



Court: Shawnee County District Court
Case Number: 2022-CV-000741
Case Title: Office of the Kansas Attorney General vs. Juul Labs Inc
Type: Journal Entry of Consent Judgment

SO ORDERED.

A handwritten signature in black ink that reads "Thomas G. Luedke". The signature is written in a cursive style.

/s/ Thomas G. Luedke, Honorable District Court
Judge

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IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS

STATE OF KANSAS, <i>ex rel.</i>)	
DEREK SCHMIDT, Attorney General,)	
)	
Plaintiff,)	
v.)	
)	CASE NO.
JUUL LABS, INC.,)	
)	
Defendant.)	
<hr/>		
(Pursuant to K.S.A. Chapter 60)		

CONSENT JUDGMENT

Plaintiff, Kansas, the State (the “State”), commenced a civil investigation of Defendant JUUL Labs, Inc. (“JLI”) regarding potential violations of the Kansas Consumer Protection Act, K.S.A. § 50–623, *et seq.* and has brought a complaint against JLI in connection with the filing of this proposed Consent Judgment. The Parties stipulate that this Court may enter this Consent Judgment.

This Court has jurisdiction over the subject matter of this lawsuit and over all Parties. The terms of this Consent Judgment are governed by the laws of Kansas. Entry of this Consent Judgment is in the public interest and reflects a negotiated agreement among the Parties. By entering into this Consent Judgment, the Parties have agreed to resolve the matters released as provided herein.

The Parties enter into this Consent Judgment without trial or adjudication of any contested issue of fact or law, and without finding or admission of wrongdoing or liability of any kind. JLI denies any wrongdoing and the allegations in the Complaint, and no part of this Consent Judgment, including its

statements and commitments, shall constitute evidence of any liability, fault, or wrongdoing by JLI. JLI is entering into this Consent Judgment solely for the purpose of concluding this matter, and nothing contained herein may be taken as or construed to be an admission or concession of any alleged violation of law, rule, or regulation, or of any other matter of fact or law, or of any liability or wrongdoing. This Consent Judgment shall not be construed or used as a waiver of any defense JLI may raise in any other proceeding.

Nothing in this Consent Judgment will be construed as an approval by the Attorney General, the Court, Kansas, or any agency thereof of JLI's past, present, or future conduct. JLI shall not represent or imply that the Attorney General, the Court, Kansas, or any agency thereof has approved or approves of any of JLI's actions or any of JLI's past, present, or future business practices.

I. DEFINITIONS

1. As used herein:

- a. **“Adult-Only Facility”** means a facility or restricted area (whether open-air or enclosed) where the operator ensures or has a reasonable basis to believe (such as by checking identification as required under state law, or by checking the identification of any person appearing to be under the age of 30) that no Youth are present. A facility or restricted area need not be permanently restricted to persons over 21 years of age in order to constitute an Adult-Only Facility, provided that the operator ensures or has a reasonable basis to believe that no Youth are present during the event or time period in question.
- b. **“Attorney General”** means the Attorney General of Kansas or any of its duly designated representatives.
- c. **“Brand Name”** means any product name, trademark, trade dress, logo, motto, or

selling message used for any JUUL Products.

- d. **“Billboard”** means an individual advertisement that both (1) is placed outdoors or in an arena, stadium or shopping mall and (2) occupies an area larger than 70 square feet (or is placed in such proximity to any other such advertisement so as to create a single “mosaic”-type advertisement larger than 70 square feet); provided that “Billboard” does not include an advertisement on the outside (but on the property) of a JLI facility.
- e. **“Cartoon”** means any drawing or other depiction of an object, person, animal, creature, or any similar caricature that satisfies any of the following criteria: (1) the use of comically exaggerated features; (2) the attribution of human characteristics to animals, plants, or other objects, or the similar use of anthropomorphic technique; (3) the attribution of unnatural or extra-human abilities, such as imperviousness to pain or injury, X-ray vision, tunneling at very high speeds, or transformation; or (4) is presented in a non-realistic style.
- f. **“Claims”** means any and all civil (i.e., non-criminal) claims, demands, actions, suits, causes of action, damages, fines, penalties, and liabilities and monetary impositions of any nature, as well as costs, expenses, and attorneys’ fees, whether known or unknown, suspected or unsuspected, accrued or unaccrued, whether legal, equitable, statutory, regulatory, or administrative.
- g. **“Compliance Officer”** means the person appointed by JLI pursuant to Paragraph 36.
- h. **“Covered Conduct”** means any and all of the following:

- i. All conduct related to age verification, product quantity limits, nicotine content, flavors, or the size, shape, operation, or appearance of the product in the design, manufacture, marketing, advertising, product description, promotion, distribution, sale, or offer of JUUL Products.
- ii. All conduct that could have induced a person, including a Youth, to use or purchase JUUL Products.
- iii. All conduct that could have allowed a person, including a Youth, to use or purchase JUUL Products without allegedly adequate age verification, product quantity limits, or other age-based limitations or procedures.
- iv. All conduct that may have violated federal, state, or local laws, regulations, or rules, or that could give rise to any common law cause of action, relating to the conduct described in subparagraphs (i)-(iii).
- v. For the avoidance of doubt, Covered Conduct does not include any conduct relating to an undisclosed non-nicotine ingredient hazard in JUULpods resulting in personal injury to a consumer.
- vi. As used herein, “conduct” includes, without limitation, any act, failure to act, practice, omission, statement, or representation.

- i. “**Effective Date**” means the date the Court enters the Consent Judgment.
- j. “**JLI**” means JUUL Labs, Inc. and its successors and assigns.
- k. “**JUUL Device**” means any electronic nicotine delivery system (“ENDS”) device sold, marketed, and/or distributed by JLI in the United States.
- l. “**JUULpod Packs**” means a package of JUULpods sold as one unit by JLI.
- m. “**JUULpods**” means any disposable pods sold, marketed, distributed, and/or

manufactured by JLI and prefilled with a liquid solution containing nicotine that consumers use as part of the closed-pod, liquid-based, ENDS sold, marketed, and/or distributed by JLI in the United States.

- n. **“JUUL Product”** means any electronic nicotine delivery product sold, marketed, and/or distributed by JLI in the United States, including a closed-pod, liquid-based ENDS product composed of one or more of the following components: JUUL Device, JUULpods, JUULpod Packs, and/or a charger.
- o. **“Multistate Leadership Committee”** means Arkansas, Connecticut, Maryland, Nevada, Ohio, Oregon and Texas.
- p. **“Outdoor Advertising”** means (1) Billboards; (2) signs and placards in arenas, stadiums, and shopping malls; and (3) any other advertisements placed (A) outdoors, or (B) on the inside surface of a window facing outward; provided that “Outdoor Advertising” does not mean (1) an advertisement on the outside of a JLI facility; (2) an individual advertisement that does not occupy an area larger than 14 square feet (and that neither is placed in such proximity to any other such advertisement so as to create a single “mosaic”-type advertisement larger than 14 square feet, nor functions solely as a segment of a larger advertising unit or series), and that is placed (A) on the outside of a Kansas Retail Store, (B) outside (but on the property of) any such store, or (C) on the inside surface of a window facing outward in any such store; or (3) an advertisement inside a Kansas Retail Store that sells JUUL Products that is not placed on the inside surface of a window facing outward.
- q. **“Parties”** or **“Party”** means Kansas and JLI, collectively and individually,

respectively.

