

**If You Are or Were a Member or Shareholder
of U.S. Tobacco/Flue-Cured Tobacco Cooperative Stabilization Corporation,
or One of Their Family Members, Heirs, or Legal Representatives,**

You Could Get Money From a Class Action Settlement

A federal court authorized this notice. This is not a solicitation from a lawyer.

- A \$24 million Settlement has been reached with U.S. Tobacco Cooperative, Inc. (“U.S. Tobacco”), formerly known as Flue-Cured Tobacco Cooperative Stabilization Corporation, in a class action lawsuit to resolve claims made by current and former members of U.S. Tobacco over reserve funds held by U.S. Tobacco.
- The lawsuit claims, among other things, that: (1) U.S. Tobacco accumulated reserve funds over the years through members who may now claim portions of those funds; (2) the purpose for which U.S. Tobacco was created no longer exists, so it should be dissolved and its assets distributed; and (3) U.S. Tobacco acted unfairly in trying to eliminate some members’ equity interests. U.S. Tobacco denies that it did anything wrong.
- Generally, the Settlement includes anyone who was a shareholder or member of U.S. Tobacco anytime between June 1, 1946 and September 13, 2017, or anyone who is an heir or legal representative to a shareholder or member (*see* Question 7).
- The Settlement will pay those included, as well as attorneys’ fees and expenses, and an incentive payment to the individuals (i.e., class representatives) who brought the case and helped negotiate the Settlement. Payments will be distributed proportionally (“pro rata”) based on (1) the total pounds of flue-cured tobacco marketed and sold by a particular member and/or (2) the total number of crop years that a member marketed and sold flue-cured tobacco, relative to the total pounds and/or crop years of flue-cured tobacco production of all members who submit a claim.

Your legal rights are affected even if you do nothing. Please read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM	The only way to get a payment.
EXCLUDE YOURSELF	Exclude yourself from the Settlement, if you do not want to be legally bound by it. Get no payment. This is the only option that allows you to participate in any other lawsuit against U.S. Tobacco about the claims in this case.
OBJECT	Write to the Court about why you don’t like the Settlement.
GO TO A HEARING	Ask to speak in Court about the fairness of the Settlement.
DO NOTHING	Get no payment. Give up rights.

- These rights and options—**and the deadlines to exercise them**—are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will only be made if the Court approves the Settlement and any appeals are resolved in favor of the Settlement. You will need to be patient.

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QUESTIONS? CALL 1-866-458-3207 OR VISIT WWW.FLUECUREDTOBACCOSETTLEMENT.COM

BASIC INFORMATION

1. Why is there a notice?

A Court authorized this notice because you have a right to know about a proposed Settlement of this class action lawsuit, and all of your rights and options, before the Court decides whether to approve the Settlement. This notice explains the lawsuit, the Settlement, and your legal rights.

Judge James C. Dever III of the United States District Court for the Eastern District of North Carolina is overseeing this case. This litigation is known as *Speaks v. U.S. Tobacco Cooperative, Inc.*, No. 5:12-CV-729-D. The people who sued are called the “Plaintiffs.” United States Tobacco Cooperative, Inc. formerly known as Flue-Cured Tobacco Cooperative Stabilization Cooperation (“U.S. Tobacco”) is the “Defendant.”

2. What is the background of U.S. Tobacco?

U.S. Tobacco was organized in 1946 as a non-profit cooperative marketing association with capital stock. When flue-cured tobacco growers joined the organization, they each received one share of stock in U.S. Tobacco.

Before the Fair and Equitable Tobacco Reform Act of 2004 was passed, U.S. Tobacco administered the federal price support program for flue-cured tobacco (“Federal Price Support Program”) for the Commodity Credit Cooperation (“CCC”), a division of the United States Department of Agriculture. Under the Federal Price Support Program, CCC made loans to U.S. Tobacco, which U.S. Tobacco used to buy tobacco from members whose tobacco did not sell at auction for more than the minimum price support level set by the federal government.

