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PURCHASE AND SALE AGREEMENT

between

THE STATE OF OHIO

and

BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY

Dated as of October 1, 2007

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**TABLE OF CONTENTS**

	<b><u>Page</u></b>
ARTICLE I	DEFINITIONS..... 1
SECTION 1.01.	Definitions..... 1
SECTION 1.02.	Other Definitional Provisions and References..... 3
ARTICLE II	CONVEYANCE OF 2007 SOLD TOBACCO RECEIPTS ..... 4
SECTION 2.01.	Conveyance of 2007 Sold Tobacco Receipts..... 4
SECTION 2.02.	Treatment as True Sale ..... 4
SECTION 2.03.	Notification of Transfer ..... 4
ARTICLE III	THE STATE ..... 5
SECTION 3.01.	Representations of the State..... 5
SECTION 3.02.	Limitation on Liability and Remedies ..... 6
ARTICLE IV	COVENANTS OF THE STATE ..... 6
SECTION 4.01.	Covenants Pursuant to the Act..... 6
SECTION 4.02.	Further Actions ..... 8
SECTION 4.03.	Tax Covenants. .... 8
ARTICLE V	COVENANTS OF THE AUTHORITY ..... 9
SECTION 5.01.	Further Actions ..... 9
ARTICLE VI	MISCELLANEOUS ..... 9
SECTION 6.01.	Amendment..... 9
SECTION 6.02.	Use of the Purchase Price ..... 9
SECTION 6.03.	Notices ..... 9
SECTION 6.04.	Limitations on Rights of Others..... 10
SECTION 6.05.	Severability ..... 10
SECTION 6.06.	Separate Counterparts ..... 11
SECTION 6.07.	Headings ..... 11
SECTION 6.08.	Governing Law and Venue ..... 11
SECTION 6.09.	Assignment and Pledge by the Authority ..... 11
SECTION 6.10.	Limitation of Liability of the State ..... 11
APPENDIX A	RESIDUAL CERTIFICATE ..... A-1
APPENDIX B	NOTIFICATION OF SALE OF TOBACCO SETTLEMENT REVENUES..... B-1

This PURCHASE AND SALE AGREEMENT is entered into as of October 1, 2007, between the STATE OF OHIO (the "State") and the BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY, a body, both corporate and politic, constituting a public body, agency, and instrumentality of the State of Ohio (the "Authority").

WHEREAS, pursuant to Sections 183.51 and 183.52 of the Ohio Revised Code, the Authority desires to purchase from the State the 2007 Sold Tobacco Receipts (as defined herein); and

WHEREAS, the State is willing to sell the 2007 Sold Tobacco Receipts to the Authority and the Authority is willing to purchase the 2007 Sold Tobacco Receipts from the State and will finance that purchase by selling the Series 2007 Bonds (as defined herein).

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

#### SECTION 1.01. Definitions.

Whenever used in this 2007 Sale Agreement, and in addition to the words and terms defined in the Act, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

"Act" means Sections 183.51 and 183.52 of the Ohio Revised Code.

"Ancillary Facility" means (i) any of the "credit enhancement facilities" as defined in Section 133.01(H) of the Ohio Revised Code, consisting of "letters of credit, lines of credit, stand-by, contingent, or firm securities purchase agreements, insurance, or surety arrangements, guarantees, and other arrangements that provide for direct or contingent payment of debt charges, for security or additional security in the event of nonpayment or default in respect of securities, or for making payment of debt charges to and at the option and on demand of securities holders or at the option of the issuer or upon certain conditions occurring under put or similar arrangements, or for otherwise supporting the credit or liquidity of the securities, and includes credit, reimbursement, marketing, remarketing, indexing, carrying, interest rate hedge, and subrogation agreements, and other agreements and arrangements for payment and reimbursement of the person providing the credit enhancement facility and the security for that payment and reimbursement," which includes any Interest Rate Exchange or Similar Agreement, interest rate floor or cap, option, put or call to hedge payment or similar agreement and (ii) any investment agreement or repurchase agreement that is entered into in connection with the Bonds and is consistent with the ratings on the Bonds, which includes any float agreement or forward agreement.

"Benefited Parties" means persons, firms, or corporations that enter into Ancillary Facilities with the Authority (or the Trustee at the direction of the Authority).

“Bondholders” means the registered owners of outstanding Bonds, including the Series 2007 Bonds.

“Bonds” means all bonds (or notes), including the Series 2007 Bonds, issued pursuant to the Trust Indenture.

“Consent Decree” means the consent decree and final judgment entered November 25, 1998, in the court of common pleas of Franklin county, Ohio, as the same may be amended or supplemented from time to time.

“Delivery Date” means the date on which the Series 2007 Bonds are delivered to the original purchasers thereof.