- r. **“Released Parties”** means (1) JLI, (2) Pax Labs, Inc. and its successors and assigns, (3) their past and present direct or indirect subsidiaries and affiliates listed in Exhibit A (and their respective successors and assigns), and (4) each and all of the past and present principals, partners, officers, directors, supervisors, employees, stockholders and members (other than Altria Group, Inc. and its direct or indirect subsidiaries), and insurers of any of the persons and entities listed in (1)-(3), but only to the extent that the person or entity was acting in such capacity on behalf of JLI.
- s. **“Releasers”** means (1) the Attorney General, and (2) only to the full extent of the Attorney General’s power and authority under Kansas law to release Claims, the Kansas and any other State entity or official or public or governmental entity or official within the State. “Releasers” does not include a person or entity otherwise within clause (2) if the Attorney General lacks power and authority under Kansas law to release Claims of that person or entity as to the Claim at issue.
- t. **“Settling State”** means Alabama, Arkansas, Connecticut, Delaware, Georgia, Hawaii, Idaho, Indiana, Kansas, Kentucky, Maryland, Mississippi, Missouri, Montana, North Dakota, Nebraska, New Hampshire, New Jersey, Nevada, Ohio, Oklahoma, Oregon, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Vermont, Wisconsin, and Wyoming.
- u. **“Kansas Retail Store”** means a physical retail location in Kansas that purchases JUUL Products either directly from JLI or from a JLI authorized distributor for resale directly to consumers.

- v. **“Social Media Platform”** means any internet-based platform, including those which may be accessed through an app, through which users are able to create and/or share content that is accessible to members of the public, and includes, but is not limited to, sites such as Facebook, Instagram, Snapchat, TikTok, Twitter, Clubhouse, Pinterest, Tumblr, Google+, and YouTube.
- w. **“Verified”** means determined to be 21 years or older through the use of reliable and independent age-verification service(s) that cross-references the customer’s name, address, and date of birth against independent, competent, and reliable data sources, such as official government records. Specifically, “Verified” requires: (1)(a) that each customer submit a non-expired government identification, and (b) for the sale of JUUL Products only, that the billing address on the method of payment matches the shipping address for that order, or (2)(a) that the name, address, and date of birth provided by the customer are cross-referenced against information obtained from official government records or similar independent, competent, and reliable data sources, and (b) for the sale of JUUL Products only, that the last four digits of the customer’s Social Security Number is provided by the customer and is cross-referenced against information obtained from official government records or similar independent, competent, and reliable data sources, a phone number or other personal indicator provided by the customer is used for two-factor authentication, and the billing address on the method of payment matches the shipping address for that order.
- x. **“Youth”** means individuals who are under the age of 21.

II. COMPLIANCE PROVISIONS

Prohibition on Youth Targeting and Sales

2. JLI shall not take any action, directly or indirectly, to target Youth within Kansas in the advertising, promotion, or marketing of JUUL Products, or take any action the primary purpose of which is to initiate, maintain, or increase the incidence of Youth use of any JUUL Product within Kansas.

3. JLI shall not (1) directly fund or operate any youth education campaigns or youth prevention activities in Kansas, or (2) provide materials on youth education programs or events in Kansas.

4. JLI shall not depict or portray any individual under the age of thirty-five (35) in any promotion, marketing, or advertising materials for JUUL Products in Kansas.

5. JLI shall not use Cartoons in any of its promotion, advertising, or marketing for JUUL Products in Kansas.

6. JLI shall not make any payment or provide other consideration to any person or entity in exchange for the placement of a JUUL Product or Brand Name displayed or accessible in any of the following in Kansas: any motion picture, television show, theatrical production or other live performance, live or recorded performance of music, commercial film or video, video game, including any of the foregoing displayed on any streaming media or website or that JLI has reason to believe would be shared on any Social Media Platform (collectively, "Media"). Provided, however, that the foregoing prohibition shall not apply to (a) Media where the audience or viewers are within an Adult-Only Facility (provided such Media are not visible to persons outside such Adult-Only Facility); (b) Media not intended for distribution or display to the public; or (c) instructional Media concerning how to use a JUUL Product viewed only by or provided only to persons who are not Youth. The prohibition in this Paragraph on product placement includes the prohibition on the use of any JUUL Product as a prop.

7. JLI shall not advertise, promote, market, distribute, offer, sell, license, or cause to be advertised, promoted, marketed, distributed, offered, sold, or licensed, any of the following that bears a Brand Name in Kansas: any apparel, any other goods whose primary use is unrelated to the use or care of JUUL Products, or any item designed to be affixed to any such apparel or goods. Provided, however, that nothing in this subsection shall (a) require JLI to retrieve, collect or otherwise recover any item previously marketed, distributed, offered, sold, licensed, or caused to be marketed, distributed, offered, sold or licensed; (b) apply to apparel or other goods used solely within an Adult-Only Facility that is not distributed (by sale or otherwise) to any member of the general public; or (c) prohibit the distribution to any JLI employee who is not Youth of apparel or other goods that is intended for use in employment. For the avoidance of doubt, nothing in this Paragraph shall prevent JLI from the use of the Brand Name on any JUUL Product, the JUUL Device, accessories directly related to the use or care of the JUUL Device (including JUULpods, charger, and carrying case), or any other nicotine related JLI products, or in any print or digital advertisements or coupons for any of the foregoing listed in this sentence.

8. JLI shall not advertise, market, promote, distribute, sell, offer, or otherwise provide any JUUL Product to any consumers, wholesalers, or Retail Stores in Kansas in any flavor that JLI does not distribute or sell in Kansas as of the Effective Date, unless and until JLI receives written FDA authorization that permits the marketing of that flavored JUUL Product.

9. JLI shall require any individual in the Kansas to be Verified at the first point of access to any website owned and/or operated by JLI before that consumer is able to access or view any content. Such first point of access may include a welcome page so long as it does not contain any information beyond the Brand Name and identification of the website. The requirements of this Paragraph are not applicable to JLI's corporate website currently available at www.juullabs.com or

www.juullabsscience.com so long as such websites contain exclusively non-commercial content and, as to www.juullabsscience.com, JLI maintains the current attestation required on the welcome page.

Nicotine Content

10. JLI shall not make any claims or representations in promotional, marketing, or advertising materials in Kansas comparing the quantification of the amount of nicotine in JUUL Products to that found in combustible tobacco products or any other ENDS, unless JLI receives FDA authorization in writing that permits such claims or representations.

11. Beginning nine (9) months after the Effective Date, if JLI makes any statement about the nicotine content of JUUL Products in an advertisement or webpage, or promotional or marketing materials in Kansas other than through the JUUL Product packaging or label, JLI shall also disclose the amount of nicotine content in milligrams per milliliter (mg/ml) and as a percentage in terms of total volume of a JUULpod. This shall include any display of the nicotine content portion of the JUUL Product packaging or label in an advertisement, webpage, or promotional or marketing materials. The obligations under this Paragraph are no longer in effect if (1) the FDA implements a uniform nicotine content disclosure standard for ENDS products or (2) JLI receives written FDA authorization for JUUL Products that permits JLI to use a specific nicotine content disclosure.

Sponsorships and Naming Rights

12. JLI shall not sponsor any events in Kansas in which payment is made (or other consideration is provided) in exchange for use of any Brand Name.

13. Notwithstanding Paragraph 12, JLI may sponsor events in Kansas:

- a. At an Adult-Only Facility, or

- b. In the name of JLI's corporate name, provided that the sponsorship uses the abbreviation "JLI" for the corporate name, does not use the word "JUUL," and does not include reference to JUUL Products.

