

U.S. Smokeless Tobacco Company
Coupon Redemption Policy
Effective May 12, 2014
(Supersedes policy dated January 1, 2012)

U.S. Smokeless Tobacco Company (“USSTC”) Coupons help Retailers grow their business by providing value to Adult Consumers who purchase USSTC Products. USSTC encourages Retailers to accept USSTC Coupons to help build brand and store loyalty. USSTC requires Retailers to abide by the Coupon Redemption Policy in acceptance and submission of USSTC Coupons.

Definitions:

Adult Consumer – A tobacco consumer of legal age to purchase USSTC Product in the state or locality in which the purchase occurs.

Excessive USSTC Coupon Redemption – Any redemption in excess of payment limits established based on the Retailer’s USSTC volume and the prevailing marketplace USSTC Coupon redemption rate for the particular USSTC brand.

Out of Area Coupon – A USSTC Coupon redeemed at a retail location that is in excess of the maximum distance from origin established by USSTC. The maximum distance from origin is defined as the distance between the physical address of intended U.S. Postal Service delivery of the USSTC Coupon and the physical address of the Retail Location claiming redemption of the USSTC Coupon.

Payment Limit Determination – A decision reached by USSTC based on an analysis of the 1) Retailer’s USSTC Coupon redemption history, 2) the current period USSTC Coupon submission, 3) the USSTC Coupon reimbursement amount requested, 4) the prevailing marketplace, and 5) USSTC Coupon redemption rate for one or more particular USSTC Products.

USSTC Coupon – A document issued by USSTC that may be exchanged by an Adult Consumer for a discount on USSTC Products purchased at retail. The USSTC Coupon includes all methods of delivery by which USSTC Coupons are issued, but is not limited to Direct Mail, Internet Print at Home, Mobile, Catalina (electronic), or On-Pack Coupons.

USSTC Product – Smokeless tobacco brands marketed and sold by USSTC and intended for resale in the United States domestic market or United States Military outlets.

USSTC Trade Policy – Policies that, in conjunction with trade programs offered by USSTC, including but not limited to, the USSTC Retail Program, govern the sale and distribution of USSTC Products.

Retailer – Store that accepts USSTC Coupons for redemption, pursuant to a face-to-face transaction with an Adult Consumer.

Sales Transaction Data – Electronic sales scan data or sales transaction detail (which includes coupons) reported on a spreadsheet or equivalent data file compiled from Retailer’s daily sales records.

Undeliverable Coupon – Direct Mail USSTC Coupons that have been deemed by the U.S. Postal Service as being Undeliverable to the physical address of the specific intended Adult Consumer.

Policy Elements:

1. Retailer's submission of USSTC Coupons for redemption signifies acceptance of USSTC Coupon Redemption Policy.
2. USSTC Coupons are intended for Adult Consumers only.
3. Retailer may accept a USSTC Coupon only if presented in a face-to-face transaction with the Adult Consumer. Retailer may not accept USSTC Coupons for a discount on any other USSTC Product than specified on the face of the USSTC Coupon.
4. Retailer may accept only one USSTC Coupon per USSTC Product purchased from an Adult Consumer per visit, unless the USSTC Coupon terms indicate otherwise.
5. An Adult Consumer redeeming USSTC Coupons in connection with the purchase of USSTC Product is responsible for all applicable sales tax except in the case of redemption of a USSTC Coupon for a free USSTC Product.
6. Retailers suspended from eligibility from USSTC trade programs or eligibility for promotional offerings are ineligible for redemption of USSTC Coupons submitted during any such suspension.
7. USSTC Coupons are good only within, and only for USSTC Product intended for sale in, the United States domestic market and U.S. Military outlets, except where restricted or prohibited by law.
8. USSTC reserves the right to reject any USSTC Coupons submitted for reimbursement that USSTC determines, in its sole discretion, to have been assigned, transferred, reproduced, altered or improperly redeemed.
9. USSTC's count of USSTC Coupons received from Retailer shall be final and will govern the amount of payment made to Retailer.
10. Retailer may not deduct outstanding USSTC Coupon reimbursements from any monies owed by retailer to USSTC.
11. Unless otherwise instructed by USSTC, Retailer may not accept USSTC Coupons submitted by Adult Consumers after the expiration date printed on the USSTC Coupon, and USSTC will not reimburse USSTC Coupons submitted by Retailer later than four months after the USSTC Coupon expiration date.
12. The maximum reimbursement for which Retailers are eligible is the total of the USSTC Coupon face value, the specific handling fee stated on the USSTC Coupon and postage. For a USSTC Coupon reflecting a free product offer, Retailers are eligible to be reimbursed the retail sale price including sales tax and specific handling fee stated on the USSTC Coupon and postage. For a USSTC Coupon reflecting a USSTC Product for a specific promoted price offer, Retailers are eligible to be reimbursed the retail sale price including sales tax and specific handling fee stated on the USSTC Coupon and postage, less the specific promoted price. **If the amount claimed for reimbursement in connection with a free USSTC Product offer or a specific promoted price offer is deemed by USSTC to be excessive based on prevailing market prices, USSTC will withhold the amount in excess of the prevailing market price from the Retailer's USSTC Coupon payment.** If the Retailer provides acceptable proof of USSTC Product sales price, USSTC will reimburse the Retailer for the amount withheld.
13. Postage will be reimbursed based on the current U.S. Postal Service Table or the current U.S. Postal Service Rate Chart and the weight of the package.

14. USSTC reserves the right to request and review information and documentation sufficient to verify Retailer's compliance with the USSTC Coupon Redemption Policy. Such information includes, but is not limited to, Retailer's purchases and sales associated with the respective USSTC Coupon transactions. Acceptable sales transaction data must list USSTC Product by

- Brand name and description of the USSTC brand sold
- Brand name and description of the USSTC Coupon
- Quantity and type of the unit (e.g. can, roll) sold
- Sale transaction quantity and dollar amount
- USSTC Coupon quantity and dollar amount

Retailers must retain at least the most current three (3) months of Sales Transaction Data. Any cost associated with collecting, maintaining or supplying the requested information and documentation, including postage, is the Retailer's responsibility.

15. USSTC reserves the right to withhold USSTC Coupon payments to Retailers for excessive USSTC Coupon Redemption, based on the established Payment Limit Determination.

16. USSTC reserves the right to withhold USSTC Coupon payments to Retailers for redemptions of amounts of USSTC Coupons that have been deemed to be Undeliverable Coupons by the U.S. Postal Service.

17. USSTC reserves the right to withhold USSTC Coupon payments to Retailers for excessive redemptions of amounts of USSTC Coupons that have been deemed to be Out of Area Coupons according to USSTC.

18. All Retailer claims submitted to USSTC for unpaid USSTC Coupon balances must be made within one year of the USSTC Coupon submission. Retailers may not submit claims to USSTC requesting payment for USSTC Coupons that USSTC has not paid as a result of the Retailer's violation of any USSTC Trade Policy or trade program.

19. Retailer must ensure that all personnel within the Retailer's organization comply with the USSTC Coupon Redemption Policy. Compliance failures of Retailer's personnel are attributable to the Retailer.

20. Failure to comply with the terms and conditions of this USSTC Coupon Redemption Policy, as determined by USSTC, in its sole discretion, may result in the rejection of all USSTC Coupons submitted for payment and prohibition of Retailer's redemption of USSTC Coupons in the future.

21. USSTC may change or terminate this USSTC Coupon Redemption Policy at any time upon notice.

22. Retailer or its approved clearinghouse should send properly redeemed USSTC Coupons to:

**U.S. Smokeless Tobacco Company (USSTC)
CMS Department # 73100
801 Union Pacific Blvd Ste 5
Laredo, TX 78045-9475**

Questions concerning this policy or claims for payment should be directed to CMS. The toll free number is: (1-800-769-6449).