“Disputed Payments Account” means any account into which the disputed portion of payments required to be made by tobacco manufacturers under the MSA are withheld or deposited pending resolution of the dispute.

“Escrow Agent” means the escrow agent under the Master Settlement Agreement.

“Interest Rate Exchange Agreement” or “Interest Rate Exchange or Similar Agreement” means a written contract with a counterparty to provide for an exchange of payments based upon fixed or variable interest rates, or both fixed and variable interest rates. Any such agreement may include the option to enter into or cancel the agreement or to reverse or extend the agreement.

“Master Settlement Agreement” or “MSA” has the meaning given to the term “tobacco master settlement agreement” in Section 183.01 of the Revised Code.

“Qualifying Statute” means that term as defined in the Master Settlement Agreement, which is Chapter 1346 of the Ohio Revised Code, as the same may be amended from time to time.

“Residual Certificate” means that certificate evidencing residual interests, substantially in the form attached as Appendix A hereto.

“Series 2007 Bonds” means the Authority’s \$5,531,594,541 Tobacco Settlement Asset-Backed Bonds, Series 2007, initially dated October 29, 2007, including any Bonds issued in exchange or replacement therefor.

“State” means the State of Ohio.

“State Lien” means a security interest, lien, charge, pledge, equity or encumbrance of any kind, attaching to the interests of the State in and to the 2007 Sold Tobacco Receipts, whether or not as a result of any act or omission by the State.

“Tax Code” means the Internal Revenue Code of 1986, as amended, the Treasury Regulations (whether proposed, temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of or successor provisions to them, and any official rulings, announcements, notices, procedures and judicial determinations regarding any of them, all as and to the extent applicable.

“Tax-Exempt Bonds” means all Bonds so identified in the Trust Indenture or related supplemental indenture thereto, including the Series 2007 Bonds.

“Trust Indenture” means the Trust Indenture dated as of October 1, 2007 between the Authority and the Trustee, as amended, supplemented and in effect from time to time.

“Trustee” means U.S. Bank National Association, its successors in interest and any successor trustee under the Trust Indenture.

“2007 Sale Agreement” means this Purchase and Sale Agreement as from time to time amended in accordance with the term hereof.

“2007 Sold Tobacco Receipts” means 100% of the State’s right, title and interest in the following:

(i) Except as excluded pursuant to the last paragraph of this definition, all tobacco settlement payments that are required to be made by the tobacco manufacturers to or for the account of the State under the terms of the Master Settlement Agreement on and after the Delivery Date;

(ii) All lump sum or partial lump sum payments received on and after the Delivery Date that are allocable to, or in substitution for, payments required under the terms of the Master Settlement Agreement by tobacco manufacturers to or for the account of the State; and

(iii) The State’s right under the Master Settlement Agreement to receive the tobacco settlement payments referred to in (i) and (ii) of this definition.

2007 Sold Tobacco Receipts (x) specifically include 100% of any amounts due to the State and withheld or deposited in the Disputed Payments Account on or after the Delivery Date by the tobacco manufacturers as a result of a dispute as to the amount of a payment required to be made by them under the MSA and that are subsequently paid by the tobacco manufacturers or released from the Disputed Payments Account, including all earnings thereon, but (y) specifically exclude any right to or interest in amounts withheld or deposited in the Disputed Payments Account before the Delivery Date, including all earnings thereon.

#### SECTION 1.02. Other Definitional Provisions and References.

(a) Capitalized terms used herein and not otherwise defined herein have the meanings assigned to them in the Act.

(b) All terms defined in this 2007 Sale Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(c) The definitions contained in this 2007 Sale Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as the feminine and neuter genders of such terms.

(d) Any agreement or instrument referred to herein or in any instrument or certificate delivered in connection herewith means that agreement or instrument as from time to time amended, modified or supplemented, and including references to all attachments thereto and instruments incorporated therein.

(e) Any reference to the Authority, or to public officers, or other offices, departments, institutions, agencies, bodies or entities, shall include those succeeding to their functions, duties or responsibilities by operation of law or who are lawfully performing their applicable functions.

(f) Any reference to a "Section" or "Subsection" without more means that section or subsection of this 2007 Sale Agreement.

## ARTICLE II

### CONVEYANCE OF 2007 SOLD TOBACCO RECEIPTS

#### SECTION 2.01. Conveyance of 2007 Sold Tobacco Receipts.

The State irrevocably sells and assigns to the Authority, without recourse (subject to certain continuing obligations herein), all right, title and interest of the State on the Delivery Date in and to the 2007 Sold Tobacco Receipts. As consideration for such sale by the State to the Authority of the 2007 Sold Tobacco Receipts, the Authority does hereby promise to pay to the State the "net proceeds" (as defined in the Act) from the sale of the Series 2007 Bonds plus the residual interests evidenced by the Residual Certificate on the Delivery Date.