Advertising and Marketing

14. JLI shall not advertise, market, or promote JUUL Products in media or outlets in Kansas unless, according to nationally established advertising demographic services, such as Comscore, 85% or more of the individuals comprising the audience of the media or outlets are not Youth. This provision does not apply to marketing or advertising through Outdoor Advertising, on the property of Kansas Retail Stores selling JUUL Products, or on any online website that requires Kansas consumers to be Verified before being able to further access the website.

15. JLI shall not use Billboards in Kansas. JLI shall not place or cause to be placed Outdoor Advertising at any location in Kansas that at the time of the placement, or renewal of the placement, of the Outdoor Advertising is within 1,000 feet of any elementary, middle, or high school or public playground in Kansas.

16. JLI shall not place or cause to be placed any marketing or advertising in or on public transportation or inside public transportation facilities in Kansas, including, but not limited to, taxicabs, public buses or bus stations, public trains or train stations, and airports. This Paragraph shall not apply to any in-store materials at any Kansas Retail Store located in a public transportation facility or any material in a designated smoking area within any public transportation facility.

17. JLI shall not publish any marketing, promotional, or advertising material for JUUL Products on any Social Media Platform accessible in Kansas, provided that JLI shall be permitted to use Twitter, LinkedIn, and YouTube for (i) hosting testimonial videos of the experiences of persons thirty-five (35) years of age or older who are or were habitual combustible cigarette smokers using JUUL

Products, and (ii) non-promotional communications. JLI shall not use any testimonials or other advertising, promotional, or marketing material in Kansas that makes a claim or representation that JUUL Products or vaping is safer than combustible cigarettes, are modified risk products, or are smoking cessation devices prior to such claim or representation (or the substance thereof) being allowed by federal authorities.

18. JLI shall not create or use any hashtags in Kansas for the purpose of advertising, marketing, or promoting any JUUL Product.

19. JLI shall not engage or pay any person or entity, through payment or other consideration (including non-monetary consideration or discounted or free product), to advertise, market, or promote JUUL Products on any Social Media Platform accessible in Kansas.

20. JLI shall not engage or pay any person or entity, through payment or other consideration (including non-monetary consideration or discounted or free product), to promote JUUL Products in person in Kansas, unless the operator of the location or event represents to JLI that in connection with such promotion it shall undertake reasonable industry standard measures to prohibit access by Youth and JLI has a good-faith belief that the operator is adhering to such representation.

21. JLI shall not send direct-to-consumer advertising, promotional, or marketing emails, materials, or text messages for JUUL Products to any Kansas consumers who are not Verified.

Samples

22. JLI shall not provide free JUUL Products to Kansas consumers.

Sales and Distribution Restrictions

23. JLI shall not expressly authorize or otherwise enter into any agreement with any Kansas Retail Store to (1) display unsecured JUUL Products in a location other than behind a counter or (2) allow individuals to access JUUL Products without the assistance of a Kansas Retail Store employee. If

the Attorney General notifies JLI or JLI customer service is notified in writing that any Kansas Retail Store is engaging in any activity that JLI is not permitted to authorize in this Paragraph, JLI shall promptly take commercially reasonable steps to investigate and halt any such activity.

24. JLI shall limit online sales to Kansas consumers of JUUL Products on any website owned and/or operated by JLI to no more than two (2) JUUL Devices per month, ten (10) JUUL Devices per calendar year, and sixty (60) JUULpods per month, sold individually or through JUULpod Packs.

25. JLI shall take reasonable steps to limit retail transactions at Retail Stores in Kansas to one (1) JUUL Device and/or sixteen (16) JUULpods, sold individually or through JUULpod Packs, per transaction, including (a) requiring that any contract it enters with a Kansas Retail Store for the purchase or sale of JUUL Products provide that the Kansas Retail Store shall comply with such limits and (b) continuing to maintain the bulk sale limits in the JUUL Labs Authorized Reseller Program Policy. JLI shall continue to assess compliance through JLI Compliance Checks as described in Paragraph 37 below.

26. JLI shall not offer, sell, deliver, or in any manner directly provide any JUUL Products to Kansas consumers who have not been Verified.

27. In furtherance of Paragraph 26, for all sales of JUUL Products to Kansas consumers on any website owned and/or operated by JLI, JLI shall continue to recommend to credit card companies (through JLI's third-party payment gateways or processors) that the words "JUUL TOBACCO PRODUCT" be printed on the consumer's credit card statement or such other language as may be required by Kansas law or regulation.

28. Prior to distributing JUUL Products to Kansas consumers through a consumer warranty program, JLI shall first confirm that the individual requesting the warranty replacement is Verified.

29. Prior to enrolling Kansas consumers in any auto-shipment program, JLI shall first confirm that the individual to be enrolled in the auto-shipment program is Verified.

30. If JLI is provided notice in writing pursuant to this Consent Judgment by the Kansas Attorney General Office that a JUUL Product previously purchased by a consumer through an online sale is later provided to a Youth, JLI shall not knowingly sell JUUL Products on any website owned and/or operated by JLI to that Kansas purchasing consumer.

31. JLI shall not license or expressly authorize any third party to engage in conduct that is impermissible under the terms of this Consent Judgment if done directly by JLI.

32. JLI shall continue to monitor Social Media Platforms and third-party websites in the United States that resell JUUL Products to identify content promoting use of JUUL Products by Youth, unauthorized sales of JUUL Products, or content that would otherwise be impermissible by JLI under this Consent Judgment.

33. JLI shall continue to use reasonable efforts, including possible legal action, to work with Social Media Platforms and owners of third-party websites in the United States that resell JUUL Products to remove content promoting use of JUUL Products by Youth, unauthorized sales of JUUL Products, or content that would otherwise be impermissible by JLI under this Consent Judgment.

34. The Parties agree that JLI shall be deemed to be in compliance with Paragraph 33 if it continues to (i) engage a nationally recognized service provider to monitor Social Media Platforms and third-party websites in the United States that resell JUUL Products using the service provider's "web-scraping" or similar technology for effective monitoring, and (ii) maintain a process for diligently requesting that Social Media Platforms or owners of third-party websites in the United States that resell JUUL Products remove the content identified through such monitoring. JLI may follow any procedures that Social Media Platforms or websites have established for providing notice of the content.

35. The Parties agree that compliance with Paragraphs 33-34 does not create any liability for JLI for content posted by a third party or for the failure of a third party to remove posted content after being requested by JLI. JLI shall maintain records sufficient to document its compliance with Paragraphs 33-34.

Retail Compliance

36. JLI shall designate and maintain a Compliance Officer, who shall be a corporate senior-level employee responsible for ensuring compliance with this Consent Judgment and shall act as a point of contact with Kansas to address any compliance-related issues.

37. JLI shall maintain a retailer-compliance program for Kansas Retail Stores that requires:
- a. JLI to send representatives to conduct unannounced JLI Compliance Checks at 42 of Kansas Retail Stores per year for two (2) years after the Effective Date. A “JLI Compliance Check” is an assessment of a Kansas Retail Store’s compliance with the (a) federal requirements to verify a purchaser’s age pursuant to 21 C.F.R. § 1140.14 or (b) product-quantity limits of up to one (1) JUUL Device and sixteen (16) JUULpods, sold individually or through JUULpod Packs, per transaction, or both.
 - b. JLI to use reasonable efforts to have the representatives conduct JLI Compliance Checks at different Kansas Retail Stores each month. JLI to use reasonable efforts to have the Compliance Checks conducted by service providers engaged by JLI.
 - c. The representative conducting the JLI Compliance Check to complete a standardized form documenting the transaction(s) in which he or she participated in each store, which shall note any violations. The representative’s compensation shall not be dependent on the results of the retailer-compliance inspections.