When U.S. Tobacco later sold the tobacco that had been purchased using the loans, the sale proceeds went back to CCC to repay them for the loans. Following federal legislation and on behalf of the government, U.S. Tobacco also collected assessment fees from growers. These fees were used (along with assessment fees collected from buyers and importers of tobacco) to reimburse the government for the losses it suffered under the Federal Price Support Program. Ultimately, CCC released certain tobacco that was securing its loans and returned the tobacco back to U.S. Tobacco, which U.S. Tobacco sold for a profit.

After the Federal Price Support Program ended in 2004, U.S. Tobacco began planning to operate under new market conditions. U.S. Tobacco told growers, consistent with its bylaws, that only growers who sold tobacco to U.S. Tobacco via a marketing agreement would continue on as members.

3. What is this lawsuit about?

The lawsuit claims that:

1. U.S. Tobacco accumulated reserve funds over the years through its members, and a portion of the reserve funds should be distributed to members;
2. U.S. Tobacco has acted unreasonably in its failure to distribute the reserve funds; and
3. When the Federal Price Support Program ended, the purpose of U.S. Tobacco no longer existed, so it should be dissolved and its assets distributed to members/shareholders.

U.S. Tobacco denies these claims and maintains it did nothing wrong.

QUESTIONS? CALL 1-866-458-3207 OR VISIT WWW.FLUECUREDTOBACCOSETTLEMENT.COM

4. Why is this a class action?

In a class action, one or more people called “class representatives” sue on behalf of themselves and other people with similar claims. All of these people together are the “class” or “Class Members.” In this case, the Class Representatives are Teresa M. Speaks, Toby Speaks, Stanley Smith, Eddie Brown, Robert Poindexter, Mike Mitchell, Roy L. Cook, Alex Shugart, H. Randle Wood, Robin Rogers, and Daniel Lee Nelson.

In a class action, one court resolves the issues for all class members (except for those who exclude themselves (i.e., opt out) from the class).

5. Why is there a Settlement?

The Court has not decided in favor of the Plaintiffs or the Defendant. Instead, the Plaintiffs and Defendant have agreed to a Settlement. By agreeing to the Settlement, the Parties avoid the costs and uncertainty of litigation, and Class Members receive the benefits described in this notice. The Class Representatives and their attorneys think the proposed Settlement is best for everyone who is affected.

The Settlement does not mean that the U.S. Tobacco did anything wrong or that U.S. Tobacco admits to any wrongdoing.

6. How does this Settlement affect similar class actions?

There are two parallel lawsuits filed against U.S. Tobacco currently in the North Carolina Superior Court. These cases are known as *Lewis v. Flue-Cured Tobacco Stabilization Corp.*, No. 05-CVS-188 (“Lewis Lawsuit”) and *Fisher et al. v. Flue-Cured Tobacco Stabilization Corp.*, No. 05-CVS-1938 (“Fisher Lawsuit”). The Lewis and Fisher lawsuits have been consolidated by the North Carolina Superior Court and certified as a class action.

While approval of this Settlement is pending, the Lewis and Fisher Lawsuit is proceeding at the same time in the North Carolina Superior Court. You may also receive a notice about the Lewis and Fisher Lawsuit. This Settlement with U.S. Tobacco could impact the class that the North Carolina Superior Court certified in the Lewis and Fisher Lawsuit. The class claims in the Lewis and Fisher Lawsuit may be discontinued if this Settlement is approved and becomes final.

You may participate in this Settlement and submit claims even if you are a class member in the Lewis and Fisher Lawsuit. However, this Settlement will not become effective, and its claims will not be paid, until the class claims in the Lewis and Fisher Lawsuit are discontinued (or dismissed). If the claims in the Lewis and Fisher Lawsuit are discontinued, the individual Plaintiffs named in those actions would be allowed to proceed with a lawsuit, but not on behalf of a class.

WHO IS PART OF THE SETTLEMENT?

If you received notice of the Settlement by a mailed notice addressed to you, then you are a Class Member. But even if you did not receive a notice by direct mail, you may be a Class Member, as described below.