#### SECTION 2.02. Treatment as True Sale.

As provided in the Act, the transfer of the 2007 Sold Tobacco Receipts pursuant to the terms of this 2007 Sale Agreement is an assignment and sale and shall be treated as an absolute transfer and true sale for all purposes, and not as a pledge or other security interest. On and after the Delivery Date, the State shall have no right, title, or interest in or to the 2007 Sold Tobacco Receipts and the 2007 Sold Tobacco Receipts shall be owned, received, held, and disbursed by the Authority and not the State. The State shall have no claim against the 2007 Sold Tobacco Receipts.

#### SECTION 2.03. Notification of Transfer.

On or before the Delivery Date, the State shall cause the Attorney General to notify the Escrow Agent on behalf of the State, in the form attached at Appendix B hereto, that the State has sold the 2007 Sold Tobacco Receipts to the Authority, identifying the percentage of tobacco

settlement revenues that comprise the 2007 Sold Tobacco Receipts, and shall irrevocably instruct the Escrow Agent to pay the 2007 Sold Tobacco Receipts directly to the Trustee.

### ARTICLE III

#### THE STATE

##### SECTION 3.01. Representations of the State.

The State, as seller, makes the following representations on which the Authority has and is deemed to have relied in acquiring the 2007 Sold Tobacco Receipts. The representations are made as of the date of this 2007 Sale Agreement and as of the Delivery Date, and shall survive the sale of the 2007 Sold Tobacco Receipts to the Authority and the pledge of the 2007 Sold Tobacco Receipts to the Trustee for the payment of the Bonds as contemplated by the Act.

(a) Power and Authority. The Governor and the Director of Budget and Management, in consultation with the Attorney General, are duly authorized by the Act to assign and sell the 2007 Sold Tobacco Receipts on behalf of the State to the Authority.

(b) Binding Obligation. This 2007 Sale Agreement has been duly executed and delivered by the State and, assuming the due authorization, execution and delivery of this 2007 Sale Agreement by the Authority, constitutes a legal, valid and binding obligation of the State enforceable in accordance with its terms.

(c) No Consents. No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the consummation of the transactions contemplated by this 2007 Sale Agreement.

(d) Title to 2007 Sold Tobacco Receipts. The State is the sole owner of the 2007 Sold Tobacco Receipts immediately prior to their sale to the Authority. On and after the Delivery Date, (i) the State shall have no right, title or interest in or to the 2007 Sold Tobacco Receipts, and (ii) the 2007 Sold Tobacco Receipts shall be property of the Authority, and not of the State, and shall be owned, received, held and disbursed by the Authority or the Trustee and not by the State.

(e) Absence of Liens on 2007 Sold Tobacco Receipts. The State is selling the 2007 Sold Tobacco Receipts free and clear of any and all State Liens, pledges, charges, security interests or any other statutory impediments to transfer of any nature encumbering the 2007 Sold Tobacco Receipts.

(f) Assignment to Bondholder. The State acknowledges that the Authority will assign to the Trustee for the benefit of the Bondholders and Benefited Parties all of its rights and remedies with respect to the breach of any obligations, representations and warranties of the State under this 2007 Sale Agreement.

(g) No Violation. The consummation by the State of the transactions contemplated by this 2007 Sale Agreement and the fulfillment of the terms hereof and thereof do not, to the State's knowledge, in any material way conflict with, result in any material breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time) a material

default under, any indenture, agreement or other instrument to which the State is a party or by which it shall be bound; nor violate any law or, to the State's knowledge, any order, rule or regulation applicable to the State of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the State or its property.

(h) No Proceedings. To the State's Knowledge, except as disclosed in the offering circular for the Series 2007 Bonds, there are no proceedings or investigations, pending or threatened, against the State before any court, regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the State: (i) asserting the invalidity of any of this 2007 Sale Agreement, the Trust Indenture or the Series 2007 Bonds, (ii) seeking to prevent the issuance of the Series 2007 Bonds or the consummation of any of the transactions contemplated by this 2007 Sale Agreement or the Trust Indenture, or (iii) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this 2007 Sale Agreement, the Trust Indenture, the Series 2007 Bonds, the MSA, the Qualifying Statute or the Consent Decree. In this subsection (h), "To the State's Knowledge" means to the best knowledge after due inquiry of the State's Governor, Director of Budget and Management, Treasurer, Tax Commissioner and Attorney General (and any lawyer member of the Attorney General's staff and any special counsel appointed by the Attorney General).

#### SECTION 3.02. Limitation on Liability and Remedies.

(a) All covenants, agreements and obligations of the State contained in this 2007 Sale Agreement shall be deemed to be the covenants, agreements and obligations of the State and not of any officer or employee of the State in his or her individual capacity, and no recourse shall be had under this 2007 Sale Agreement for any claim based thereon or on this 2007 Sale Agreement against any officer or employee of the State or any person executing this 2007 Sale Agreement, in his or her individual capacity. Without limiting the generality of the foregoing, holders of the Bonds, including the Series 2007 Bonds, and Benefited Parties to Ancillary Facilities and any agreements entered into in connection therewith shall have no recourse against any officer or employee of the State as a result of such person's executing and delivering this 2007 Sale Agreement.