- d. JLI to implement the following penalties to Kansas Retail Stores for violations of the JLI Compliance Checks:
- i. First JLI Compliance Check Failure: JLI shall issue a letter notifying the Kansas Retail Store of its first violation. The letter shall reiterate the requirements of the JLI Compliance Checks and the penalty escalation structure. For any Kansas Retail Store that commits a first violation, JLI shall perform a second JLI Compliance Check within ninety (90) days of the first violation, which shall be in addition to the above-stated annual requirement.
 - ii. Second JLI Compliance Check Failure: If a second violation occurs within one year of the first violation, JLI shall issue a letter notifying the Kansas Retail Store of the second violation. JLI shall suspend (or shall instruct any wholesaler, distributor, or sub-distributor through which JLI supplies the Kansas Retail Store to suspend) the Kansas Retail Store from any promotional activities for six months following the date of the second failed JLI Compliance Check. For any Kansas Retail Store that commits a second violation, JLI shall perform a third JLI Compliance Check within ninety (90) days of the second violation, which shall be in addition to the above-stated annual requirement. For any second age-verification failure, JLI shall communicate the age-verification non-compliance to the United States Food and Drug Administration (“FDA”).
 - iii. Third JLI Compliance Check Failure: If a third violation occurs within one year of the first violation, JLI shall issue a letter notifying the Kansas

Retail Store of the third violation. JLI shall cease doing business with the Kansas Retail Store as an authorized retailer for three (3) years from the date of the third failed JLI Compliance Check, and notify all applicable wholesalers, distributors, and sub-distributors to suspend sales of JUUL Products to the Kansas Retail Store for the three-year period. For any Kansas Retail Store that commits a third violation, JLI shall perform a fourth JLI Compliance Check within ninety (90) days of the third violation, which shall be in addition to the above-stated annual requirement. For any third age-verification failure, JLI shall communicate the age-verification non-compliance to the FDA.

- iv. Fourth JLI Compliance Check Failure: If a fourth violation occurs within one year of the first violation, JLI shall cease doing business with the Kansas Retail Store and notify all applicable wholesalers, distributors, and sub-distributors to suspend sales of JUUL Products to the Kansas Retail Store. The embargo on doing business with that Kansas Retail Store shall remain in place until new ownership of that Kansas Retail Store wholly unrelated to the embargoed ownership is in place and licensed to sell vapor products. Where that Kansas Retail Store is part of a chain or similar group of stores, “ownership” in the preceding sentence shall refer to the owner or franchisee of the specific Kansas Retail Store at issue, and not to a parent company or owner of the chain. For any fourth age-verification failure, JLI shall communicate the age-verification non-compliance to the FDA.

- v. Nothing in this Paragraph requires JLI to breach any existing contractual obligations with wholesalers, distributors, or sub-distributors.
- e. If (i) JLI receives information pursuant to this Paragraph or (ii) JLI customer service receives information or complaints of Kansas Retail Stores violating the age-verification requirements or product quantity limits, JLI shall conduct a JLI Compliance Check of those retail stores within ninety (90) days of receipt of such information or complaints.
- f. JLI's obligations under this Paragraph become effective on the first day of the first full calendar month beginning no earlier than twenty-one (21) days after the Effective Date.
- g. Every six (6) months, JLI shall provide the Kansas Attorney General Office with results of its JLI Compliance Checks of Kansas Retail Stores, with the first set of results being provided six months and two weeks after the terms of this Paragraph become effective pursuant to Paragraph 37(f).

38. The Parties agree that JLI shall not be subject to any liability for any conduct by Kansas Retail Stores arising out of or relating to JLI's creation and maintenance of the retailer-compliance program described above.

39. JLI shall continue to include serial numbers on JUUL Devices that permit Kansas' consumers to report the serial number of a JUUL Device confiscated from a Youth through a website, currently <https://www.juul.com/trackandtrace>. Every six (6) months with the reports provided pursuant to Paragraph 37(g), JLI shall report to the Kansas Attorney General Office any and all information regarding any submissions to the website for transactions identified as relating to a Kansas Retail Store.

III. MONETARY PAYMENT

40. Subject to the terms and conditions below, JLI shall pay a total amount of \$434,998,387.69 (“the Multistate Settlement Amount”) to the States listed on Exhibit B as follows: (a) \$41,037,583.74 by December 31, 2022, (b) annual payments of \$41,037,583.74 by December 31, 2023 and December 31, 2024, (c) annual payments of \$61,556,375.62 by December 31, 2025 and December 31, 2026, and (d) a final payment of \$188,772,885.22 by December 31, 2027. In lieu of the final payment of \$188,772,885.22 set out in the previous sentence, JLI may elect to either: (1) make annual payments of \$69,189,366.19 by December 31, 2027, December 31, 2028, and December 31, 2029; or (2) make annual payments of \$45,305,492.45 by December 31, 2027, December 31, 2028, December 31, 2029, December 31, 2030, and December 31, 2031. JLI shall specify its election by November 30, 2027.

41. Each payment under Paragraph 40 shall be allocated and distributed among the Settling States in their sole discretion, provided that the Settling States shall inform JLI of such allocation no later than December 1, 2022. Accordingly, JLI shall pay Kansas the following amounts as Kansas’ share: (a) \$938,756.58 by December 31, 2022, (b) annual payments of \$943,673.52 by December 31, 2023 and December 31, 2024, (c) annual payments of \$1,415,510.27 by December 31, 2025 and December 31, 2026, and (d) a final payment of \$4,340,898.18 by December 31, 2027. In lieu of the final payment of \$4,340,898.18 set out in the previous sentence, JLI may elect to either: (1) make annual payments of \$1,591,033.55 by December 31, 2027, December 31, 2028, and December 31, 2029; or (2) make annual payments of \$1,041,815.56 by December 31, 2027, December 31, 2028, December 31, 2029, December 31, 2030, and December 31, 2031. If the Effective Date for a Settling State has not occurred by the time of a payment date, JLI shall pay that State’s share of the payment at issue 15 days after its Effective Date occurs.

42. Failure to make a payment within 14 days of the due date is a default on JLI's payment obligations with respect to Kansas under this Consent Judgment. Should JLI default on any payment obligation imposed by this Consent Judgment, in addition to any other penalties and remedies provided by law, Kansas' percentage share of all payments set forth herein will be accelerated and become due and owing in their entirety as of the date of the default, with interest accruing thereon at the prime rate, for the full amount owing as of that date. The Kansas shall provide JLI a notice of default and the amount owing, and JLI shall have 30 days from the date of that notice to remit payment to avoid the acceleration referenced above.

43. The amount paid to each Settling State shall be used for any lawful purpose. Said payments to Kansas shall be used by the Kansas Attorney General in accordance with K.S.A. § 50-636(a) and (c) and paid to the Attorney General of Kansas for deposit in the state general fund.

IV. NOTICE

44. All notices or certifications required to be provided to a Party or a designated state office shall be sent electronically and by first class mail, postage pre-paid, as follows, unless a Party gives notice of a change to the other Party:

a. For JLI:

Tyler Mace
Chief Legal Officer
JUUL Labs, Inc.
1000 F Street
Washington, D.C. 20004
tyler.mace@juul.com

With a copy to:

JB Kelly
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
jbkelly@wlrk.com

- b. For Kansas and for the Office of the Kansas Attorney General:

Sarah Dietz
Assistant Attorney General
Office of the Kansas Attorney General
120 SW 10th Avenue, 2nd Floor
Topeka, Kansas 66612

V. ENFORCEMENT

45. JLI shall, after diligent inquiry, annually certify compliance with this Consent Judgment to the Kansas Attorney General Office pursuant to the notice provisions in Section IV.