QUESTIONS? CALL 1-866-458-3207 OR VISIT WWW.FLUECUREDTOBACCOSETTLEMENT.COM

7. Who is included in the Settlement?

You are included in the Class if you:

- Are an individual, proprietorship, partnership, corporation, or other entity that is or was a shareholder and/or member of U.S. Tobacco at any time from June 1, 1946, through the date the Settlement goes into effect, or
- Are an heir, legal representative, executor, power-of-attorney, successor, assign, or other individual who acts for or on behalf of the shareholder and/or member with respect to U.S. Tobacco and/or the settled claims.

You are *not* included if you exclude yourself from the Class (*see* Question 16).

8. What is an heir or legal representative?

In this Settlement, an heir is a person who received (or inherited) a share of a former shareholder's stake or their membership in U.S. Tobacco. Often, heirs are family members (e.g., a wife inherits her husband's property when he dies), but they don't have to be.

In this case, if the member or shareholder is deceased, the individual(s) that inherited the former member's equity interests or shares related to U.S. Tobacco will be eligible for a payment from this Settlement.

A legal representative is a person who legally acts for or on behalf of the shareholder or member.

9. What if I am still not sure whether I am included in the Settlement?

If you are not sure whether you are included in the Settlement, you may call 1-866-458-3207 with questions or visit www.FlueCuredTobaccoSettlement.com. You may also write with questions to Flue-Cured Tobacco Settlement, PO Box 2612, Faribault, MN 55021-9612.

THE SETTLEMENT BENEFITS

10. What does the Settlement provide?

U.S. Tobacco will pay \$24 million into a Settlement Fund over a five-year period to make payments to eligible Class Members. If the Settlement is approved by the Court and becomes final, it will provide benefits to Class Members. Up to \$2 million from the Settlement Fund will be used to pay attorneys' fees, costs, and expenses. The Class Representatives who brought the lawsuit and helped negotiate the Settlement may receive, subject to the Court's approval, incentive awards (*see* Question 20). In addition to the Settlement Fund, U.S. Tobacco has also agreed to pay costs associated with providing notice of the Settlement to the Class Members and administering the Settlement.

More details about the Settlement terms are in a document called the Settlement Agreement, which is available at www.FlueCuredTobaccoSettlement.com.

11. How much will my payment be?

It is not possible to know at this point how much any Class Member's payment from the Settlement will be.

QUESTIONS? CALL 1-866-458-3207 OR VISIT WWW.FLUECUREDTOBACCOSETTLEMENT.COM

You need to submit a Claim Form to get a payment (*see* Question 15). Any payment you are eligible to receive will be based on the number of valid claims filed and documentation showing the amount of flue-cured tobacco you produced and sold, and/or the number of years in which you produced and sold flue-cured tobacco.

- **Group 1 Claim:** Your payment will depend on the total amount of flue-cured tobacco you marketed and sold and whether sufficient documentation is available to prove the total amount of flue-cured tobacco you sold. Seventy-five percent of the Settlement Fund will pay Group 1 Claims. The Group 1 Claims will be paid on a pro rata basis (or divided proportionally) based on the total pounds of flue-cured tobacco sold by members submitting a Group 1 Claim. The maximum payment a Group 1 Claimant can receive is \$15,000.
- **Group 2 Claim:** Your payment will depend on the total number of crop years in which you sold and marketed flue-cured tobacco. Twenty-five percent of the Settlement Fund will pay Group 2 Claims. The Group 2 Claims will be paid on a pro rata basis (or divided proportionally) based on the total number of crop years a member marketed and sold flue-cured tobacco relative to the total number of crop years of all members who submit a Group 2 Claim.

More details are available in the Settlement Agreement at www.FlueCuredTobaccoSettlement.com.

12. When will I get my payment?

Class Members who submit valid and approved claims will receive payments after the Court grants final approval to the Settlement, any appeals are resolved, and the class claims contained in the Lewis and Fisher Lawsuit have been resolved (*see* “The Fairness Hearing” below). If there are appeals, resolving them can take time. Please be patient.

