement, we are enclosing the final audited year-end financial statements for the Trust for calendar years 2013 and 2014. If we do not receive an objection within 60 days of submission of these statements, such failure to respond shall constitute an approval of the statements and a release by such Grower State and/or its Certification Entity as provided for in the Trust Agreement.

Final Distribution

Pursuant to Section 1.08 of the Trust Agreement, at the termination of the Trust, the Trust Estate shall be distributed to one or more non-governmental tax-exempt organizations of the type described in Section 170(c)(2) of the Internal Revenue Code of 1986 (each a "*Tax Exempt Organization*"), as the Grower States representatives shall determine, taking into account the purpose of the Trust to provide economic assistance to the Tobacco Farmers (as defined below). If any assets remain undesignated for distribution by the Grower States representatives, JPMorgan Chase Bank, N.A., as trustee (the "*Trustee*"), shall distribute the remaining assets as per the provisions of Section 1.08 of the Trust Agreement.

As you have previously provided your Tax Exempt Organization designation to the Trustee, all distributions of any residual funds allocable to your Grower State shall be made to the Tax Exempt Organization so designated.

Background

The Trust was established pursuant to a Trust Agreement dated July 19, 1999 funded by the four major cigarette manufacturers in the United States: Philip Morris Incorporated, R. J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation (now part of the R. J. Reynolds Company) and Lorillard Tobacco Company (collectively the "*Settlers*"). The Settlers are parties to a Master Settlement Agreement (the "*MSA*") which settled certain claims against the Settlers brought by states party to the MSA.

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The creation of the Trust was a result of an agreement in the MSA that recognized that potential reductions in tobacco consumption, due to the MSA, would adversely affect Tobacco Growers/Quota Owners (collectively, "*Tobacco Farmers*"). There are fourteen states (the "Grower States") that are party to the Trust Agreement: Georgia, Kentucky, North Carolina, South Carolina, Tennessee, Virginia, Alabama, Florida, Indiana, Maryland, Missouri, Ohio, Pennsylvania and West Virginia. Pursuant to the Trust Agreement, JPMorgan Chase Bank, N.A. was appointed as the Trustee of the Trust. The Trust is a mechanism to provide aid to the Tobacco Farmers and to ameliorate potential adverse economic consequences to the Grower States. In 2004, the FETRA Act relieved the Settlers of further payment obligations to the Trust and the Trustee's role no longer included payments to Tobacco Farmers.

PLEASE NOTE THAT AS THE TRUST IS TERMINATED, THIS IS YOUR FINAL NOTICE.

If you have any questions, please contact Ellen Honeywell, Executive Director, JPMorgan Chase Bank, N.A, 4 New York Plaza, Floor 13, New York, N.Y. 10004 or by phone at (212) 552 -1509.

Sincerely,

JPMorgan Chase Bank, N.A.

CC: Agriculture Department
The Honorable Hugh E. Weathers
527 Wade Hampton Office Building
Columbia, South Carolina 29211

Office of the Attorney General
The Honorable Alan Wilson
1000 Assembly Street
Columbia, South Carolina 29201