46. For the purposes of resolving disputes with respect to compliance with the injunctive terms of this Consent Judgment, should Kansas have a reasonable basis to believe that JLI has engaged in a practice that may have violated the terms of this Consent Judgment, Kansas shall notify JLI in writing of the specific objection, identify with particularity the provision of this Consent Judgment that the practice appears to violate, and give JLI thirty (30) days to respond to the notification. JLI shall have the thirty (30) day period to provide a good faith written response to Kansas' notification, containing either a statement explaining why JLI believes it is in compliance with the Consent Judgment or a detailed explanation of how the alleged violation occurred and a statement explaining how JLI intends to remedy the alleged breach. Following receipt of JLI's written response, the parties shall meet and confer in good faith regarding the alleged violation. Nothing in this Section limits Kansas' Civil Investigative Demand ("CID") or investigative subpoena authority, and JLI reserves all of its rights in responding to a CID or investigative subpoena issued pursuant to such authority.

47. Kansas may assert any claim that JLI has violated this Consent Judgment in a separate civil action to enforce compliance with this Consent Judgment, or may seek any other relief afforded by law for violations of the Consent Judgment, but only after providing JLI an opportunity to respond to the notification described in Paragraph 46 above; provided, however, that Kansas may take any action if Kansas believes that, because of the specific practice, a threat to the health or safety of the public requires immediate action.

48. A State may not enforce the Consent Judgment of another State.

VI. RELEASE

49. Releasors hereby release and forever discharge the Released Parties from any and all Claims based on, arising out of, or in any way related to the Covered Conduct prior to the Effective Date to the full extent of the Attorney General's power and authority to release Claims (the "Released Claims").

50. The release in Paragraph 49 is intended by the Parties to be broad and shall be interpreted so as to give the Released Parties the broadest possible bar against any liability relating in any way to Released Claims. This Consent Judgment shall be a complete bar to any Released Claims.

51. Notwithstanding any term of this Consent Judgment, any and all of the following forms of liability are specifically reserved and not released under Paragraph 49:

- a. Any criminal liability;
- b. Any liability for state or federal securities violations;
- c. Any liability for state or federal tax violations;
- d. Any state or federal antitrust liability;
- e. Any state or federal environmental liability; and
- f. Any enforcement of the terms of this Consent Judgment.

VII. PARITY PROVISION

52. If, after the date of execution of the Consent Judgment, but before the date four (4) years after such date, JLI enters into any pre-trial and pre-judgment settlement or consent judgment with another state, commonwealth, or territory of the United States or the District of Columbia, by and through their attorneys general (“Other State(s)”), that resolves claims similar to the Released Claims, and such settlement or consent judgment contains overall compliance provisions more favorable to such Other State than the overall compliance terms of this Consent Judgment, then this Consent Judgment will be revised to contain such more favorable compliance provisions.

53. If JLI enters into a pre-trial or pre-judgment settlement or consent judgment with an Other State during the time period referenced in Paragraph 52, JLI shall provide a copy of such Other State’s settlement document to the Multistate Leadership Committee for review within ten (10) days of its effective date. If, after review of the Other State’s settlement document, the Multistate Leadership Committee believes such settlement document contains overall conduct terms requiring revision to this Consent Judgment, then, on behalf of the Attorneys General of the Settling States, the Multistate Leadership Committee shall provide written notice to JLI within 15 days of receipt of the Other State’s settlement document requesting that this Consent Judgment be revised to contain such more favorable conduct terms. JLI and the Multistate Leadership Committee shall promptly meet and confer in good faith concerning any such request. If an agreement is reached between JLI and the Multistate Leadership Committee that a revision of this Consent Judgment is required, this Consent Judgment shall be revised accordingly. If an agreement is reached between JLI and the Multistate Leadership Committee that no revision of this Consent Judgment is required, then this Consent Judgment shall not be revised. If after meeting and conferring JLI and the Multistate Leadership Committee fail to reach an agreement as to

whether a revision is required, the Attorney General of Kansas may request that the Court determine whether revision of this Consent Judgment is required under this Paragraph.

VIII. GENERAL TERMS

54. Term: The provisions of Paragraphs 2-39 shall remain in place as follows:
- a. The provisions of Paragraphs 2, 3, 4, 5, 15, 19, and 21, and the provisions of Paragraph 31 to the extent the underlying terms at issue have not expired under this Paragraph, shall not expire (subject to the provisions of subparagraph c below).
 - b. The provisions of Paragraphs 8, 10, and 11, shall not expire except as described in those provisions.
 - c. The remaining provisions shall expire six (6) years after the Effective Date. If JLI receives an Authorization Order that contains authorizations, obligations, standards, or requirements as to conduct addressed in a provision of Section II (including by incorporating actions, obligations, standards, requirements proposed or set forth in JLI's application for such Authorization Order), then as of the date of such Authorization Order:
 - i. such authorizations, obligations, standards, or requirements shall supersede any different obligations, standards, or requirements in Section II of this Consent Judgment; and
 - ii. actions by JLI that act within or reasonably implement such obligations, standards or requirements of the Authorization Order shall be permissible under this Consent Judgment even if any provision hereof would provide otherwise.

d. “Authorization Order” means a granted written marketing order from the FDA authorizing a Premarket Tobacco Product Application (“PMTA”) submitted by JLI related to JUUL Products or other written authorization from the FDA to JLI related to JUUL Products (including a Modified Risk Tobacco Product Application).

55. Kansas will not take the position that any generally applicable law or regulation requires conduct by JLI different than the conduct Kansas requires from any other manufacturer or seller of ENDS products.

56. Nothing in Paragraphs 54-55 will be construed as an approval by the Kansas Attorney General, the Court, the Kansas, or any agency thereof of Defendant’s past, present, or future conduct or business practices.

57. Applicability: This Consent Judgment applies only to JLI in its corporate capacity and acting through its respective successors and assigns, directors, officers, employees, agents, subsidiaries, divisions, or other internal organizational units of any kind or any other entities acting in concert or participation with them. The remedies, penalties, and sanctions that may be imposed or assessed in connection with a violation of this Consent Judgment (or any order issued in connection herewith) shall only apply to JLI.

58. Successors: This Consent Judgment is binding on, and inures to the benefit of, the Parties’ successors and assigns. For the avoidance of doubt, if JLI ceases selling a type of JUUL Product that it either sold in the United States or had in development as of either April 1, 2022 or the Effective Date, and a company other than JLI thereafter sells such type of JUUL Product in Kansas, that company shall be considered a successor of JLI with respect to such JUUL Product for purposes of compliance provisions under Section II of this Consent Judgment and all associated provisions necessary for their

enforcement and interpretation. For the avoidance of doubt, the compliance provisions of Section II of this Consent Judgment shall not apply to such company's own products.