(b) Nothing in this 2007 Sale Agreement should be construed to provide a guaranty by the State that the 2007 Sold Tobacco Receipts will be sufficient to pay the Series 2007 Bonds and related Ancillary Facilities.

### ARTICLE IV

#### COVENANTS OF THE STATE

##### SECTION 4.01. Covenants Pursuant to the Act.

(a) The State hereby covenants and agrees with the Authority that it shall:

(i) maintain statutory authority for, and cause to be collected and paid directly to the Authority or its assignee, the 2007 Sold Tobacco Receipts;

(ii) enforce the rights of the Authority to receive the 2007 Sold Tobacco Receipts;

(iii) not materially impair the rights of the Authority to fulfill the terms of its agreements with the holders of outstanding Bonds and Benefited Parties under the Trust Indenture;

(iv) not materially impair the rights and remedies of the holders of outstanding Bonds and Benefited Parties or materially impair the security for those outstanding Bonds and Benefited Parties;

(v) (1) diligently enforce the Qualifying Statute, and (2) enforce the MSA and the Consent Decree, to effectuate the collection of the 2007 Sold Tobacco Receipts;

(vi) cause the Attorney General to irrevocably instruct the Escrow Agent under the MSA to transfer all 2007 Sold Tobacco Receipts directly to the Trustee as assignee of the Authority;

(vii) not amend the MSA, or amend or repeal the Qualifying Statute, in any manner that would materially impair the rights of the Bondholders or Benefited Parties, until the Bonds, together with the interest thereon, all Ancillary Facilities, and all costs and expenses in connection with any action or proceeding by or on behalf of Bondholders, are fully paid and discharged pursuant to the terms of the Trust Indenture; and

(viii) as provided in Section 183.51(H) of the Ohio Revised Code, not permit the Authority, or permit any public officer or organization, entity, or other person to authorize the Authority, prior to the date which is one year and one day after which the Authority no longer has any Bonds outstanding, (1) to file a voluntary petition under the United States Bankruptcy Code, or (2) to voluntarily commence any similar bankruptcy proceeding under state law including, without limitation, consenting to the appointment of a receiver or trustee or making a general or specific assignment for the benefit of creditors.

(b) As provided in Section 183.51(B) of the Ohio Revised Code, (i) nothing in this Section 4.01, the Trust Indenture or the bond proceedings (as defined in the Act) shall preclude or limit, or be construed to preclude or limit, the State from taxing or regulating the sale of cigarettes or other tobacco products, or from defending or prosecuting cases or other actions relating to the sale or use of cigarettes or other tobacco products, and (ii) except as otherwise may be agreed in writing by the Attorney General, nothing in this Section 4.01, the Trust Indenture or the bond proceedings (as defined in the Act) shall modify or limit, or be construed to modify or limit, the responsibility, power, judgment, and discretion of the Attorney General to protect and discharge the duties, rights and obligations of the State under the MSA, the Consent Decree, or the Qualifying Statute.

(c) The State hereby authorizes the Authority, as provided in Section 183.51(B) of the Ohio Revised Code, to include all of the covenants, pledges and agreements in this Section

4.01 in the Trust Indenture, and in any other agreement with the holders of the Bonds or any Benefited Parties.

SECTION 4.02. Further Actions.

(a) Instruments and Acts. Upon request of the Authority or the Trustee, the State will execute and deliver such further instruments and do such further acts as the parties reasonably agree are reasonably necessary or proper to carry out more effectively the purposes of this 2007 Sale Agreement. The State will immediately pay over to the Trustee the proceeds of any 2007 Sold Tobacco Receipts received by the State in error.

(b) Provision of Information. The State shall keep the Authority apprised of actions it takes to fulfill the covenant contained in Section 4.01(a)(ii) and (a)(v) hereof and shall provide the Authority with such documents relating thereto as the Authority shall reasonably request which (i) the State is not prohibited from providing by law, regulation, agreement, or otherwise, and (ii) upon advice of the Attorney General or any other counsel assigned by the Attorney General to represent the State in such matters, will not compromise the State's ability to fulfill the covenant contained in Section 4.01(a)(ii) and (a)(v) hereof.

SECTION 4.03. Tax Covenants.