Also, under the Settlement Agreement, U.S. Tobacco will make payments into the Settlement Fund over a five-year period. Therefore, payments to Class Members will be staggered over a five-year period.

13. Will I have to pay taxes on my payment?

Yes. You will be responsible for any taxes related to your payment. You should consult a tax professional to assess the specific tax implications of any payment you may receive.

14. What am I giving up to stay in the Settlement Class?

Unless you exclude yourself from the Settlement, you can't sue or be part of any other lawsuit against U.S. Tobacco that concern the same issues in this case. All of the decisions by the Court will bind Class Members, and they will be unable to separately pursue these claims against U.S. Tobacco. The Settlement Agreement is available at www.FlueCuredTobaccoSettlement.com and describes the claims that you give up if you remain in the Settlement.

HOW TO RECEIVE A PAYMENT

15. How can I receive a payment?

To request a payment under the Settlement, you must complete and submit a Claim Form. Claim Forms are available at www.FlueCuredTobaccoSettlement.com, or you can request one by calling 1-866-458-3207. Class Members can file a Group 1 and/or a Group 2 claim. Claims cannot be filed by more than one individual, proprietorship, partnership, corporation, or other entity for a single Class Member.

Please read the instructions carefully, and fill out the Claim Form completely and accurately. Claim Forms can be submitted electronically or by mail. Your Claim Form must be submitted electronically at www.FlueCuredTobaccoSettlement.com or by mail postmarked no later than **May 26, 2018** (180 days after last notice is published). Claims submitted by mail should be sent to:

Flue-Cured Tobacco Settlement
PO Box 2612
Faribault, MN 55021-9612

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you don't want a payment from this Settlement, and you want to keep the right to sue U.S. Tobacco on your own about the issues in this case, then *you must take steps to get out of the Class*. This is called excluding yourself – or it is sometimes referred to as “opting out” of the Class.

16. How can I get out of the Settlement?

To exclude yourself from the Class, you must mail a letter or written request to the Court. Your request must include:

1. Your name, address, telephone number, and email address (if applicable);
2. The title: “Request for Exclusion”;
3. A statement that you wish to be excluded from the Class in *Speaks v. U.S. Tobacco Cooperative, Inc.*, No. 5:12-CV-729-D; and
4. Your signature.

Your exclusion request must be postmarked no later than **December 20, 2017**. Send your request to each of the following addresses:

COURT	SETTLEMENT ADMINISTRATOR
Clerk of the Court U.S. District Court, Eastern District of North Carolina 310 New Bern Avenue Raleigh, NC 27601	Flue-Cured Tobacco Exclusions PO Box 2612 Faribault, MN 55021-9612

If you ask to be excluded, you will not get any Settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit. You may be able to sue U.S. Tobacco in the future.

QUESTIONS? CALL 1-866-458-3207 OR VISIT WWW.FLUECUREDTOBACCOSETTLEMENT.COM

17. If I don't exclude myself, can I sue U.S. Tobacco for the same thing later?

No. Unless you exclude yourself, you are legally bound by the Settlement and you give up the right to sue U.S. Tobacco for the claims that this Settlement resolves.

18. If I exclude myself, can I still get a payment?

No. You will not get a payment if you exclude yourself from the Settlement.

THE LAWYERS REPRESENTING YOU

19. Do I have a lawyer in the case?

Yes. The Court has appointed the following lawyers to represent you and all other Class Members as "Class Counsel":

Gary K. Shipman William Wright Shipman & Wright, LLP 575 Military Cutoff Road, Suite 106 Wilmington , NC 28405	N. Leo Daughtry Kelly Daughtry Daughtry, Woodard, Lawrence & Starling, LLP 403 E. Market Street Smithfield, NC 27577
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You will not be charged for contacting these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

20. How will the lawyers be paid?

Class Counsel will ask the Court for up to \$2 million of the Settlement Fund to pay for attorneys' fees, costs, and expenses; and incentive payments to the Class Representatives. The Court will decide the amounts to award. The attorneys' motion for fees, costs, expenses, and incentive payment will be filed on or before **November 20, 2017**. It will be posted on www.FlueCuredTobaccoSettlement.com.