59. Denial and No Admission: JLI denies it and/or its employees, officers, directors, subsidiaries, founders, and/or owners have violated any statute, regulation, decision, or other source of law. The Parties are entering into this Consent Judgment for the purpose of compromising and to avoid the time, expense, burden, and uncertainty associated with continuing litigation, and to address the Kansas' concerns with JLI's historical business practices with respect to JUUL Products. It is expressly agreed that this Consent Judgment is not admissible in any proceeding (except in a dispute between the Kansas and JLI regarding compliance with the Consent Judgment or as necessary for the Released Parties to enforce the release provisions), and it is also expressly agreed and understood that nothing contained in this Consent Judgment may be taken as or construed to be an admission or concession of any liability, wrongdoing, or violation of any source of law, or of any other matter of fact or law. This Consent Judgment is not intended to be used or admissible in any unrelated administrative, civil, or criminal proceeding. JLI does not waive any defenses it may raise elsewhere in other litigation or matters.

60. Private Action: This Consent Judgment shall not confer any rights upon, and is not enforceable by, any persons or entities besides the Kansas and the Released Parties. Kansas may not assign or otherwise convey any right to enforce any provision of this Consent Judgment, provided that nothing in this sentence shall preclude Kansas from employing the services of a collection agency for the purpose of pursuing collection of payments due under this Consent Judgment.

61. Conflict with Other Laws: Nothing in this Consent Judgment shall impose an obligation on JLI that conflicts with JLI's obligations under federal, state, or local law, rule, regulation, or guidance. In the event there is a conflict between this Consent Judgment and the requirements of federal,

state, or local laws, such that JLI cannot comply with this Consent Judgment without violating these requirements, JLI shall document such conflicts and notify Kansas that it intends to comply with the federal, state, or local requirements to the extent necessary to eliminate the conflict. Within thirty (30) days after receipt of a notification from JLI referenced above, Kansas may request a meeting to discuss the steps JLI has implemented to resolve the conflict, and JLI shall comply with any such reasonable request.

62. The marketing, advertising, or sale of JUUL Products intended solely for consumers outside Kansas shall not be deemed actions taken (or omitted to be taken) in Kansas or directed at consumers in Kansas, and the provisions of this Consent Judgment shall not be applicable to such marketing, advertising, or sale of JUUL Products.

63. Nothing in this Consent Judgment shall prohibit JLI from complying with the terms of any court order.

64. Except as expressly set forth herein, this Consent Judgment shall not be modified (by this Court, by any other court, or by any other means) without the consent of Kansas and JLI, or as provided for in Paragraphs 52-53.

65. This Consent Judgment shall not be construed or used as a waiver or any limitation of any defense otherwise available to JLI in any pending or future legal, regulatory, or administrative action or proceeding, or JLI's right to defend itself from, or make any arguments in, any individual or class claims or suits.

66. Each Party shall bear its own attorneys' fees and costs arising out of, related to, or in connection with entry of this Consent Judgment.

67. Except for Paragraphs 49-50, if any provision of this Consent Judgment shall, for any reason, be held illegal, invalid, or unenforceable, in whole or in part, such illegality, invalidity, or

unenforceability shall not affect any other provision or clause of this Consent Judgment and this Consent Judgment shall be construed and enforced as if such illegal, invalid, or unenforceable provision, in whole or in part, had not been contained herein.

68. This Consent Judgment, including all Exhibits, represents the entire agreement between the Parties relating to the subject matter of this Consent Judgment, and there are no representations, agreements, arrangements, or understandings, oral or written, between the Parties relating to the subject matter of this Consent Judgment that are not fully expressed herein or attached hereto. Notwithstanding the foregoing, nothing in this Consent Judgment is intended to eradicate, limit or alter any of the terms of the separate letter agreement between JLI and the Ad Hoc Committee, attached hereto as Exhibit C. In any action undertaken by the Parties, no prior versions of this Consent Judgment and no prior versions of any of its terms that were not entered by the Court in this Consent Judgment may be introduced for any purpose whatsoever.

69. The Court retains jurisdiction over this Consent Judgment and the Parties with respect to this Consent Judgment.

70. This Consent Judgment does not limit the rights of any private party to pursue any private remedies allowed by law; provided that this Consent Judgment is not intended to create any private right of action by other parties.

71. This Consent Judgment may be executed by the Parties in counterparts and be delivered by facsimile or electronic transmission, or a copy thereof, such constituting an original counterpart hereof, all of which together will constitute one and the same document.

IT IS SO ORDERED.

THIS ORDER IS EFFECTIVE AS OF THE DATE AND TIME SHOWN ON THE ELECTRONIC FILE STAMP.


AGREED TO BY AND RESPECTFULLY SUBMITTED

On behalf of the State of Kansas:

By:  _____

Date: 12/2/2022


DEREK SCHMIDT, #17781
Kansas Attorney General

By:  _____

Date: 12/2/2022

Sarah M. Dietz, #27457
Assistant Attorney General
Office of the Kansas Attorney General
120 S.W. 10th Avenue, 2nd Floor
Topeka, Kansas 66612-1597
Tel: (785) 296-3751
Fax: (785) 291-3699
sarah.dietz@ag.ks.gov

On behalf of JUUL Labs, Inc.:

By:  SUP L. P. J. O. N. _____

Date: 11/30/22

Company Representative for JUUL Labs, Inc.

By:  _____

Date: 11-25-2022

Meghan Stoppel, KS Bar No. 23685
Cozen O'Connor
707 17th Street, Suite 3100
Denver, Colorado 80202
(720) 479-3880
mstoppel@cozen.com

KS Attorney for JUUL Labs, Inc.

Exhibit A

1. JUUL Labs, Inc., a corporation organized under the laws of Delaware.
2. 1186610 B.C. Ltd., a limited liability company organized under the laws of the Province of British Columbia.
3. 1186675 B.C. Ltd., a limited liability company organized under the laws of the Province of British Columbia.
4. Ala Kupono Insurance, Co. Inc. a corporation organized under the laws of Hawaii.
5. Envenio, Inc., a corporation organized under the laws of Canada.
6. JUUL Labs (Shanghai) Co., Ltd., a limited liability company organized under the laws of China.
7. JUUL Labs (Shanghai) Co., Ltd., Shenzhen Branch, a limited liability company organized under the laws of China.
8. JUUL Labs (Shanghai) Co., Ltd., Suzhou Branch, a limited liability company organized under the laws of China.
9. JUUL Labs and Products Israel, Ltd., a limited liability company organized under the laws of Israel.
10. JUUL Labs Austria GmbH, a limited liability company organized under the laws of Austria.
11. JUUL Labs Belgium SRL, a limited liability company organized under the laws of Belgium.
12. JUUL Labs Canada, Ltd., a limited liability company organized under the laws of Canada.

13. JUUL Labs Colombia S.A.S., a simplified stock company organized under the laws of Colombia.
14. JUUL Labs CZ & SK s.r.o., a company organized under the laws of the Czech Republic.
15. JUUL Labs Czech Republic s.r.o., a company organized under the laws of the Czech Republic.
16. JUUL Labs France SAS, a limited liability company organized under the laws of France.
17. JUUL Labs Germany GmbH, a limited liability company organized under the laws of Germany.
18. JUUL Labs Global Business Services, Sp. Z.o.o., a limited liability company organized under the laws of Poland.
19. JUUL Labs Greece M.E.P.E., a limited liability company organized under the laws of Greece.
20. JUUL Labs Exports, LLC, a limited liability company organized under the laws of Delaware.
21. JUUL Labs IHB FinCo Ltd., a limited liability company organized under the laws of England and Wales.
22. JUUL Labs IHB Limited, a limited liability company organized under the laws of England and Wales.
23. JUUL Labs India Private Limited, a private limited liability company organized under the laws of India.
24. JUUL Labs International Inc., a corporation organized under the laws of Delaware
25. JUUL Labs Ireland Ltd., a limited liability company organized under the laws of Ireland.
26. JUUL Labs Italia S.R.L., a limited liability company organized under the laws of Italy.

