

## RETENTION AGREEMENT

WHEREAS, the Attorney General has determined that claims should be made against certain persons and or legal entities which are now or have previously been known as Liggett Group, Inc. or Liggett Group LLC (referred to hereinafter as "Liggett") and related persons and legal entities which may be discovered in due course (all prospective defendants are referred to collectively hereinafter as the "defendants"), and which have done damages to the lawful citizens of the State of Mississippi and/or are not paying lawful amounts to which the State is entitled (the "Claims") on account of, inter alia, failing to make payments required under a settlement agreement between Liggett and the State and making misrepresentations as to the amounts owed to the State; and

WHEREAS, the Attorney General has determined that the damages incurred by the State of Mississippi total in excess of \$1 million, including applicable penalties, legal interest, attorneys' fees and costs; and

WHEREAS, the Attorney General has determined that the investigation, research, and litigation of the Claims may require the expenditure of large sums of money and require the work of numerous lawyers, paralegals, accountants, and others who are familiar with the defendants and their breach of contract and/or otherwise wrongful actions and/or inactions, and related issues for an extended period of time; and

WHEREAS, the Attorney General has further determined that it is in the best interests of the State and its citizens that the State retain attorneys experienced in the investigation and prosecution of matters related to the tobacco settlement agreements between the State of Mississippi and other States and various cigarette manufacturers; and

WHEREAS, Gary D. Wilson is experienced in such investigation and prosecution and has consented to represent the State of Mississippi, in association with the Attorney General, respecting the Claims and pursuant to the terms and conditions hereof.

IT IS, ACCORDINGLY, AGREED as follows:

1. The Office of the Attorney General hereby retains and designates Gary D. Wilson, attorney at law (hereinafter GDW), as a Special Assistant Attorney General to investigate, research and file the Claims in any appropriate Court or Courts or before any appropriate governmental agency.

2. The Attorney General does not relinquish his constitutional or statutory authority or responsibility through this Retention Agreement. The Attorney General has the sole authority to settle the Claims on behalf of the State of Mississippi and its citizens. GDW shall consult with the Attorney General and obtain his approval on all material matters pertinent to these Claims and any litigation arising therefrom, and the Attorney General shall cooperate with GDW and use his best efforts to secure the cooperation of other State agencies. Prior to initiating inquiries or demands to any persons or entities, the Attorney General and GDW will agree upon entities to be contacted and/or Claims to be pursued; GDW will thereafter be entitled to reasonable attorneys fees and expenses, as provided below, on any recovery from amounts recovered as a consequence of GDW's inquiry/demand. The Attorney General is not required to assign any members of his staff to pursue the Claims, but may from time to time afford staff and other support services as the Attorney General deems appropriate. The Attorney General shall designate a member(s) of his staff to monitor these Claims, and GDW shall keep the Attorney General and his designated staff member(s) fully informed on all matters pertaining to the Claims.

3. The Attorney General and GDW both recognize that the claims present numerous factual and legal obstacles and that no assurance of success on the Claims has been or can be made.

4. The Attorney General shall maintain responsibility for the public distribution of information concerning this matter. All press inquiries shall be referred to the Attorney General for comment and response.

5. Notwithstanding the potential difficulties, GDW has agreed to represent the State, and the Attorney General hereby agrees that GDW will be compensated for his efforts on the following basis:

A. Contingent Fees

Exhibit A – Retention Agreement – Matter Settled Prior to Initiation of Litigation

Exhibit B – Retention Agreement – Matter Resolved After Initiation of Litigation

B. Reimbursement of Costs

All reasonable and necessary costs of litigation including, but not limited to, court costs, travel, witness fees, consultants, accounting, and expert fees and expenses, as shall be approved by the Attorney General, shall initially be borne entirely by GDW, but shall be reimbursed from any gross recoveries from the pursuit of the Claims on a case-by-case basis;

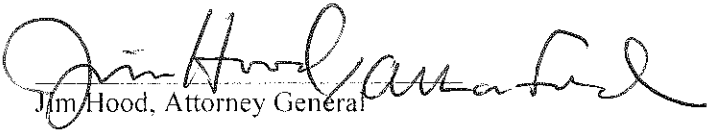
C. Limit on Compensation or Reimbursement

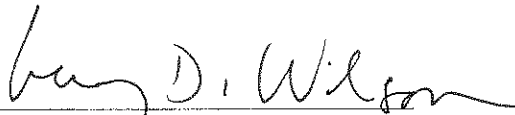
GDW shall receive no compensation or reimbursement other than set out above. In the event that no recovery is realized, GDW shall receive no compensation or reimbursement.

6. With the approval of the Attorney General, GDW may associate other attorneys at his own expense and at no cost to the State of Mississippi. Notwithstanding such association of other attorneys, this Retention Agreement is non-assignable and non-transferable, nor are GDW's commitments delegable without the express, written approval of the Attorney General.

DATED this 11 day of May, 2011.

ATTORNEY GENERAL OF  
THE STATE OF MISSISSIPPI

By:   
Jim Hood, Attorney General

  
Gary D. Wilson

**Attachment A**  
**(Retention Agreement)**  
**(Matter Settled Prior to Initiation of Litigation)**

The following shall be the structured contingent fee schedule:

For Sums Up to \$2,000,000:

2.5%; then in addition;

For those Sums between \$2,000,000 and \$4,000,000:

7.5%; then in addition;

For those Sums between \$4,000,000 and \$25,000,000:

12.5%; then in addition;

For those Sums between \$25,000,000 and \$75,000,000:

10%; then in addition;

For those Sums between \$75,000,000 and \$200,000,000:

7%; then in addition;

For those Sums between \$200,000,000 and \$500,000,000:

4%; then in addition;

For those Sums between \$500,000,000 and \$1,000,000,000:

2%; then in addition;

For those Sums over \$1,000,000,000:

1%.

**Attachment B**  
**(Retention Agreement)**

**(Matter Resolved After Initiation of Litigation)**

The following shall be the structured contingent fee schedule:

For Sums Up to \$2,000,000:

After initiation of litigation but before discovery completed:	8%	
After discovery completed but before commencement of trial:	10%	
After commencement of trial:		15%

then in addition;

For those Sums between \$2,000,000 and \$4,000,000:

After initiation of litigation but before discovery completed:	12%	
After discovery completed but before commencement of trial:	15%	
After commencement of trial:		20%

then in addition;

For those Sums between \$4,000,000 and \$25,000,000:

After initiation of litigation but before discovery completed:	17%	
After discovery completed but before commencement of trial:	20%	
After commencement of trial:		25%

then in addition;

For those Sums between \$25,000,000 and \$75,000,000:

After initiation of litigation but before discovery completed:	15%	
After discovery completed but before commencement of trial:	18%	
After commencement of trial:		21%

then in addition;

For those Sums between \$75,000,000 and \$200,000,000:

After initiation of litigation but before discovery completed:	10%	
After discovery completed but before commencement of trial:	14%	
After commencement of trial:		18%

then in addition;

For those Sums between \$200,000,000 and \$500,000,000:

After initiation of litigation but before discovery completed:	6%	
After discovery completed but before commencement of trial:	8%	
After commencement of trial:		10%

then in addition;

For those Sums between \$500,000,000 and \$1,000,000,000:

After initiation of litigation but before discovery completed:	3%	
After discovery completed but before commencement of trial:	4%	
After commencement of trial:		5%

then in addition;

For those Sums over \$1,000,000,000:

After initiation of litigation but before discovery completed:	2%	
After discovery completed but before commencement of trial:	3%	
After commencement of trial:		4%.