

US TOBACCO COOPERATIVE

Jimmy Hill
Chairman

Stuart Thompson
Chief Executive Officer

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FOR IMMEDIATE RELEASE

U.S. Tobacco Cooperative Pays Member Growers \$5.6 Million in Cash Dividend

RALEIGH, NC (July 6, 2015) – The Board of Directors of U.S. Tobacco Cooperative Inc. declared a patronage dividend of \$0.17 per pound of tobacco sold to the Cooperative during Fiscal Year 2015.

The total FY2015 dividend was \$10.7 million, a 9.1% increase over last year's dividend. The Cooperative has authorized a cash payment of \$0.09 cents per pound to be paid immediately and to allocate \$0.08 per pound to each Grower's account in Certificates of Interest.

The Board of Directors also authorized the Cooperative to pass its \$7.3 million Section 199 Domestic Production Activities Deduction to its Growers (average of \$0.116 per pound). While the Cooperative is entitled to take this tax deduction on its Federal Income Taxes, it chooses instead to pass the deduction along to its growers and allow the growers to take advantage of this valuable tax deduction. This tax deduction is intended to help offset the taxes owed on the cash dividend for those growers that are able to use it.

In a communication to the Cooperative's growers, Chairman Jimmy Hill and CEO Stuart Thompson stated:

"The past year has brought many changes in our business and many challenges. Your Cooperative is undergoing significant changes to position USTC as the premier U.S. leaf supplier. Our Board and management team are deeply committed to looking for ways to maximize patronage dividends. We are the only U.S. leaf supplier that reinvests its profits in its grower base. Over the last five years, the Cooperative has declared dividends totaling \$37.9 million. You produce the highest quality, most compliant, most sustainable tobacco crop in the world. We want to encourage you in your commitment to excellence. Tobacco manufacturers are demanding more and more from you. We want to do everything we can to support and reward you for your efforts."

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About U.S. Tobacco Cooperative Inc.

U.S. Tobacco Cooperative (USTC) is a leading producer and processor of the highest quality U.S. flue cured tobacco. Headquartered in Raleigh, North Carolina, the Cooperative contracts with 850+ flue-cured member growers from Virginia, North Carolina, South Carolina, Georgia and Florida. With this diverse grower base, USTC is able to contract and supply a complete range of styles required for both domestic and export markets. In addition to its leaf business, USTC also owns six consumer brands and operates 16 locations throughout the United States.

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