

Revenue Estimating Conference for Tobacco Settlement Payments
March 9, 2021
Executive Summary

The Revenue Estimating Conference met on March 9, 2021, to adopt a new forecast of Tobacco Settlement payments for the 2020-21 through 2032-33 fiscal years.

Tobacco settlement payments accrue to the state from a formal settlement agreement entered on August 25, 1997, in response to a lawsuit between the State of Florida and several major tobacco companies. An annual payment is due by December 31 of each year, and a profit adjustment payment is made following the end of each participating company's fiscal year. Both payments continue in perpetuity.

On January 18, 2017, the State of Florida filed a Motion to Join ITG Brands, LLC as a Defendant and to enforce the Settlement Agreement in the State of Florida, et. al., v. Am. Tobacco Co., R.J. Reynolds Tobacco Co., et. al., No. 95-1466 AH (Fla. 15th Cir. Ct.). On August 18, 2018, the Circuit Court entered a final judgment specifying the principal sum and interest due from R.J. Reynolds to the State of Florida for the period June 12, 2015, through April 30, 2018, as well as providing guidance on how any future unpaid liability to the State should be calculated. In addition, the final judgment reflected the court's rulings issued December 27, 2017, and May 24, 2018, collectively known as the "Liability Orders." R.J. Reynolds subsequently appealed the lower court's decision regarding its liability. On July 29, 2020, the District Court of Appeal unanimously affirmed the lower court's final judgment in all respects, and on September 18, 2020, denied the Appellant's motion for rehearing, rehearing en banc, and certification to the Florida Supreme Court. In response, R.J. Reynolds paid the State of Florida \$192,869,589.86 million to cover the full amount of the outstanding judgment (inclusive of principal and interest). This amount was deposited into the General Revenue Fund on October 6, 2020. Notwithstanding this payment, R.J. Reynolds filed Notice to Invoke Discretionary Jurisdiction of the Florida Supreme Court on October 15, 2020, seeking review of the District Court of Appeal's opinion. On December 18, 2020, the Florida Supreme Court declined to accept jurisdiction and denied the petition for review, indicating that no motion for rehearing would be entertained.

For the first time since FY 2014-15, the expected payments were received in full at the end of December. The annual December 2020 payment was nearly \$17 million higher than the projected liability, even before applying the adjustment factor previously used by the Conference to account for the lower payments received during the disputed period. Future payments to the state are now assumed to equal 100 percent of the payments liability grown from the larger 2020 base instead of the 89.3 percent used in the prior forecast. Combined, these modifications produced the greatest changes to the forecast.

The table below shows the new estimated amounts of settlement payments to the State of Florida and the change from the previous estimate.

Old vs. New Forecast of Total Payments (\$ Millions)

| | Expected Payments from Original Settling Manufacturers | March 2021 Expected Payments Forecast with Liggett | December 2020 Expected Payments Forecast with Liggett | Difference |
|------------|---|---|--|-------------------|
| FY 2001-02 | | | | |
| FY 2002-03 | | | | |
| FY 2003-04 | | | | |
| FY 2004-05 | | | | |
| FY 2005-06 | | | | |
| FY 2006-07 | | | | |
| FY 2007-08 | | | | |
| FY 2008-09 | | | | |
| FY 2009-10 | | | | |
| FY 2010-11 | | | | |
| FY 2011-12 | | | | |
| FY 2012-13 | | | | |
| FY 2013-14 | | | | |
| FY 2014-15 | | | | |
| FY 2015-16 | | | | |
| FY 2016-17 | | | | |
| FY 2017-18 | | | | |
| FY 2018-19 | | | | |
| FY 2019-20 | | | | |
| FY 2020-21 | 402.4 | 402.7 | 344.8 | 57.9 |
| FY 2021-22 | 408.6 | 408.9 | 349.6 | 59.3 |
| FY 2022-23 | 418.1 | 418.4 | 357.9 | 60.5 |
| FY 2023-24 | 428.2 | 428.5 | 366.7 | 61.8 |
| FY 2024-25 | 438.6 | 438.9 | 375.8 | 63.1 |
| FY 2025-26 | 449.5 | 449.8 | 385.3 | 64.5 |
| FY 2026-27 | 460.9 | 461.3 | 395.3 | 66.0 |
| FY 2027-28 | 472.7 | 473.1 | 405.6 | 67.5 |
| FY 2028-29 | 485.1 | 485.5 | 416.4 | 69.1 |
| FY 2029-30 | 498.1 | 498.5 | 427.8 | 70.7 |
| FY 2030-31 | 511.7 | 512.1 | 439.7 | 72.4 |
| FY 2031-32 | 526.0 | 526.0 | 451.8 | 74.2 |
| FY 2032-33 | 541.0 | 541.0 | 464.9 | 76.1 |