(a) The State will at all times do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid by the Authority on the Tax-Exempt Bonds shall be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Tax Code;

(b) The State will not use or permit the use of any of the proceeds of the Tax-Exempt Bonds that would cause the Tax-Exempt Bonds to be "private activity bonds" within the meaning of Section 141(a) of the Tax Code or would cause interest on the Tax-Exempt Bonds to not be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Tax Code;

(c) The State agrees that no gross proceeds (as such term is defined in Section 1.148-1 of the Treasury Regulations promulgated under Section 148 of the Tax Code, as such Treasury Regulations and the Tax Code may be amended from time to time to the extent such amendments are applicable to the Tax-Exempt Bonds) of the Tax-Exempt Bonds shall at any time be used to acquire securities or obligations the acquisition or holding of which would cause any Tax-Exempt Bond to be an "arbitrage bond" as defined in the Tax Code and any applicable Treasury Regulations promulgated thereunder;

(d) The State shall be bound by restrictions on the use of proceeds of the Tax-Exempt Bonds and related matters prescribed by the Authority; and

(e) The State, through the Director of Budget and Management or others, shall give one or more certificates or enter into one or more agreements, in the form deemed necessary by bond counsel in order to issue their opinion with respect to the Tax-Exempt Bonds, and the covenants and agreements of the State contained therein shall be enforceable by the Authority.

## ARTICLE V

### COVENANTS OF THE AUTHORITY

#### SECTION 5.01. Further Actions.

Upon request of the State and the Trustee, the Authority will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this 2007 Sale Agreement. Upon receipt from the State of appropriate proofs that amounts received by the Trustee with respect to payments made by tobacco manufacturers do not constitute 2007 Sold Tobacco Receipts, the Trustee shall release such amounts from the lien of the Trust Indenture and transfer such amounts in accordance with written instructions from the State. As provided in Section 183.51(H) of the Ohio Revised Code, the Authority hereby covenants and agrees, that it is not and shall not be authorized to and shall not file a voluntary petition under the United States Bankruptcy Code, or voluntarily commence any similar bankruptcy proceeding under state law including, without limitation, consenting to the appointment of a receiver or trustee or making a general or specific assignment for the benefit of creditors.

## ARTICLE VI

### MISCELLANEOUS

#### SECTION 6.01. Amendment.

Subject to Section 6.09(h) of the Trust Indenture, this 2007 Sale Agreement may be amended only by written agreement of the State and the Authority.

#### SECTION 6.02. Use of the Purchase Price.

The "net proceeds" (as defined in the Act) from the sale of the 2007 Sold Tobacco Receipts payable to the State pursuant to this 2007 Sale Agreement shall be used and applied as provided in this 2007 Sale Agreement and the Act.

#### SECTION 6.03. Notices.

All demands, notices and communications upon or to the State, the Authority, or the Trustee under this 2007 Sale Agreement shall be in writing, personally delivered or mailed by certified mail, return receipt requested, and shall be deemed to have been duly given upon receipt at:

- (a) in the case of the State:

Office of Budget and Management  
30 East Broad Street, 34<sup>th</sup> Floor  
Columbus, Ohio 43215  
Attn: Director

and:

Office of the Attorney General  
30 East Broad Street, 17<sup>th</sup> Floor  
Columbus, Ohio 43215  
Attn: Tobacco Enforcement Section

(b) in the case of the Authority:

Buckeye Tobacco Settlement Financing Authority  
c/o Office of Budget and Management  
30 East Broad Street, 34<sup>th</sup> Floor  
Columbus, Ohio 43215  
Attn: Secretary

(c) in the case of the Trustee:

U.S. Bank National Association  
175 South Third Street, 4th Floor  
Columbus, OH 43215  
Attn: Corporate Trust Services

or, as to each of the foregoing, at such other address as shall be designated by written notice to the other parties.

SECTION 6.04. Limitations on Rights of Others.

The provisions of this 2007 Sale Agreement are solely for the benefit of the State, the Authority, the Trustee, the owner of the Residual Certificate, the Bondholders and the Benefited Parties, and nothing in this 2007 Sale Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim under or in respect of this 2007 Sale Agreement or any covenants, conditions or provisions contained herein. The Series 2007 Bonds and any related Ancillary Facilities or other obligations issued or entered into in connection with this 2007 Sale Agreement shall not be general obligations of the State and the full faith and credit, revenue, and taxing power of the State shall not be pledged to the payment of debt service on them or to any guarantee of the payment of that debt service.

SECTION 6.05. Severability.

Any provision of this 2007 Sale Agreement that is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof.

SECTION 6.06. Separate Counterparts.

This 2007 Sale Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 6.07. Headings.

The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 6.08. Governing Law and Venue.

This 2007 Sale Agreement shall be construed in accordance with the laws of the State, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

The parties hereto agree that any and all claims asserted by or against any party under this 2007 Sale Agreement or related thereto shall, unless otherwise provided in Article IV of the Ohio Constitution, be brought in the Ohio Court of Claims under Chapter 2743 of the Ohio Revised Code. Any special proceeding brought against the Authority or the State in which the Ohio Court of Appeals has original jurisdiction shall be filed and determined in the Court of Appeals of Franklin County. Pursuant to the Act, any such action or proceeding to which the Authority or the State is a party shall be preferred over all other civil causes of action or cases, except election causes of action or cases, irrespective of position on the calendar.