27. JUUL Labs Japan Company Limited, a company organized under the laws of Japan.
28. JUUL Labs Korea LLC, a limited liability company organized under the laws of Korea.
29. JUUL Labs Netherlands B.V., a private limited liability company organized under the laws of The Netherland.
30. JUUL Labs New Zealand Limited, a limited liability company organized under the laws of New Zealand.
31. JUUL Labs Poland, Sp. Z.o.o., a limited liability company organized under the laws of Poland.
32. JUUL Labs Portugal Unipessoal LDA, a private limited liability company organized under the laws of Portugal.
33. JUUL Labs RU Limited Liability Company, a limited liability company organized under the laws of Russia.
34. JUUL Labs Services, Sp. Z.o.o., a limited liability company organized under the laws of Poland.
35. JUUL Labs Singapore HoldCo Pte. Ltd, a limited liability company organized under the laws of Singapore.
36. JUUL Labs Spain S.L., a company organized under the laws of Spain.
37. JUUL Labs Switzerland GmbH, a limited liability company organized under the laws of Switzerland.
38. JUUL Labs UK Holdco Limited (DMCC Branch), a limited liability company organized under the laws of the United Arab Emirates.
39. JUUL Labs UK HoldCo Limited, a limited liability company organized under the laws of England and Wales.

40. JUUL Labs UK Ltd., a limited liability company organized under the laws of England and Wales.
41. JUUL Labs Ukraine, a limited liability company organized under the laws of Ukraine.
42. JUUL Labs Virginia, LLC, a limited liability company organized under the laws of Virginia.
43. JUUL Pasadena Labs, Inc., a corporation organized under the laws of Delaware.
44. Main Mission LLC, a limited liability company organized under the laws of Delaware.
45. Main Mission Mezz LLC, a limited liability company organized under the laws of Delaware.
46. Pax Labs, Inc., a corporation organized under the laws of Delaware.
47. Representative Office of JUUL Labs Singapore Holdco Pte. Ltd.
48. Shenzhen Wei'ai Tech Co., Ltd., a limited liability company organized under the laws of China.
49. Vapor Investment Partners LLC, a limited liability company organized under the laws of Delaware.
50. VMR CZ Sro, a company organized under the laws of Czech Republic.
51. VMR (HK) Holdings LTD, a limited liability company organized under the laws of Hong Kong.
52. VMR Products B.V. a company organized under the laws of the Netherlands.
53. VMR Products LLC, a limited liability company organized under the laws of Florida.
54. VMR Products Shenzhen Ltd., a limited liability company organized under the laws of China.
55. VMR Products, Inc., a corporation organized under the laws of Delaware.

56. VMR Strategic LLC, a limited liability company organized under the laws of Delaware.

57. Zhonghe Hengtong VMR (Shenzhen) Technology, Ltd., a limited liability company organized under the laws of China.

Exhibit B

List of States in Multistate Group

Alabama
Arkansas
Connecticut
Delaware
Georgia
Hawaii
Idaho
Indiana
Kansas
Kentucky
Maryland
Mississippi
Missouri
Montana
North Dakota
Nebraska
New Hampshire
New Jersey
Nevada
Ohio
Oklahoma
Oregon
Puerto Rico
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Virginia
Vermont
Wisconsin
Wyoming

Exhibit C
Letter Agreement

November 21, 2022

Ad Hoc Committee of Settling States and Territories
c/o Multistate Leadership Committee

Re: Model Consent Judgment Between JUUL Labs, Inc. and Settling States and Territories

Ladies and Gentlemen:

Reference is made to that certain Model Consent Judgment or, in certain instances, Assurance of Voluntary Compliance (each, a "Consent Judgment" and collectively, the "Consent Judgments"), entered into, or to be entered into, by JUUL Labs, Inc. (the "JLI") with each of the States and Territory identified on Exhibit 1 hereto (each, a "Settling State," collectively, the "Settling States," and with JLI, the "Parties"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Consent Judgments.

In order to induce each Settling State to enter into the Consent Judgment, and for other good and valuable consideration, JLI hereby agrees with each of the Settling States as follows (the "Agreement"):

1. Affirmation of Agreement in Bankruptcy: In the event that JLI, or any successor to, or assign of, JLI bound by the Consent Judgment thereto ("Successor"), becomes a debtor in any bankruptcy, insolvency or similar proceeding ("Insolvency Proceeding"), JLI or such Successor shall (a) promptly after the commencement of such Insolvency Proceeding seek to reaffirm the terms of the Consent Judgments, including the obligation to

pay any amounts of the Multistate Settlement Amount remaining to be paid to the Settling States, in a plan support agreement, restructuring support agreement or similar agreement or instrument the terms of which JLI or such Successor ultimately shall incorporate in a plan of reorganization, (b) not seek to reject the Consent Judgment or any terms thereof, and (c) promptly seek to assume in the Insolvency Proceeding this letter agreement (“**Letter Agreement**”).¹

2. Treatment of Pre-Petition Payments: In the event that JLI or any Successor becomes a debtor in any Insolvency Proceeding, JLI or such Successor shall not seek to avoid or clawback, and shall oppose the efforts of any other party or party-in-interest to avoid or clawback, pursuant to Chapter 5 of the United States Bankruptcy Code (the “**Code**”) or otherwise, the payment of any amounts to the Settling States made prior to the commencement of the Insolvency Proceeding (the “**Retained Amount**”). Notwithstanding the foregoing, nothing in this paragraph shall prevent JLI, any Successor or any party-in-interest in an Insolvency Proceeding from seeking to offset from any amounts to be distributed to the Settling States pursuant to a confirmed plan of reorganization or any other order entered in the Insolvency Proceeding, any portion of the Retained Amount that the Settling States otherwise would be required to disgorge in the Insolvency Proceeding pursuant to Chapter 5 of the Code or otherwise.

3. Confirmation of Applicability of Police and Regulatory Powers of the Settling State: Each of the actions that JLI has agreed to take, or to refrain from taking, in Article II (COMPLIANCE PROVISIONS) (¶¶ 2-39) of the Consent Judgment (the “**Compliance Provisions**”) is the proper subject of each Settling State’s police and

¹ This Letter Agreement shall be attached as an exhibit to the filed Consent Judgments.

regulatory powers. In the event that JLI or any Successor becomes a debtor in any Insolvency Proceeding, JLI or any Successor shall not seek to stay or enjoin pursuant to Sections 105 and/or 362 of the Code or otherwise, and shall not oppose any request to lift or vacate any stay or injunction otherwise imposed on, any Settling State's enforcement of the Compliance Provisions or of any other laws, regulations, rules, codes or orders requiring JLI or any Successor to take the actions, or refrain from taking the actions, described in the Compliance Provisions.