TOBACCO SETTLEMENT PAYMENTS FORECAST

March 9, 2021

The Conference package was revised beginning February 2019 to address the following issue and is not strictly comparable to earlier releases: On January 18, 2017, the State of Florida filed a Motion to Join ITG Brands, LLC as a Defendant and to enforce the Settlement Agreement in the State of Florida, et. al., v. Am. Tobacco Co., R.J. Reynolds Tobacco Co., et. al., No. 95-1466 AH (Fla. 15th Cir. Ct.). On August 18, 2018, the Circuit Court entered a final judgment specifying the principal sum and interest due from R.J. Reynolds to the State of Florida for the period June 12, 2015, through April 30, 2018, as well as providing guidance on how any future unpaid liability to the State should be calculated. In addition, the final judgment reflected the court's rulings issued December 27, 2017, and May 24, 2018, collectively known as the "Liability Orders." R.J. Reynolds subsequently appealed the lower court's decision regarding its liability. On July 29, 2020, the District Court of Appeal unanimously affirmed the lower court's final judgment in all respects, and on September 18, 2020, denied the Appellant's motion for rehearing, rehearing en banc, and certification to the Florida Supreme Court. In response, R.J. Reynolds paid the State of Florida \$192,869,589.86 million to cover the full amount of the outstanding judgment (inclusive of principal and interest). This amount was deposited into the General Revenue Fund on October 6, 2020. Notwithstanding this payment, R.J. Reynolds filed Notice to Invoke Discretionary Jurisdiction of the Florida Supreme Court on October 15, 2020, seeking review of the District Court of Appeal's opinion. On December 18, 2020, the Florida Supreme Court declined to accept jurisdiction and denied the petition for review, while indicating that no motion for rehearing would be entertained.

Tobacco Settlement Payments to Florida
Calculation of Inflation Adjustment to Annual Settlement Payment

| | | December | | Annual Payment | | |
|---------|------------|----------------|----------------|------------------|-----------------|------------|
| | | Consumer Price | Percent Change | Settlement | Settlement | Inflation |
| | | Index | (Inflation) | Inflation Factor | Inflation Index | Adjustment |
| CY 1997 | FY 1997-98 | 161.300 | | | 100.00000 | 1.0000 |
| CY 1998 | FY 1998-99 | 163.900 | 1.61190% | 3.00000% | 100.00000 | 1.0000 |
| CY 1999 | FY 1999-00 | 168.300 | 2.68456% | 3.00000% | 103.00000 | 1.0300 |
| CY 2000 | FY 2000-01 | 174.000 | 3.38681% | 3.38681% | 106.48841 | 1.0649 |
| CY 2001 | FY 2001-02 | 176.700 | 1.55172% | 3.00000% | 109.68306 | 1.0968 |
| CY 2002 | FY 2002-03 | 180.900 | 2.37691% | 3.00000% | 112.97355 | 1.1297 |
| CY 2003 | FY 2003-04 | 184.300 | 1.87949% | 3.00000% | 116.36276 | 1.1636 |
| CY 2004 | FY 2004-05 | 190.300 | 3.25556% | 3.25556% | 120.15102 | 1.2015 |
| CY 2005 | FY 2005-06 | 196.800 | 3.41566% | 3.41566% | 124.25497 | 1.2425 |
| CY 2006 | FY 2006-07 | 201.800 | 2.54065% | 3.00000% | 127.98262 | 1.2798 |
| CY 2007 | FY 2007-08 | 210.036 | 4.08127% | 4.08127% | 133.20593 | 1.3321 |
| CY 2008 | FY 2008-09 | 210.228 | 0.09141% | 3.00000% | 137.20211 | 1.3720 |
| CY 2009 | FY 2009-10 | 215.949 | 2.72133% | 3.00000% | 141.31817 | 1.4132 |
| CY 2010 | FY 2010-11 | 219.179 | 1.49572% | 3.00000% | 145.55772 | 1.4556 |
| CY 2011 | FY 2011-12 | 225.672 | 2.96242% | 3.00000% | 149.92445 | 1.4992 |
| CY 2012 | FY 2012-13 | 229.601 | 1.74102% | 3.00000% | 154.42218 | 1.5442 |
| CY 2013 | FY 2013-14 | 233.049 | 1.50174% | 3.00000% | 159.05485 | 1.5905 |
| CY 2014 | FY 2014-15 | 234.812 | 0.75649% | 3.00000% | 163.82650 | 1.6383 |
| CY 2015 | FY 2015-16 | 236.525 | 0.72952% | 3.00000% | 168.74130 | 1.6874 |
| CY 2016 | FY 2016-17 | 241.432 | 2.07462% | 3.00000% | 173.80354 | 1.7380 |
| CY 2017 | FY 2017-18 | 246.524 | 2.10908% | 3.00000% | 179.01765 | 1.7902 |
| CY 2018 | FY 2018-19 | 251.233 | 1.91016% | 3.00000% | 184.38818 | 1.8439 |
| CY 2019 | FY 2019-20 | 256.974 | 2.28513% | 3.00000% | 189.91983 | 1.8992 |
| CY 2020 | FY 2020-21 | 260.229 | 1.26667% | 3.00000% | 195.61742 | 1.9562 |
| CY 2021 | FY 2021-22 | 265.8 | 2.138% | 3.000% | 201.486 | 2.0149 |
| CY 2022 | FY 2022-23 | 271.1 | 1.986% | 3.000% | 207.531 | 2.0753 |
| CY 2023 | FY 2023-24 | 276.4 | 1.969% | 3.000% | 213.756 | 2.1376 |
| CY 2024 | FY 2024-25 | 282.5 | 2.206% | 3.000% | 220.169 | 2.2017 |
| CY 2025 | FY 2025-26 | 288.9 | 2.260% | 3.000% | 226.774 | 2.2677 |
| CY 2026 | FY 2026-27 | 295.6 | 2.336% | 3.000% | 233.577 | 2.3358 |
| CY 2027 | FY 2027-28 | 302.6 | 2.361% | 3.000% | 240.585 | 2.4058 |
| CY 2028 | FY 2028-29 | 309.9 | 2.396% | 3.000% | 247.802 | 2.4780 |
| CY 2029 | FY 2029-30 | 317.1 | 2.329% | 3.000% | 255.236 | 2.5524 |
| CY 2030 | FY 2030-31 | 324.5 | 2.346% | 3.000% | 262.893 | 2.6289 |
| CY 2031 | FY 2031-32 | 332.1 | 2.346% | 3.000% | 270.780 | 2.7078 |
| CY 2032 | FY 2032-33 | 339.9 | 2.346% | 3.000% | 278.904 | 2.7890 |