SECTION 6.09. Assignment and Pledge by the Authority.

The State hereby acknowledges and consents to any assignment and pledge by the Authority to the Trustee for the benefit of the Bondholders and Benefited Parties of any or all right, title and interest of the Authority in, to and under the 2007 Sold Tobacco Receipts or the assignment of any or all of the Authority's rights and obligations hereunder to the Trustee.

SECTION 6.10. Limitation of Liability of the State.

Notwithstanding anything contained herein to the contrary, no officer or employee of the State shall have any liability for the representations, warranties, covenants, agreements or other obligations of the State hereunder or in any of the certificates, notices or agreements delivered pursuant hereto.

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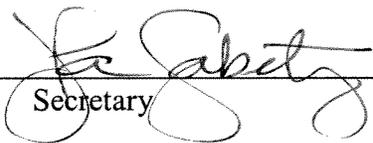
IN WITNESS WHEREOF, the parties hereto have caused this 2007 Sale Agreement to be duly executed by their respective officers as of the day and year first above written.

STATE OF OHIO

By:   
Governor

By:   
Director of Budget and Management

BUCKEYE TOBACCO SETTLEMENT  
FINANCING AUTHORITY

By:   
Secretary

**BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY**

**RESIDUAL CERTIFICATE**

**REGISTERED OWNER: STATE OF OHIO**

The **BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY** (the "Authority"), a body, both corporate and politic, constituting a public body, agency, and instrumentality of the State of Ohio (the "State"), for value received promises to pay to the registered owner of this Residual Certificate, on and after the date on which all Bonds have been Fully Paid, all payments under each Ancillary Facility have been paid and all incurred Operating Expenses have been satisfied pursuant to the Trust Indenture, dated as of October 1, 2007 (as it may be amended and supplemented, the "Trust Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), the 2007 Sold Tobacco Receipts then payable to the owner of the Residual Certificate pursuant to the Trust Indenture, by wire transfer, at the discretion of the Authority, or by check mailed to the address of the registered owner hereof as shown on the registration books of the Authority as maintained by the Trustee, as of close of business on the Business Day immediately preceding the applicable payment date.

This Residual Certificate shall not constitute a general obligation of the State. The full faith and credit, revenue, and taxing power of the State are not, and shall not be, pledged to the payment of this Residual Certificate. The holder or owner of this Residual Certificate shall have no right to have any moneys obligated or pledged for the payment hereof except as provided in the Trust Indenture. The rights of the holder or owner of this Residual Certificate to payment are limited to all or that portion of the 2007 Sold Tobacco Receipts, and those special funds, pledged to the payment of this Residual Certificate pursuant to the Trust Indenture.

The individuals who are from time to time members of the Authority, or their designees acting pursuant to section 183.52 of the Ohio Revised Code, or the Authority's officers, staff, agents, or employees, when acting within the scope of their employment or agency, shall not be liable in their personal capacities on this Residual Certificate, or for otherwise exercising or carrying out any purposes or powers of the Authority.

Reference is made to the Trust Indenture for a description of the funds pledged and for the provisions with respect to the incurring of indebtedness and to the rights, limitations of rights, duties, obligations and immunities of the Authority, the Trustee, the Bondholders, and the holder or owner of this Residual Certificate. Definitions given or referred to in the Trust Indenture are incorporated herein by this reference.

This Residual Certificate is issuable only in fully registered form and may not be converted into bearer form. The Authority and the Trustee may treat the registered owner as the

absolute owner of this Residual Certificate for all purposes, notwithstanding any notice to the contrary.

This Residual Certificate shall not be valid or become obligatory for any purpose until the certificate of authentication hereon has been dated and manually signed by the Trustee.

**IN WITNESS WHEREOF, BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY** has caused this Residual Certificate to be executed in its name by its Chairperson and attested by its Secretary, all as of the 29th day of October, 2007.

