

**Certification of Compliance and Affidavit by Non-Participating Tobacco Product Manufacturer
Regarding Deposit of Reserve Funds into Escrow–INSTRUCTIONS (JUS-TOB3)**

GENERAL INFORMATION

What is the definition of a Tobacco Product Manufacturer (TPM)?

- Any entity that manufactures Cigarettes (including roll-your-own tobacco) anywhere that such manufacturer intends to be sold in the United States, including Cigarettes that are intended to be sold in the United States through an importer;
- The first purchaser anywhere for resale in the United States of Cigarettes manufactured anywhere that the manufacturer does not intend to be sold in the United States; or
- A successor of any entity described above (Health & Safety Code, section 104556(i)).

Who is required to file this Certification of Compliance?

- Any Tobacco Product Manufacturer which:
 - (1) sells Cigarettes to consumers within the state of California (whether directly or through any distributor, retailer, or similar intermediary); and
 - (2) has not become a Participating Manufacturer in the tobacco Master Settlement Agreement.
- You must file this Certification of Compliance to report the units of Cigarettes sold and deposit the amount owed into your Qualified Escrow Fund.
- If the TPM filing this Certification of Compliance is not the manufacturer (ie., fabricator) of the Cigarettes, all fabricators must complete and sign this form.

What is a Non-Participating Manufacturer?

A Non-Participating Manufacturer is any TPM who has not signed the tobacco Master Settlement Agreement, executed on 11/23/98 between 46 U.S. States, including California, and certain tobacco companies. (*See 999.10b(3)*)

What is a Qualified Escrow Fund?

A Qualified Escrow Fund means an escrow arrangement with a federally or state-chartered financial institution having no affiliation with any Tobacco Product Manufacturer and having assets of at least \$1,000,000,000, where such arrangement (1) requires that the financial institution hold the escrowed funds' principal for the benefit of the State of California and other "releasing parties" as defined in the Master Settlement Agreement, and (2) prohibits you from using, accessing, or directing the use of the funds' principal except as consistent with Health & Safety Code section 104557(b) or after 25 years, whichever occurs first.

When is this Certification of Compliance due?

This Certification of Compliance must be filed annually (on or before April 30th of the year following the sales year), unless the manufacturer is required by regulation or directed by the Attorney General to submit this form more frequently, e.g., quarterly (on or before the following dates: April 21, July 20, October 21, and January 21) or other specified period.

When must I make my escrow deposit?

You must deposit the required reserve funds into your Qualified Escrow Fund annually (on or before April 15th of the year following the sales year), unless the manufacturer is required by regulation or directed by the Attorney General to escrow more frequently, e.g., quarterly or other specified period. After you have made your deposit, forward a copy of your receipt or other proof of deposit from your financial institution, along with this Certification of Compliance to the Attorney General at the address provided at the bottom of this form.

SPECIFIC INSTRUCTIONS

Part 1: Tobacco Product Manufacturer's Identification

Include your company name, street address, e-mail address, telephone and fax numbers, and Board Of Equalization Manufacturer's license number.

Part 2: Units Sold

Enter the number of individual cigarettes, including the amount of "roll-your-own" tobacco (.09 ounces constitutes one cigarette) sold in California during the sales year. Complete and attach Brand Families Unit Sales Schedule 1 (JUS-TOB4).

Part 3: Calculation of Deposit Amount

Write the appropriate rate for the sales year. Multiply the units of cigarettes in Part 3 by the appropriate rate and enter the result as your Subtotal. Calculate the appropriate Inflation Adjustment according to Exhibit C to the MSA and enter the amount (For deposits due April 15, 2004, multiply the deposit Subtotal by 12.97355% (0.1297355). Add the Subtotal and the Inflation Adjustment for the Total deposit you pay into your Qualified Escrow Fund.

Part 4: Financial Institution

Write the name and address of the financial institution holding your escrow account. Include your escrow account number. Also write the total amount currently in your escrow account that is held segregated and separate for California.

Part 5: Signature

An authorized notary public must also sign and date this affidavit.