**Tobacco Settlement Payments to Florida
Calculation of Volume Ratio**

| | | TOTAL DOMESTIC CIGARETTE UNITS SOLD (Billions) | Percent Change | Prior Forecast | Change | Florida Definition Volume as share of U.S. volume | Florida Definition Volume (Billions) | Percent Change | Volume Ratio |
|---------|------------|---|-----------------------|-----------------------|---------------|--|---|---------------------------|-------------------------|
| CY 1997 | FY 1997-98 | | | | | | 471.248 | | 1.000000 |
| CY 1998 | FY 1998-99 | | | | | | 449.288 | -4.66% | 0.9534 |
| CY 1999 | FY 1999-00 | | | | | | 404.252 | -10.02% | 0.8578 |
| CY 2000 | FY 2000-01 | | | | | | 397.858 | -1.58% | 0.8443 |
| CY 2001 | FY 2001-02 | 398.3 | | | | 95.37% | 379.860 | -4.52% | 0.8061 |
| CY 2002 | FY 2002-03 | 376.4 | -5.50% | | | 96.00% | 361.335 | -4.88% | 0.7668 |
| CY 2003 | FY 2003-04 | 360.5 | -4.22% | | | 94.48% | 340.603 | -5.74% | 0.7228 |
| CY 2004 | FY 2004-05 | 361.3 | 0.22% | | | 92.78% | 335.232 | -1.58% | 0.7114 |
| CY 2005 | FY 2005-06 | 351.6 | -2.68% | | | 93.34% | 328.173 | -2.11% | 0.6964 |
| CY 2006 | FY 2006-07 | 343.3 | -2.36% | | | 94.20% | 323.395 | -1.46% | 0.6863 |
| CY 2007 | FY 2007-08 | 337.7 | -1.63% | | | 91.41% | 308.676 | -4.55% | 0.6550 |
| CY 2008 | FY 2008-09 | 320.0 | -5.24% | | | 92.51% | 296.025 | -4.10% | 0.6282 |
| CY 2009 | FY 2009-10 | 290.6 | -9.19% | | | 92.21% | 267.969 | -9.48% | 0.5686 |
| CY 2010 | FY 2010-11 | 282.9 | -2.65% | | | 90.45% | 255.883 | -4.51% | 0.5430 |
| CY 2011 | FY 2011-12 | 274.4 | -3.00% | | | 90.44% | 248.162 | -3.02% | 0.5266 |
| CY 2012 | FY 2012-13 | 268.4 | -2.19% | | | 90.64% | 243.277 | -1.97% | 0.5162 |
| CY 2013 | FY 2013-14 | 255.2 | -4.92% | | | 91.74% | 234.108 | -3.77% | 0.4968 |
| CY 2014 | FY 2014-15 | 254.7 | -0.20% | | | 88.30% | 224.895 | -3.94% | 0.4772 |
| CY 2015 | FY 2015-16 | 244.2 | -4.12% | | | 91.94% | 224.521 | -0.17% | 0.4764 |
| CY 2016 | FY 2016-17 | 240.5 | -1.52% | | | 91.23% | 219.402 | -2.28% | 0.4656 |
| CY 2017 | FY 2017-18 | 216.9 | -9.81% | | | 96.05% | 208.323 | -5.05% | 0.4421 |
| CY 2018 | FY 2018-19 | 204.2 | -5.88% | | | 96.05% | 196.080 | -5.88% | 0.4161 |
| CY 2019 | FY 2019-20 | 192.9 | -5.50% | | | 94.45% | 182.222 | -7.07% | 0.3867 |
| CY 2020 | FY 2020-21 | 189.1 | -2.00% | -2.75% | 0.75% | 98.62% | 186.452 | 2.32% | 0.3957 |
| CY 2021 | FY 2021-22 | 184.3 | -2.53% | -2.78% | 0.25% | 98.62% | 181.735 | -2.53% | 0.3856 |
| CY 2022 | FY 2022-23 | 181.2 | -1.66% | -1.66% | 0.00% | 98.62% | 178.718 | -1.66% | 0.3792 |
| CY 2023 | FY 2023-24 | 178.3 | -1.62% | -1.62% | 0.00% | 98.62% | 175.823 | -1.62% | 0.3731 |
| CY 2024 | FY 2024-25 | 175.4 | -1.63% | -1.63% | 0.00% | 98.62% | 172.957 | -1.63% | 0.3670 |
| CY 2025 | FY 2025-26 | 172.6 | -1.61% | -1.61% | 0.00% | 98.62% | 170.172 | -1.61% | 0.3611 |
| CY 2026 | FY 2026-27 | 169.8 | -1.58% | -1.58% | 0.00% | 98.62% | 167.484 | -1.58% | 0.3554 |
| CY 2027 | FY 2027-28 | 167.1 | -1.58% | -1.58% | 0.00% | 98.62% | 164.837 | -1.58% | 0.3498 |
| CY 2028 | FY 2028-29 | 164.5 | -1.56% | -1.56% | 0.00% | 98.62% | 162.266 | -1.56% | 0.3443 |
| CY 2029 | FY 2029-30 | 162.0 | -1.53% | -1.53% | 0.00% | 98.62% | 159.783 | -1.53% | 0.3391 |
| CY 2030 | FY 2030-31 | 159.6 | -1.50% | -1.50% | 0.00% | 98.62% | 157.387 | -1.50% | 0.3340 |
| CY 2031 | FY 2031-32 | 157.3 | -1.45% | -1.45% | 0.00% | 98.62% | 155.104 | -1.45% | 0.3291 |
| CY 2032 | FY 2032-33 | 155.0 | -1.44% | -1.44% | 0.00% | 98.62% | 152.871 | -1.44% | 0.3244 |