**BUCKEYE TOBACCO SETTLEMENT  
FINANCING AUTHORITY**

BY: \_\_\_\_\_  
CHAIRPERSON

ATTEST:

\_\_\_\_\_  
SECRETARY

**CERTIFICATE OF AUTHENTICATION**

This Residual Certificate is described in and issued in accordance with the Trust Indenture.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

\_\_\_\_\_  
AUTHORIZED OFFICER

Date of Authentication: October 29, 2007

**NOTIFICATION OF SALE OF TOBACCO SETTLEMENT REVENUES**

To: Citibank, N.A., as Escrow Agent under the Master Settlement Agreement referred to below

-and-

PricewaterhouseCoopers LLP, as Independent Auditor under the Master Settlement Agreement referred to below

The State of Ohio (the "State"), party to that certain Master Settlement Agreement (and related documents) entered into on November 23, 1998, and incorporated into the Consent Decree and Final Judgment entered November 25, 1998, in the Court of Common Pleas of Franklin County, Ohio, as the same may be amended or supplemented from time to time (the "Master Settlement Agreement"), hereby notifies you, as Escrow Agent under the Master Settlement Agreement, that the State has sold the 2007 Sold Tobacco Receipts to the Buckeye Tobacco Settlement Financing Authority (the "Authority"). Such sale was made pursuant to the terms of a Purchase and Sale Agreement, dated as of October 1, 2007, between the State and the Authority (the "2007 Sale Agreement"). Pursuant to the 2007 Sale Agreement, the State is the owner of a Residual Certificate, a copy of which is attached hereto. The definition of "2007 Sold Tobacco Receipts" is reproduced from the 2007 Sale Agreement below.

"2007 Sold Tobacco Receipts" means 100% of the State's right, title and interest in the following:

(i) Except as excluded pursuant to the last paragraph of this definition, all tobacco settlement payments that are required to be made by the tobacco manufacturers to or for the account of the State under the terms of the Master Settlement Agreement on and after October 29, 2007;

(ii) All lump sum or partial lump sum payments received on and after October 29, 2007, that are allocable to, or in substitution for, payments required under the terms of the Master Settlement Agreement by tobacco manufacturers to or for the account of the State; and

(iii) The State's right under the Master Settlement Agreement to receive the tobacco settlement payments referred to in (i) and (ii) of this definition.

2007 Sold Tobacco Receipts (x) specifically include 100% of any amounts due to the State and withheld or deposited in the Disputed Payments Account on or after October 29, 2007, by the tobacco manufacturers as a result of a dispute as to the amount of a payment required to be made by them under the MSA and that are subsequently paid by the tobacco manufacturers or released from the Disputed Payments Account, including all earnings thereon, but (y) specifically exclude

any right to or interest in amounts withheld or deposited in the Disputed Payments Account before October 29, 2007, including all earnings thereon.

Capitalized terms used but not defined in this notification shall have the meaning given to them in the 2007 Sale Agreement.

You are hereby irrevocably instructed to pay 100% of each payment of the State's 2007 Sold Tobacco Receipts, upon receipt by you, to U.S. Bank National Association or its successor, as Trustee for all series or subseries of the Authority's Tobacco Settlement Asset-Backed Bonds, Series 2007, and any bonds issued to refund such bonds, in accordance with the following instructions:

U.S. BANK NATIONAL ASSOCIATION  
ABA NO. 091000022  
DDA NO. 180121167365  
REF: BUCKEYE TOBACCO SETTLEMENT FIN AUTH  
COLLECTION ACCOUNT (119246000)  
ATTN: SCOTT MILLER 614-849-3402

STATE OF OHIO

By: \_\_\_\_\_  
Attorney General

Dated: October 29, 2007

**REGISTERED  
NUMBER: 1**

**BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY**

**RESIDUAL CERTIFICATE**

**REGISTERED OWNER: STATE OF OHIO**

The **BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY** (the "Authority"), a body, both corporate and politic, constituting a public body, agency, and instrumentality of the State of Ohio (the "State"), for value received promises to pay to the registered owner of this Residual Certificate, on and after the date on which all Bonds have been Fully Paid, all payments under each Ancillary Facility have been paid and all incurred Operating Expenses have been satisfied pursuant to the Trust Indenture, dated as of October 1, 2007 (as it may be amended and supplemented, the "Trust Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), the 2007 Sold Tobacco Receipts then payable to the owner of the Residual Certificate pursuant to the Trust Indenture, by wire transfer, at the discretion of the Authority, or by check mailed to the address of the registered owner hereof as shown on the registration books of the Authority as maintained by the Trustee, as of close of business on the Business Day immediately preceding the applicable payment date.

This Residual Certificate shall not constitute a general obligation of the State. The full faith and credit, revenue, and taxing power of the State are not, and shall not be, pledged to the payment of this Residual Certificate. The holder or owner of this Residual Certificate shall have no right to have any moneys obligated or pledged for the payment hereof except as provided in the Trust Indenture. The rights of the holder or owner of this Residual Certificate to payment are limited to all or that portion of the 2007 Sold Tobacco Receipts, and those special funds, pledged to the payment of this Residual Certificate pursuant to the Trust Indenture.

The individuals who are from time to time members of the Authority, or their designees acting pursuant to section 183.52 of the Ohio Revised Code, or the Authority's officers, staff, agents, or employees, when acting within the scope of their employment or agency, shall not be liable in their personal capacities on this Residual Certificate, or for otherwise exercising or carrying out any purposes or powers of the Authority.

