**PRESS ADVISORY**
**March 27, 2018**

## AG Coffman Secures $107 Million for Colorado in Settlement with Tobacco Companies

DENVER—Attorney General Cynthia H. Coffman today announced that her office has reached a settlement on behalf of the State of Colorado with various tobacco companies over disputes relating to the 1998 Tobacco Master Settlement Agreement (MSA). Under the settlement, Colorado will receive a lump sum payment of approximately $107 million on April 19, 2018. This payment is in addition to the annual MSA payment of approximately $75 million that the State will receive the same day. The settlement money will become part of the state's general fund, and the legislature will determine how those funds will be used.

"This settlement guarantees that Colorado will immediately receive significant funds and avoid costly litigation," said Attorney General Cynthia Coffman. "Under the terms of this settlement, we get the money into the State now to benefit the citizens of Colorado."

As it currently stands, the settlement resolves specific past disputes from 2004-2017, and puts a framework in place to potentially settle through the year 2020. The settlement of the past disputes will results in the release of funds withheld from Colorado over the past 11 years and ends the risk and uncertainty that accompanies litigation. Twenty-six states have currently joined this Agreement, and eight additional states are joining with Colorado.

Since the MSA's inception, Colorado has received nearly $1.7 billion in payments. The settlement funds have been distributed pursuant to a statutory formula for the benefit of various programs, including the Nurse Home Visitor Program, Children's Basic Health Plan Trust, and the State Veterans Trust.

In 1998, Colorado and 45 other states, the District of Colombia, Puerto Rico and four territories signed the MSA, a landmark public health agreement to settle several state lawsuits to recover billions in healthcare costs associated with smoking related illnesses. Participating Manufacturers (PMs) included the four major tobacco companies originally sued, and about 45 smaller tobacco companies. Tobacco companies that elected not to join the MSA are referred to as Non-Participating Manufacturers (NPMs).

The central purpose of the MSA is reducing smoking and ending the targeting of young people by tobacco companies. The MSA restricts the advertising, marketing, and promotion of cigarettes, including restrictions on the use of cartoons and other youth-targeted marketing; outdoor advertising; payment for tobacco product placement in movies and the media; brand-name sponsorship of concerts and sporting events; and brand-name merchandise. Since the signing of the MSA, smoking among adults and youth in the United States have fallen dramatically, and adult smoking rates have dropped more than 35% in Colorado.

Under the MSA, the tobacco companies agreed to make annual payments, in perpetuity, worth approximately $208 billion to signatory states and territories. The payments vary year to year and are largely based on how many cigarettes a manufacturer sells in each state.

Colorado and all the MSA States are subject to reductions in MSA payments based on disputes between the Participating Manufacturers and the States. The primary dispute is over the Non-Participating Manufacturer payment adjustment. This annual adjustment is intended to motivate the States to offset the cost advantages that NPMs have over the PMs since the NPMs are not subject to the MSA's payment provisions and marketing prohibitions. As part of these disputes, the PMs have withheld a portion of the MSA States annual payments since 2004.

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