Tobacco Settlement Payments to Florida
Calculation of Volume Adjustment to Annual Settlement Payment

| | | Volume Ratio | Volume Adjustment (1 - vol. ratio) | Youth Adjustment (volume adj. X .98) | Annual Payment Volume Adjustment (1 - youth adj.) |
|---------|------------|---------------------|---|---|--|
| CY 1997 | FY 1997-98 | 1.0000 | | | |
| CY 1998 | FY 1998-99 | 0.9534 | | | |
| CY 1999 | FY 1999-00 | 0.8578 | 0.1422 | 0.1393 | 0.8607 |
| CY 2000 | FY 2000-01 | 0.8443 | 0.1557 | 0.1526 | 0.8474 |
| CY 2001 | FY 2001-02 | 0.8061 | 0.1939 | 0.1900 | 0.8100 |
| CY 2002 | FY 2002-03 | 0.7668 | 0.2332 | 0.2286 | 0.7714 |
| CY 2003 | FY 2003-04 | 0.7228 | 0.2772 | 0.2717 | 0.7283 |
| CY 2004 | FY 2004-05 | 0.7114 | 0.2886 | 0.2829 | 0.7171 |
| CY 2005 | FY 2005-06 | 0.6964 | 0.3036 | 0.2975 | 0.7025 |
| CY 2006 | FY 2006-07 | 0.6863 | 0.3137 | 0.3075 | 0.6925 |
| CY 2007 | FY 2007-08 | 0.6550 | 0.3450 | 0.3381 | 0.6619 |
| CY 2008 | FY 2008-09 | 0.6282 | 0.3718 | 0.3644 | 0.6356 |
| CY 2009 | FY 2009-10 | 0.5686 | 0.4314 | 0.4227 | 0.5773 |
| CY 2010 | FY 2010-11 | 0.5430 | 0.4570 | 0.4479 | 0.5521 |
| CY 2011 | FY 2011-12 | 0.5266 | 0.4734 | 0.4639 | 0.5361 |
| CY 2012 | FY 2012-13 | 0.5162 | 0.4838 | 0.4741 | 0.5259 |
| CY 2013 | FY 2013-14 | 0.4968 | 0.5032 | 0.4932 | 0.5068 |
| CY 2014 | FY 2014-15 | 0.4772 | 0.5228 | 0.5123 | 0.4877 |
| CY 2015 | FY 2015-16 | 0.4764 | 0.5236 | 0.5131 | 0.4869 |
| CY 2016 | FY 2016-17 | 0.4656 | 0.5344 | 0.5237 | 0.4763 |
| CY 2017 | FY 2017-18 | 0.4421 | 0.5579 | 0.5468 | 0.4532 |
| CY 2018 | FY 2018-19 | 0.4161 | 0.5839 | 0.5722 | 0.4278 |
| CY 2019 | FY 2019-20 | 0.3867 | 0.6133 | 0.6011 | 0.3989 |
| CY 2020 | FY 2020-21 | 0.3957 | 0.6043 | 0.5923 | 0.4077 |
| CY 2021 | FY 2021-22 | 0.3856 | 0.6144 | 0.6021 | 0.3979 |
| CY 2022 | FY 2022-23 | 0.3792 | 0.6208 | 0.6083 | 0.3917 |
| CY 2023 | FY 2023-24 | 0.3731 | 0.6269 | 0.6144 | 0.3856 |
| CY 2024 | FY 2024-25 | 0.3670 | 0.6330 | 0.6203 | 0.3797 |
| CY 2025 | FY 2025-26 | 0.3611 | 0.6389 | 0.6261 | 0.3739 |
| CY 2026 | FY 2026-27 | 0.3554 | 0.6446 | 0.6317 | 0.3683 |
| CY 2027 | FY 2027-28 | 0.3498 | 0.6502 | 0.6372 | 0.3628 |
| CY 2028 | FY 2028-29 | 0.3443 | 0.6557 | 0.6426 | 0.3574 |
| CY 2029 | FY 2029-30 | 0.3391 | 0.6609 | 0.6477 | 0.3523 |
| CY 2030 | FY 2030-31 | 0.3340 | 0.6660 | 0.6527 | 0.3473 |
| CY 2031 | FY 2031-32 | 0.3291 | 0.6709 | 0.6574 | 0.3426 |
| CY 2032 | FY 2032-33 | 0.3244 | 0.6756 | 0.6621 | 0.3379 |

