

John Middleton Co.
Coupon Redemption Policy
Effective January 1, 2012
(Supersedes policy dated May 19, 2010)

John Middleton Co. (“JMC”) Coupons help Retailers grow their business by providing value to Adult Consumers who purchase JMC Products. JMC encourages Retailers to accept JMC Coupons to help build brand and store loyalty. JMC requires Retailers to abide by the Coupon Redemption Policy in acceptance and submission of JMC Coupons.

Definitions:

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

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

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

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

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

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

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

Retailer – Store that accepts JMC 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 JMC 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 JMC Coupons for redemption signifies acceptance of JMC Coupon Redemption Policy.
2. JMC Coupons are intended for Adult Consumers only.
3. Retailer may accept a JMC Coupon only if presented in a face-to-face transaction with the Adult Consumer. Retailer may not accept JMC Coupons for a discount on any other JMC Product than specified on the face of the JMC Coupon.
4. Retailer may accept only one JMC Coupon per JMC Product purchased from an Adult Consumer per visit, unless the JMC Coupon terms indicate otherwise.
5. An Adult Consumer redeeming JMC Coupons in connection with the purchase of JMC Product is responsible for all applicable sales tax except in the case of redemption of a JMC Coupon for a free JMC Product.
6. Retailers suspended from eligibility from JMC trade programs or eligibility for promotional offerings are ineligible for redemption of JMC Coupons submitted during any such suspension.
7. JMC Coupons are good only within, and only for JMC Product intended for sale in, the United States domestic market and U.S. Military outlets, except where restricted or prohibited by law.
8. JMC reserves the right to reject any JMC Coupons submitted for reimbursement that JMC determines, in its sole discretion, to have been assigned, transferred, reproduced, altered or improperly redeemed.
9. JMC's count of JMC Coupons received from Retailer shall be final and will govern the amount of payment made to Retailer.
10. Retailer may not deduct outstanding JMC Coupon reimbursements from any monies owed by retailer to JMC.
11. Unless otherwise instructed by JMC, Retailer may not accept JMC Coupons submitted by Adult Consumers after the expiration date printed on the JMC Coupon, and JMC will not reimburse JMC Coupons submitted by Retailer later than four months after the JMC Coupon expiration date.
12. The maximum reimbursement for which Retailers are eligible is the total of the JMC Coupon face value, the specific handling fee stated on the JMC Coupon and postage. For a JMC 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 JMC Coupon and postage. For a JMC Coupon reflecting a JMC 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 JMC Coupon and postage, less the specific promoted price. **If the amount claimed for reimbursement in connection with a free JMC Product offer or a specific promoted price offer is deemed by JMC to be excessive based on prevailing market prices, JMC will withhold the amount in excess of the prevailing market price from the Retailer's JMC Coupon payment.** If the Retailer provides acceptable proof of JMC Product sales price, JMC 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. JMC reserves the right to request and review information and documentation sufficient to verify Retailer's compliance with the JMC Coupon Redemption Policy. Such information includes, but is not limited to, Retailer's purchases and sales associated with the respective JMC Coupon transactions. Acceptable sales transaction data must list JMC Product by
 - Brand name and description of the JMC brand sold
 - Brand name and description of the JMC Coupon
 - Quantity and type of the unit (e.g. singles, pack) sold
 - Sale transaction quantity and dollar amount
 - JMC 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. JMC reserves the right to withhold JMC Coupon payments to Retailers for excessive JMC Coupon Redemption, based on the established Payment Limit Determination.
16. JMC reserves the right to withhold JMC Coupon payments to Retailers for redemptions of amounts of JMC Coupons that have been deemed to be Undeliverable Coupons by the U.S. Postal Service.
17. JMC reserves the right to withhold JMC Coupon payments to Retailers for excessive redemptions of amounts of JMC Coupons that have been deemed to be Out of Area Coupons according to JMC.
18. All Retailer claims submitted to JMC for unpaid JMC Coupon balances must be made within one year of the JMC Coupon submission. Retailers may not submit claims to JMC requesting payment for JMC Coupons that JMC has not paid as a result of the Retailer's violation of any JMC Trade Policy or trade program.
19. Retailer must ensure that all personnel within the Retailer's organization comply with this JMC 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 JMC Coupon Redemption Policy, as determined by JMC, in its sole discretion, may result in the rejection of all coupons submitted for payment and prohibition of Retailer's redemption of JMC Coupons in the future.
21. JMC may change or terminate this JMC Coupon Redemption Policy at any time upon notice.
22. Retailer or its approved clearinghouse should send properly redeemed JMC Coupons to:

**John Middleton Co. CMS
Department # 70137
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)