

**Amendment No. 22 to Master Settlement Agreement**

Premier Manufacturing, Inc. ("Premier"), a corporation organized under the laws of the State of Missouri, hereby signs and executes this Amendment No. 22 to the Master Settlement Agreement ("MSA") effective as of September 23, 2002.

Notwithstanding sections II(j) and II(un) of the MSA, Premier shall be considered a Tobacco Product Manufacturer and a Participating Manufacturer, and each company specified in Exhibit A to this Amendment (collectively the "Foreign Manufacturers/Exporters") shall not be considered a Tobacco Product Manufacturer (and each Foreign Manufacturer/Exporter shall for the purposes of the Model Statute set forth in Exhibit T to the MSA ("Model Statute") only, be considered to be a Participating Manufacturer), provided that:

- (1) On or before <sup>March 31</sup> ~~1~~, 2002, Premier enters into an agreement (an "Exclusive Distribution Agreement") with each of the Foreign Manufacturers/Exporters, such Exclusive Distribution Agreements remain in full force and effect, and all the parties to each respective Exclusive Distribution Agreement fully perform their obligations thereunder. Each Exclusive Distribution Agreement must contain the following terms:

- (a) The Foreign Manufacturer/Exporter appoints Premier as its exclusive importer and distributor (other than as set forth in paragraph (d) below) for sale in the United States, of any and all Cigarettes which are and will be manufactured by the Foreign Manufacturer/Exporter or any licensee or Affiliate of the Foreign Manufacturer/Exporter and exported for intended sale in the United States ("Cigarettes"), subject to the terms and conditions appearing in the Exclusive Distribution Agreement (insofar as such terms

and conditions are not inconsistent with paragraphs (a) through (f), and subject to the exception that the existing Exclusive Distribution

Agreement between Premier and Keranis Company, a

Foreign/Manufacturer Exporter, authorizes Keranis to appoint a company other than Premier to import and distribute in the United States the Winner Cigarette brand that is manufactured by Keranis. The term "Affiliate" as used herein shall mean a person who directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with, another person.

- (b) Other than as specified in paragraph (d) below, the Foreign Manufacturer/Exporter shall not appoint any person other than Premier as an additional importer and distributor for sale of Cigarettes within the United States, nor shall the Foreign Manufacturer/Exporter sell, distribute, market or advertise Cigarettes in the United States except through Premier.
- (c) The Foreign Manufacturer/Exporter shall supply Cigarettes that shall comply with the requirements or applicable regulations effective in the United States. Premier shall obtain all the governmental certifications, licenses, permits or approvals necessary to import and distribute such Cigarettes in the United States and shall sell the Cigarettes in the United States in strict compliance with any and all laws, regulations and other requirements of federal, state, and local governments and their agencies.

Premier shall be responsible for the payments under the MSA with respect to the Cigarettes, shall pay the taxes specified in subsection II(z) of the MSA on the Cigarettes, and shall report the Cigarettes as its shipments and sales in the manner prescribed in subsections II(mm) and XI(a) of the MSA.

- (d) The Foreign Manufacturer/Exporter may sell brands of Cigarettes in the United States through an importer other than Premier if such importer is an Original Participating Manufacturer ("OPM") that will be responsible for the payments under the MSA with respect to such Cigarettes as a result of the provisions of subsections II(mm) of the MSA and that pays the taxes specified in subsection II(z) on such cigarettes, and provided that the Foreign Manufacturer/Exporter does not market or advertise such Cigarettes in the United States.
- (e) Each Exclusive Distribution Agreement between each Foreign Manufacturer/Exporter and Premier shall be effective on the date of execution of that Agreement and shall not be terminated by either party to that Agreement unless the Foreign Manufacturer/Exporter in question has appointed another signatory to the MSA as importer for the United States as long as the MSA remains in effect.
- (f) The Settling States and the OPMs are third-party beneficiaries of each Exclusive Distribution Agreement.
- (2) Notwithstanding the provisions of paragraph (1) above, with respect to both First

Class Cigarettes that Premier has imported or in the future imports into the United States from Altadis S.A. or its predecessor or successor companies and to Ultra Buy Cigarettes that Premier has imported into the United States from Altadis S.A. or its predecessor or successor companies but not any other brand of cigarettes (hereinafter "Altadis/Premier Cigarettes"), it is agreed that:

- (a) Premier has not entered and need not enter with Altadis or its predecessor company an Exclusive Distribution Agreement for Altadis/Premier Cigarettes.
  - (b) Premier shall be considered a Tobacco Product Manufacturer and a Participating Manufacturer as to the Altadis/Premier Cigarettes and Altadis shall not be considered a Tobacco Product Manufacturer or a Participating Manufacturer (except for purposes of the Model Statute only) as to the Altadis/Premier Cigarettes.
  - (c) Premier shall obtain all the governmental certifications, licenses, permits or approvals necessary to import and distribute the Altadis/Premier Cigarettes in the United States and shall sell such Cigarettes in the United States in strict compliance with any and all laws, regulations and other requirements of federal, state, and local governments and their agencies. Premier shall be responsible for the payments under the MSA with respect to such Cigarettes, shall pay the taxes specified in the subsection II(z) of the MSA on such Cigarettes, and shall report such Cigarettes as its shipments and sales in the manner prescribed in subsections II(mm) and XI(A) of the MSA.
- (3) Premier shall provide the Settling States with any Exclusive Distribution Agreement by

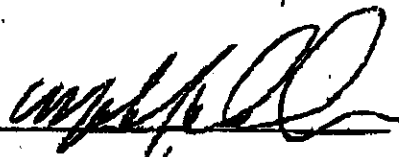
delivering a copy of such Agreement to the National Association of Attorneys General ("NAAG"). Alternatively, Premier shall certify to the Settling States compliance of Premier's Exclusive Distribution Agreements with this Amendment by delivering to NAAG a document identifying each Premier Exclusive Distribution Agreement and setting out the language contained in each such Agreement that incorporates the terms in paragraphs 1(a) through 1(f) above.

- (4) Except as may otherwise be provided above, Premier shall not sell or distribute Cigarettes manufactured by or purchased for resale in the States from a Non-Participating Manufacturer, provided that Premier's purchases of cigarettes from Star Tobacco in 1999 shall not be regarded as a violation of this provision.
- (5) If any Foreign Manufacturer/Exporter becomes an Affiliate of an OPM, Premier will not import the Cigarettes of such Foreign Manufacturer/Exporter unless Premier assumes the payment obligations under the MSA of an OPM with respect to all Cigarettes manufactured by (or under trademarks owned by or licensed to) such Foreign Manufacturer/Exporter and imported by Premier.
- (6) If Premier becomes an Affiliate of an OPM, Premier shall assume the payment obligations under the MSA of an OPM with respect to all Cigarettes shipped by Premier in or to the United States.

All capitalized terms not otherwise defined shall have the meaning given such terms in the MSA.

Dated: 9/23/02

Premier Manufacturing, Inc.

By: 

Name and Title

MARK J DONHAM  
PRESIDENT/CEO

Exhibit A  
To MSA Amendment No. 22

Hangzhou Cigarette Factory