Tobacco Settlement Payments to Florida
Calculation of Annual Settlement Liability Schedule after Adjustments

| | | Settlement Agreement Annual Payment (\$ Millions) | Annual Payment Inflation Adjustment | Annual Payment Volume Adjustment | Adjusted Settlement Liability (\$ Millions) |
|---------|------------|--|---|--|--|
| CY 1997 | FY 1997-98 | 750.0 | <i>n/a</i> | <i>n/a</i> | 750.0 |
| CY 1998 | FY 1998-99 | 343.5 | <i>n/a</i> | <i>n/a</i> | 343.5 |
| CY 1999 | FY 1999-00 | 712.1 | 1.0300 | 0.8607 | 631.3 |
| CY 2000 | FY 2000-01 | 739.6 | 1.0649 | 0.8474 | 667.4 |
| CY 2001 | FY 2001-02 | 822.1 | 1.0968 | 0.8100 | 730.3 |
| CY 2002 | FY 2002-03 | 590.3 | 1.1297 | 0.7714 | 514.5 |
| CY 2003 | FY 2003-04 | 440.0 | 1.1636 | 0.7283 | 372.9 |
| CY 2004 | FY 2004-05 | 440.0 | 1.2015 | 0.7171 | 379.1 |
| CY 2005 | FY 2005-06 | 440.0 | 1.2425 | 0.7025 | 384.1 |
| CY 2006 | FY 2006-07 | 440.0 | 1.2798 | 0.6925 | 390.0 |
| CY 2007 | FY 2007-08 | 440.0 | 1.3321 | 0.6619 | 388.0 |
| CY 2008 | FY 2008-09 | 440.0 | 1.3720 | 0.6356 | 383.7 |
| CY 2009 | FY 2009-10 | 440.0 | 1.4132 | 0.5773 | 358.9 |
| CY 2010 | FY 2010-11 | 440.0 | 1.4556 | 0.5521 | 353.6 |
| CY 2011 | FY 2011-12 | 440.0 | 1.4992 | 0.5361 | 353.6 |
| CY 2012 | FY 2012-13 | 440.0 | 1.5442 | 0.5259 | 357.3 |
| CY 2013 | FY 2013-14 | 440.0 | 1.5905 | 0.5068 | 354.7 |
| CY 2014 | FY 2014-15 | 440.0 | 1.6383 | 0.4877 | 351.5 |
| CY 2015 | FY 2015-16 | 440.0 | 1.6874 | 0.4869 | 361.5 |
| CY 2016 | FY 2016-17 | 440.0 | 1.7380 | 0.4763 | 364.2 |
| CY 2017 | FY 2017-18 | 440.0 | 1.7902 | 0.4532 | 357.0 |
| CY 2018 | FY 2018-19 | 440.0 | 1.8439 | 0.4278 | 347.0 |
| CY 2019 | FY 2019-20 | 440.0 | 1.8992 | 0.3989 | 333.4 |
| CY 2020 | FY 2020-21 | 440.0 | 1.9562 | 0.4077 | 351.0 |
| CY 2021 | FY 2021-22 | 440.0 | 2.0149 | 0.3979 | 352.8 |
| CY 2022 | FY 2022-23 | 440.0 | 2.0753 | 0.3917 | 357.6 |
| CY 2023 | FY 2023-24 | 440.0 | 2.1376 | 0.3856 | 362.7 |
| CY 2024 | FY 2024-25 | 440.0 | 2.2017 | 0.3797 | 367.8 |
| CY 2025 | FY 2025-26 | 440.0 | 2.2677 | 0.3739 | 373.1 |
| CY 2026 | FY 2026-27 | 440.0 | 2.3358 | 0.3683 | 378.5 |
| CY 2027 | FY 2027-28 | 440.0 | 2.4058 | 0.3628 | 384.0 |
| CY 2028 | FY 2028-29 | 440.0 | 2.4780 | 0.3574 | 389.7 |
| CY 2029 | FY 2029-30 | 440.0 | 2.5524 | 0.3523 | 395.6 |
| CY 2030 | FY 2030-31 | 440.0 | 2.6289 | 0.3473 | 401.7 |
| CY 2031 | FY 2031-32 | 440.0 | 2.7078 | 0.3426 | 408.1 |
| CY 2032 | FY 2032-33 | 440.0 | 2.7890 | 0.3379 | 414.7 |

Tobacco Settlement Payments to Florida
Calculation of Net Operating Profit Adjustment Liability