4. Payment of Professional Fees. JLI agrees that it is in the best interest of, and would be beneficial to, JLI for the Settling States to retain outside counsel to represent the Settling States, acting as and through an Ad Hoc Committee (the "**Ad Hoc Committee**"), in connection with the finalization of the Consent Judgments, the negotiation and documentation of this Agreement, and performance and enforcement of the terms of the Consent Judgments and of this Agreement, including in the event of an Insolvency Proceeding (the "**Scope**"). Accordingly,

- a. JLI confirms that it has been informed by the Ad Hoc Committee that it has selected Otterbourg P.C. ("**Otterbourg**") to provide legal advice within the Scope to the Ad Hoc Committee, at Otterbourg's customary rates;
- b. within thirty (30) days of receiving documentation thereof, JLI shall pay the reasonable fees and expenses incurred by Otterbourg representing the Ad Hoc Committee within the Scope

- from the date of Otterbourg’s retention (October 14, 2022) through, and including, December 31, 2022;
- c. in the event that JLI or any Successor becomes a debtor in an Insolvency Proceeding, JLI or such Successor shall pay the reasonable and documented fees and expenses of Otterbourg, such other or additional law firm, including local counsel, retained by the Ad Hoc Committee, and any financial advisory firm and/or investment banker firm retained by the Ad Hoc Committee in connection with such Insolvency Proceeding (collectively, the “Professionals”);
 - d. in the event that JLI or any Successor becomes a debtor in an Insolvency Proceeding, JLI or such Successor shall promptly seek authority from the court for the debtor’s estate to pay the reasonable fees and expenses of the Professionals during the Insolvency Proceeding, as a sound exercise of JLI’s or its Successor’s business judgment; and
 - e. for the avoidance of doubt, this Agreement shall not, and does not, create an attorney-client relationship between JLI and Otterbourg or any other Professional; nothing in this Agreement waives, shall be deemed to waive, or shall otherwise prejudice in any manner whatsoever, any privileges, immunities or protections, including, without limitation, the attorney-client privilege and the attorney work-product doctrine, applicable to communications between or among the Professionals and the Ad Hoc Committee or any member of the Ad Hoc Committee.

5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, where it was negotiated, without giving effect to its choice of law provisions that would result in the application of the law of any other jurisdiction. Notwithstanding the foregoing, issues of law, if any, relating to the governmental authority, the sovereign immunity, and/or the liability of any Settling State, acting by and through its Attorney General (or comparable officer), shall be resolved and enforced in accordance with the law of such Settling State, without resort to such Settling State's conflicts of law principles. Nothing in this Agreement shall be construed as a waiver of any Settling State's right to be subject to suit only in its own courts.

6. Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto, and their successors-in-interest and assigns, including any trustee that may be appointed in any Insolvency Proceeding.

7. No Third Party Rights. No provision of the Agreement is intended to be enforceable by any third party not expressly identified herein. Accordingly, no third party not expressly identified herein shall have any right to enforce or rely on any provision of the Agreement.

8. Entire Agreement. This Agreement constitutes the entire agreement between and among the Parties concerning the subject matter hereof, and any prior agreements, representations, understandings or memoranda between or among them concerning same shall be merged into this Agreement and shall not

survive its execution. Notwithstanding the foregoing, the terms of this Agreement shall survive the execution of this Agreement.

9. Further Assurances. Each of the Parties agrees (a) to execute and deliver to each other such other documents and (c) to do such other acts and things, as each other Party may reasonably request for the purpose of further carrying out the intent of this Agreement.

10. Amendment. This Agreement may only be amended or modified with the written, signed consent of all Parties.

11. Mutually Drafted Agreement. It is specifically understood and agreed by and between the Parties that (a) this Agreement is the result of negotiations between the Parties, (b) all Parties shall be deemed to have drafted this Agreement to avoid any negative inference by any court against one or the other as the preparer of this Agreement, and (c) all Parties understand all of the terms and provisions of this Agreement, and have reviewed and discussed it with counsel prior to executing it.

12. Execution in Counterparts. This Agreement may be executed in counterparts, by facsimile or electronic signature, which counterparts, when read together, shall constitute but one document.

JUUL LABS, INC.




By Tyler Mace
Title: Chief Legal Officer

AGREED AND ACCEPTED:
MULTISTATE LEADERSHIP COMMITTEE ON BEHALF OF AD HOC COMMITTEE:

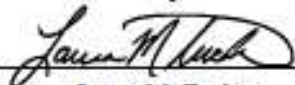
Office of the Attorney General of Arkansas By: <u>Charles Sanders</u> <u>Assistant Attorney General</u>	Office of the Attorney General of Connecticut By: _____
Office of the Attorney General of Maryland By: _____	Office of the Attorney General of Nevada By: _____
Office of the Attorney General of Ohio By: _____	Office of the Attorney General of Oregon By: _____
Office of the Attorney General of Texas By: _____	

AGREED AND ACCEPTED:
MULTISTATE LEADERSHIP COMMITTEE ON BEHALF OF AD HOC COMMITTEE:

Office of the Attorney General of Arkansas By: _____	Office of the Attorney General of Connecticut By: 
Office of the Attorney General of Maryland By: _____	Office of the Attorney General of Nevada By: _____
Office of the Attorney General of Ohio By: _____	Office of the Attorney General of Oregon By: _____
Office of the Attorney General of Texas By: _____	

AGREED AND ACCEPTED:

MULTISTATE LEADERSHIP COMMITTEE ON BEHALF OF AD HOC COMMITTEE:

Office of the Attorney General of Arkansas By: _____	Office of the Attorney General of Connecticut By: _____
Office of the Attorney General of Maryland By: _____	Office of the Attorney General of Nevada By:  Laura M. Tucker Senior Deputy Attorney General
Office of the Attorney General of Ohio By: _____	Office of the Attorney General of Oregon By: _____
Office of the Attorney General of Texas By: _____	

AGREED AND ACCEPTED:

MULTISTATE LEADERSHIP COMMITTEE ON BEHALF OF AD HOC COMMITTEE:

Office of the Attorney General of Arkansas By: _____	Office of the Attorney General of Connecticut By: _____
Office of the Attorney General of Maryland By: _____	Office of the Attorney General of Nevada By: _____
Office of the Attorney General of Ohio Teresa Heffernan By: _____ <small>Digitally signed by Teresa Heffernan DN: cn=Teresa Heffernan o=State of Ohio, ou=Attorney General c=US, email=teresa.heffernan@state.oh.us</small>	Office of the Attorney General of Oregon By: _____
Office of the Attorney General of Texas By: _____	

AGREED AND ACCEPTED:
MULTISTATE LEADERSHIP COMMITTEE ON BEHALF OF AD HOC COMMITTEE:

Office of the Attorney General of Arkansas By: _____	Office of the Attorney General of Connecticut By: _____
Office of the Attorney General of Maryland By: _____	Office of the Attorney General of Nevada By: _____
Office of the Attorney General of Ohio By: _____	Office of the Attorney General of Oregon By: <u>Joseph S. Ferretti</u> Joseph S. Ferretti Assistant Attorney General
Office of the Attorney General of Texas By: _____	

AGREED AND ACCEPTED:
MULTISTATE LEADERSHIP COMMITTEE ON BEHALF OF AD HOC COMMITTEE:

Office of the Attorney General of Arkansas By: _____	Office of the Attorney General of Connecticut By: _____
Office of the Attorney General of Maryland By: _____	Office of the Attorney General of Nevada By: _____
Office of the Attorney General of Ohio By: _____	Office of the Attorney General of Oregon By: _____
Office of the Attorney General of Texas By: <u>Stephanie Eberhardt</u> Assistant Attorney General	

EXHIBIT 1

Alabama
Arkansas
Connecticut
Delaware
Georgia
Hawaii
Idaho
Indiana
Kansas
Kentucky
Maryland
Mississippi
Missouri
Montana
North Dakota
Nebraska
New Hampshire
New Jersey
Nevada
Ohio
Oklahoma
Oregon
Puerto Rico
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Virginia
Vermont
Wisconsin
Wyoming