OBJECTING TO THE SETTLEMENT

21. How do I tell the Court if I do not like the Settlement?

If you are a Class Member, you can object to the Settlement if you don't like any part of it. The Court will consider your views. To object, you must submit a letter that includes:

- Your name, address, telephone number, and email address (as applicable);
- A written statement saying that you object to the Settlement in *Speaks v. U.S. Tobacco Cooperative, Inc.*, No. 5:12-CV-729-D;
- A written statement or evidence showing you are a Class Member;
- The reasons you object to the Settlement, along with any supporting materials;
- If you are represented by an attorney (and if so, the name, address, telephone number, and email address of your attorney);
- If you or your attorney plan to appear at the Fairness Hearing; and
- Your signature.

QUESTIONS? CALL 1-866-458-3207 OR VISIT WWW.FLUECUREDTOBACCOSETTLEMENT.COM

You must mail your objection to each of the following three addresses, and your objection must be postmarked by **December 20, 2017**:

COURT	CLASS COUNSEL	DEFENSE COUNSEL
Clerk of the Court U.S. District Court, Eastern District of North Carolina 310 New Bern Avenue Raleigh, NC 27601	Gary K. Shipman Shipman & Wright, LLP 575 Military Cutoff Road, Suite 106 Wilmington, NC 28405	Derek L. Shaffer Quinn Emanuel Urquhart & Sullivan, LLP 777 6 th Street NW, 11 th Floor Washington, DC 2001-3706

The requirements to object to the Settlement are also described in detail in the Settlement Agreement available at www.FlueCuredTobaccoSettlement.com.

22. What is the difference between objecting and asking to be excluded?

Objecting is simply telling the Court that you don't like something about the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be a part of the Class. If you exclude yourself, you have no basis to object because the Settlement no longer affects you.

THE FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Settlement and any requests for fees and expenses. You and/or your own attorney may attend and may ask to speak, but you do not have to.

23. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing at 10:00 a.m. on **January 19, 2018**. The U.S. District Court, Eastern District of North Carolina is located at 310 New Bern Avenue, Raleigh, NC 27601. The hearing may be moved to a different date or time without additional notice, so it is a good idea to check www.FlueCuredTobaccoSettlement.com or call 1-866-458-3207.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them and will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Class Counsel. After the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take.

24. Do I have to attend the hearing?

No. Class Counsel will answer questions the Court may have. But, you (or your own lawyer) are welcome to attend at your expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also have your own lawyer attend, but it is not necessary.

QUESTIONS? CALL 1-866-458-3207 OR VISIT WWW.FLUECUREDTOBACCOSETTLEMENT.COM

25. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter stating that it is your “Notice of Intention to Appear in *Speaks v. U.S. Tobacco Cooperative, Inc.*, No. 5:12-CV-729-D.” Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be postmarked no later than **January 5, 2018**, and must be sent to the addresses listed in Question 21.

IF YOU DO NOTHING

26. What if I do nothing?

If you are a Class Member and you do nothing, you will not get any payment from the Settlement. You will be bound by all the Court’s orders, and you will not be able to sue U.S. Tobacco about the claims this Settlement resolves. To receive a payment, you must complete and submit a Claim Form by the deadline (*see* Question 15).

GETTING MORE INFORMATION

27. How do I get more information?

This notice summarizes the proposed Settlement. More details are in the Settlement Agreement. You can get a copy of the Settlement Agreement at www.FlueCuredTobaccoSettlement.com. You also may write with questions to Flue-Cured Tobacco Settlement, PO Box 2612, Faribault, MN 55021-9612 or call the toll-free number, 1-866-458-3207. You can also get a Claim Form at the website or by calling the toll-free number.