| | | A | B | C | D | E | F | G | H |
|---------|--------------------------------|--------|--|--|---|--|----------------|---|---|
| | | | | Original Inflation Adjusted Net Operating Base Profits (\$ Millions) | Recalculated Tax- Adjusted Net Operating Base Profits (\$ Millions) | Actual Net Operating Profits (\$ Millions) | Percent Change | Difference in profit from adjusted base (\$ Millions) | Florida Profit Adjustment Liability (5.5% of 25%) (\$ Millions) |
| | Settlement Inflation Factor | | Base Profit Inflation Adjustment | | | | | | |
| CY 1997 | FY 1997-98 | 0.000% | 1.0000 | 3,114.6 | 3,835.0 | | | | |
| CY 1998 | FY 1998-99 | 3.000% | 1.0300 | 3,208.0 | 3,950.0 | | | | |
| CY 1999 | FY 1999-00 | 3.000% | 1.0609 | 3,304.3 | 4,068.5 | 4,667.3 | | 1,363.0 | 18.7 |
| CY 2000 | FY 2000-01 | 3.387% | 1.0968 | 3,416.2 | 4,206.3 | 4,898.1 | 4.9% | 1,481.9 | 20.4 |
| CY 2001 | FY 2001-02 | 3.000% | 1.1297 | 3,518.7 | 4,332.5 | 4,885.2 | -0.3% | 1,366.5 | 18.8 |
| CY 2002 | FY 2002-03 | 3.000% | 1.1636 | 3,624.2 | 4,462.5 | 4,530.6 | -7.3% | 906.4 | 12.5 |
| CY 2003 | FY 2003-04 | 3.000% | 1.1985 | 3,733.0 | 4,596.4 | 854.7 | -81.1% | -2,878.3 | 0.0 |
| CY 2004 | FY 2004-05 | 3.256% | 1.2376 | 3,854.5 | 4,746.0 | 3,783.6 | 342.7% | -70.9 | 0.0 |
| CY 2005 | FY 2005-06 | 3.416% | 1.2798 | 3,986.1 | 4,908.1 | 4,306.2 | 13.8% | 320.1 | 4.4 |
| CY 2006 | FY 2006-07 | 3.000% | 1.3182 | 4,105.7 | 5,055.4 | 4,665.4 | 8.3% | 559.7 | 7.7 |
| CY 2007 | FY 2007-08 | 4.081% | 1.3720 | 4,273.3 | 5,261.7 | 4,727.3 | 1.3% | 454.0 | 6.2 |
| CY 2008 | FY 2008-09 | 3.000% | 1.4132 | 4,401.5 | 5,419.5 | 4,938.5 | 4.5% | 537.0 | 7.4 |
| CY 2009 | FY 2009-10 | 3.000% | 1.4556 | 4,533.5 | 5,582.1 | 5,161.2 | 4.5% | 627.7 | 8.6 |
| CY 2010 | FY 2010-11 | 3.000% | 1.4992 | 4,669.5 | 5,749.6 | 5,465.0 | 5.9% | 795.5 | 10.8 |
| CY 2011 | FY 2011-12 | 3.000% | 1.5442 | 4,809.6 | 5,922.1 | 5,610.8 | 2.7% | 801.2 | 11.0 |
| CY 2012 | FY 2012-13 | 3.000% | 1.5905 | 4,953.9 | 6,099.7 | 5,722.9 | 2.0% | 769.0 | 10.6 |
| CY 2013 | FY 2013-14 | 3.000% | 1.6383 | 5,102.5 | 6,282.7 | 6,806.1 | 18.9% | 1,703.6 | 23.4 |
| CY 2014 | FY 2014-15 | 3.000% | 1.6874 | 5,255.6 | 6,471.2 | 6,489.8 | -4.6% | 1,234.2 | 17.0 |
| CY 2015 | FY 2015-16 | 3.000% | 1.7380 | 5,413.3 | 6,665.3 | 7,349.5 | 13.2% | 1,936.2 | 26.6 |
| CY 2016 | FY 2016-17 | 3.000% | 1.7902 | 5,575.7 | 6,865.3 | 7,884.7 | 7.3% | 2,309.0 | 31.7 |
| CY 2017 | FY 2017-18 | 3.000% | 1.8439 | 5,742.9 | 7,071.3 | 8,124.9 | 3.0% | 2,382.0 | 32.8 |
| CY 2018 | FY 2018-19 | 3.000% | 1.8992 | 5,915.2 | 7,283.4 | 10,162.2 | 25.1% | 2,878.8 | 39.6 |
| CY 2019 | FY 2019-20 | 3.000% | 1.9562 | | 7,501.9 | 10,936.4 | 7.6% | 3,434.5 | 47.2 |
| CY 2020 | FY 2020-21 | 3.000% | 2.0149 | | 7,727.0 | 11,465.1 | 4.8% | 3,738.1 | 51.4 |
| CY 2021 | FY 2021-22 | 3.000% | 2.0753 | | 7,958.8 | 12,019.3 | 4.8% | 4,060.6 | 55.8 |
| CY 2022 | FY 2022-23 | 3.000% | 2.1376 | | 8,197.5 | 12,600.4 | 4.8% | 4,402.8 | 60.5 |
| CY 2023 | FY 2023-24 | 3.000% | 2.2017 | | 8,443.5 | 13,209.5 | 4.8% | 4,766.0 | 65.5 |
| CY 2024 | FY 2024-25 | 3.000% | 2.2677 | | 8,696.8 | 13,848.1 | 4.8% | 5,151.3 | 70.8 |
| CY 2025 | FY 2025-26 | 3.000% | 2.3358 | | 8,957.7 | 14,517.5 | 4.8% | 5,559.8 | 76.4 |
| CY 2026 | FY 2026-27 | 3.000% | 2.4058 | | 9,226.4 | 15,219.3 | 4.8% | 5,992.9 | 82.4 |
| CY 2027 | FY 2027-28 | 3.000% | 2.4780 | | 9,503.2 | 15,955.0 | 4.8% | 6,451.8 | 88.7 |
| CY 2028 | FY 2028-29 | 3.000% | 2.5524 | | 9,788.3 | 16,726.3 | 4.8% | 6,938.0 | 95.4 |
| CY 2029 | FY 2029-30 | 3.000% | 2.6289 | | 10,081.9 | 17,534.9 | 4.8% | 7,452.9 | 102.5 |
| CY 2030 | FY 2030-31 | 3.000% | 2.7078 | | 10,384.4 | 18,382.5 | 4.8% | 7,998.1 | 110.0 |
| CY 2031 | FY 2031-32 | 3.000% | 2.7890 | | 10,695.9 | 19,271.2 | 4.8% | 8,575.2 | 117.9 |
| CY 2032 | FY 2032-33 | 3.000% | 2.8727 | | 11,016.8 | 20,202.7 | 4.8% | 9,185.9 | 126.3 |