Reference is made to the Trust Indenture for a description of the funds pledged and for the provisions with respect to the incurring of indebtedness and to the rights, limitations of rights, duties, obligations and immunities of the Authority, the Trustee, the Bondholders, and the holder or owner of this Residual Certificate. Definitions given or referred to in the Trust Indenture are incorporated herein by this reference.

This Residual Certificate is issuable only in fully registered form and may not be converted into bearer form. The Authority and the Trustee may treat the registered owner as the absolute owner of this Residual Certificate for all purposes, notwithstanding any notice to the contrary.

This Residual Certificate shall not be valid or become obligatory for any purpose until the certificate of authentication hereon has been dated and manually signed by the Trustee.

**IN WITNESS WHEREOF, BUCKEYE TOBACCO SETTLEMENT FINANCING AUTHORITY** has caused this Residual Certificate to be executed in its name by its Chairperson and attested by its Secretary, all as of the 29th day of October, 2007.

**BUCKEYE TOBACCO SETTLEMENT  
FINANCING AUTHORITY**

BY:   
CHAIRPERSON

ATTEST:

  
SECRETARY

**CERTIFICATE OF AUTHENTICATION**

This Residual Certificate is described in and issued in accordance with the Trust Indenture.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

  
AUTHORIZED OFFICER

Date of Authentication: October 29, 2007

## NOTIFICATION OF SALE OF TOBACCO SETTLEMENT REVENUES

To: Citibank, N.A., as Escrow Agent under the Master Settlement Agreement referred to below

-and-

PricewaterhouseCoopers LLP, as Independent Auditor under the Master Settlement Agreement referred to below

The State of Ohio (the "State"), party to that certain Master Settlement Agreement (and related documents) entered into on November 23, 1998, and incorporated into the Consent Decree and Final Judgment entered November 25, 1998, in the Court of Common Pleas of Franklin County, Ohio, as the same may be amended or supplemented from time to time (the "Master Settlement Agreement"), hereby notifies you, as Escrow Agent under the Master Settlement Agreement, that the State has sold the 2007 Sold Tobacco Receipts to the Buckeye Tobacco Settlement Financing Authority (the "Authority"). Such sale was made pursuant to the terms of a Purchase and Sale Agreement, dated as of October 1, 2007, between the State and the Authority (the "2007 Sale Agreement"). Pursuant to the 2007 Sale Agreement, the State is the owner of a Residual Certificate, a copy of which is attached hereto. The definition of "2007 Sold Tobacco Receipts" is reproduced from the 2007 Sale Agreement below.

"2007 Sold Tobacco Receipts" means 100% of the State's right, title and interest in the following:

(i) Except as excluded pursuant to the last paragraph of this definition, all tobacco settlement payments that are required to be made by the tobacco manufacturers to or for the account of the State under the terms of the Master Settlement Agreement on and after October 29, 2007;

(ii) All lump sum or partial lump sum payments received on and after October 29, 2007, that are allocable to, or in substitution for, payments required under the terms of the Master Settlement Agreement by tobacco manufacturers to or for the account of the State; and

(iii) The State's right under the Master Settlement Agreement to receive the tobacco settlement payments referred to in (i) and (ii) of this definition.

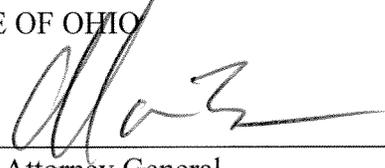
2007 Sold Tobacco Receipts (x) specifically include 100% of any amounts due to the State and withheld or deposited in the Disputed Payments Account on or after October 29, 2007, by the tobacco manufacturers as a result of a dispute as to the amount of a payment required to be made by them under the MSA and that are subsequently paid by the tobacco manufacturers or released from the Disputed Payments Account, including all earnings thereon, but (y) specifically exclude any right to or interest in amounts withheld or deposited in the Disputed Payments Account before October 29, 2007, including all earnings thereon.

Capitalized terms used but not defined in this notification shall have the meaning given to them in the 2007 Sale Agreement.

You are hereby irrevocably instructed to pay 100% of each payment of the State's 2007 Sold Tobacco Receipts, upon receipt by you, to U.S. Bank National Association or its successor, as Trustee for all series or subseries of the Authority's Tobacco Settlement Asset-Backed Bonds, Series 2007, and any bonds issued to refund such bonds, in accordance with the following instructions:

U.S. BANK NATIONAL ASSOCIATION  
ABA NO. 091000022  
DDA NO. 180121167365  
REF: BUCKEYE TOBACCO SETTLEMENT FIN AUTH  
COLLECTION ACCOUNT (119246000)  
ATTN: SCOTT MILLER 614-849-3402

STATE OF OHIO

By: 

\_\_\_\_\_  
Attorney General

Dated: October 29, 2007