**Tobacco Settlement Payments to Florida
Combined Payment Liability (\$ Millions)**

| | Calculated Annual Payment Liability | Adjustments for over/under Payments & Interest | Estimated Annual Payment Liability | Calculated Florida Profit Adjustment Liability | Adjustments for over/under Payments & Interest | Profit Plus Adjustments to Calculate Owed Amt | Liggett Settlement Agreement | Estimated Combined Payments Liability |
|-------------|--|---|---------------------------------------|---|---|--|------------------------------------|--|
| FY 1997-98 | 750.0 | 0.0 | 750.0 | | | | | 750.0 |
| FY 1998-99 | 343.5 | 0.0 | 343.5 | | | | | 343.5 |
| FY 1999-00 | 631.3 | 0.0 | 631.3 | 37.4 | 3.3 | 40.7 | | 672.0 |
| FY 2000-01 | 667.4 | 0.0 | 667.4 | 40.8 | 0.0 | 40.8 | | 708.2 |
| FY 2001-02 | 730.3 | -5.6 | 724.7 | 37.6 | 0.0 | 37.6 | | 762.3 |
| FY 2002-03 | 514.5 | -3.7 | 510.8 | 25.0 | -3.0 | 22.0 | | 532.8 |
| FY 2003-04 | 372.9 | -11.5 | 361.4 | 0.0 | 0.0 | 0.0 | | 361.4 |
| FY 2004-05 | 379.1 | -2.5 | 376.6 | 0.0 | 0.0 | 0.0 | | 376.6 |
| FY 2005-06 | 384.1 | -1.8 | 382.3 | 4.4 | -0.7 | 3.7 | | 386.0 |
| FY 2006-07 | 390.0 | -3.3 | 386.7 | 7.7 | -0.2 | 7.5 | | 394.2 |
| FY 2007-08 | 388.0 | -1.5 | 386.5 | 6.2 | -0.1 | 6.1 | | 392.6 |
| FY 2008-09 | 383.7 | -5.9 | 377.8 | 7.4 | 0.0 | 7.4 | | 385.2 |
| FY 2009-10 | 358.9 | -3.8 | 355.1 | 8.6 | 0.0 | 8.6 | | 363.7 |
| FY 2010-11 | 353.6 | -2.5 | 351.1 | 10.8 | -0.1 | 10.7 | 1.5 | 363.3 |
| FY 2011-12 | 353.6 | -10.5 | 343.1 | 11.0 | 2.3 | 13.3 | 0.3 | 356.7 |
| FY 2012-13 | 357.3 | -1.8 | 355.5 | 10.6 | -0.2 | 10.4 | 0.3 | 366.2 |
| FY 2013-14 | 354.7 | -0.2 | 354.5 | 23.4 | -1.8 | 21.6 | 0.3 | 376.4 |
| FY 2014-15 | 351.5 | -1.7 | 349.8 | 17.0 | -0.8 | 16.2 | 0.3 | 366.3 |
| FY 2015-16* | 361.5 | 0.0 | 361.5 | 26.6 | 0.0 | 26.6 | 0.3 | 388.4 |
| FY 2016-17* | 364.2 | 0.0 | 364.2 | 31.7 | 0.0 | 31.7 | 0.3 | 396.2 |
| FY 2017-18* | 357.0 | 0.0 | 357.0 | 32.8 | 0.0 | 32.8 | 0.3 | 390.1 |
| FY 2018-19* | 347.0 | 0.0 | 347.0 | 39.6 | -4.9 | 34.7 | 0.3 | 382.0 |
| FY 2019-20* | 333.4 | 0.0 | 333.4 | 47.2 | 18.5 | 65.7 | 0.3 | 399.4 |
| FY 2020-21 | 351.0 | 0.0 | 351.0 | 51.4 | 0.0 | 51.4 | 0.3 | 402.7 |
| FY 2021-22 | 352.8 | 0.0 | 352.8 | 55.8 | 0.0 | 55.8 | 0.3 | 408.9 |
| FY 2022-23 | 357.6 | 0.0 | 357.6 | 60.5 | 0.0 | 60.5 | 0.3 | 418.4 |
| FY 2023-24 | 362.7 | 0.0 | 362.7 | 65.5 | 0.0 | 65.5 | 0.3 | 428.5 |
| FY 2024-25 | 367.8 | 0.0 | 367.8 | 70.8 | 0.0 | 70.8 | 0.3 | 438.9 |
| FY 2025-26 | 373.1 | 0.0 | 373.1 | 76.4 | 0.0 | 76.4 | 0.3 | 449.8 |
| FY 2026-27 | 378.5 | 0.0 | 378.5 | 82.4 | 0.0 | 82.4 | 0.4 | 461.3 |
| FY 2027-28 | 384.0 | 0.0 | 384.0 | 88.7 | 0.0 | 88.7 | 0.4 | 473.1 |
| FY 2028-29 | 389.7 | 0.0 | 389.7 | 95.4 | 0.0 | 95.4 | 0.4 | 485.5 |
| FY 2029-30 | 395.6 | 0.0 | 395.6 | 102.5 | 0.0 | 102.5 | 0.4 | 498.5 |
| FY 2030-31 | 401.7 | 0.0 | 401.7 | 110.0 | 0.0 | 110.0 | 0.4 | 512.1 |
| FY 2031-32 | 408.1 | 0.0 | 408.1 | 117.9 | 0.0 | 117.9 | | 526.0 |
| FY 2032-33 | 414.7 | 0.0 | 414.7 | 126.3 | 0.0 | 126.3 | | 541.0 |

*Modified by Settlement Agreement

**Tobacco Settlement Payments to Florida for Outlook Purposes
Old vs. New Forecast of Total Payments (\$ Millions)**

| | Estimated Combined Payments Liability (minus Liggett) | Percent Received | Expected Payments from Original Settling Manufacturers | Payment Difference from Liability (annual loss) | March 2021 Expected Payments Forecast with Liggett | December 2020 Expected Payments Forecast with Liggett |
|--|---|------------------|---|--|--|---|
| FY 1997-98 | 750.0 | | | | | |
| FY 1998-99 | 343.5 | | | | | |
| FY 1999-00 | 672.0 | | | | | |
| FY 2000-01 | 708.2 | | | | | |
| FY 2001-02 | 762.3 | | | | | |
| FY 2002-03 | 532.8 | | | | | |
| FY 2003-04 | 361.4 | | | | | |
| FY 2004-05 | 376.6 | | | | | |
| FY 2005-06 | 386.0 | | | | | |
| FY 2006-07 | 394.2 | | | | | |
| FY 2007-08 | 392.6 | | | | | |
| FY 2008-09 | 385.2 | | | | | |
| FY 2009-10 | 363.7 | | | | | |
| FY 2010-11 | 361.8 | | | | | |
| FY 2011-12 | 356.4 | | | | | |
| FY 2012-13 | 365.9 | | | | | |
| FY 2013-14 | 376.1 | | | | | |
| FY 2014-15 | 366.0 | | | | | |
| FY 2015-16 | 388.1 | | | | | |
| FY 2016-17 | 395.9 | | | | | |
| FY 2017-18 | 389.8 | | | | | |
| FY 2018-19 | 381.7 | | | | | |
| FY 2019-20 | 399.1 | | | | | |
| <i>Addressed by Settlement Payment 10/6/2020</i> | | | | | | |
| FY 2020-21 | 402.4 | 100.0% | 402.4 | 0.0 | 402.7 | 344.8 |
| FY 2021-22 | 408.6 | 100.0% | 408.6 | 0.0 | 408.9 | 349.6 |
| FY 2022-23 | 418.1 | 100.0% | 418.1 | 0.0 | 418.4 | 357.9 |
| FY 2023-24 | 428.2 | 100.0% | 428.2 | 0.0 | 428.5 | 366.7 |
| FY 2024-25 | 438.6 | 100.0% | 438.6 | 0.0 | 438.9 | 375.8 |
| FY 2025-26 | 449.5 | 100.0% | 449.5 | 0.0 | 449.8 | 385.3 |
| FY 2026-27 | 460.9 | 100.0% | 460.9 | 0.0 | 461.3 | 395.3 |
| FY 2027-28 | 472.7 | 100.0% | 472.7 | 0.0 | 473.1 | 405.6 |
| FY 2028-29 | 485.1 | 100.0% | 485.1 | 0.0 | 485.5 | 416.4 |
| FY 2029-30 | 498.1 | 100.0% | 498.1 | 0.0 | 498.5 | 427.8 |
| FY 2030-31 | 511.7 | 100.0% | 511.7 | 0.0 | 512.1 | 439.7 |
| FY 2031-32 | 526.0 | 100.0% | 526.0 | 0.0 | 526.0 | 451.8 |
| FY 2032-33 | 541.0 | 100.0% | 541.0 | 0.0 | 541.0 | 464.9 |

**Tobacco Settlement Payments to Florida for Outlook Purposes
Old vs. New Forecast of Total Payments (\$ Millions)**

| | Expected Payments from Original Settling Manufacturers | March 2021 Expected Payments Forecast with Liggett | December 2020 Expected Payments Forecast with Liggett | Difference |
|------------|---|---|--|------------|
| FY 1997-98 | | | | |
| FY 1998-99 | | | | |
| FY 1999-00 | | | | |
| FY 2000-01 | | | | |
| FY 2001-02 | | | | |
| FY 2002-03 | | | | |
| FY 2003-04 | | | | |
| FY 2004-05 | | | | |
| FY 2005-06 | | | | |
| FY 2006-07 | | | | |
| FY 2007-08 | | | | |
| FY 2008-09 | | | | |
| FY 2009-10 | | | | |
| FY 2010-11 | | | | |
| FY 2011-12 | | | | |
| FY 2012-13 | | | | |
| FY 2013-14 | | | | |
| FY 2014-15 | | | | |
| FY 2015-16 | | | | |
| FY 2016-17 | | | | |
| FY 2017-18 | | | | |
| FY 2018-19 | | | | |
| FY 2019-20 | | | | |
| FY 2020-21 | 402.4 | 402.7 | 344.8 | 57.9 |
| FY 2021-22 | 408.6 | 408.9 | 349.6 | 59.3 |
| FY 2022-23 | 418.1 | 418.4 | 357.9 | 60.5 |
| FY 2023-24 | 428.2 | 428.5 | 366.7 | 61.8 |
| FY 2024-25 | 438.6 | 438.9 | 375.8 | 63.1 |
| FY 2025-26 | 449.5 | 449.8 | 385.3 | 64.5 |
| FY 2026-27 | 460.9 | 461.3 | 395.3 | 66.0 |
| FY 2027-28 | 472.7 | 473.1 | 405.6 | 67.5 |
| FY 2028-29 | 485.1 | 485.5 | 416.4 | 69.1 |
| FY 2029-30 | 498.1 | 498.5 | 427.8 | 70.7 |
| FY 2030-31 | 511.7 | 512.1 | 439.7 | 72.4 |
| FY 2031-32 | 526.0 | 526.0 | 451.8 | 74.2 |
| FY 2032-33 | 541.0 | 541.0 | 464.9 | 76.1 |