

RAI TRADE MARKETING SERVICES COMPANY (“RAITMS”)

CUPON REDEMPTION POLICY FOR RETAILERS

EFFECTIVE 02/15/2017

This Coupon Redemption Policy (the “Policy”) states all terms and conditions governing the redemption of paper coupons, digital coupons, and/or gift certificates (hereafter collectively “Coupon”) issued by RAI Trade Marketing Services Company (“RAITMS”) or by any of the following companies: (1) R.J. Reynolds Tobacco Company, (2) American Snuff Company, LLC, (3) Santa Fe Natural Tobacco Company, and (4) R.J. Reynolds Vapor Co. (individually and/or collectively these five companies are referred to herein as the “Issuer”). By submitting a Coupon for payment, Retailer agrees to the terms and conditions (1) of this Policy and (2) that appear on the Coupon.

A. Proper Coupon Redemption From Consumers

1. Coupons are valid and redeemable only at retail locations in the United States (including military bases).
2. Retailer may redeem a Coupon only if the Coupon is presented by a legal age tobacco purchaser (the “Consumer”) in a face-to-face transaction.
3. Coupons are redeemable only by a Consumer purchasing the specific brand(s) and/or style(s) of tobacco product(s), and meeting any other required purchase criteria, specified on the Coupon.
4. Retailer must redeem the Coupon before any expiration date stated on the Coupon.
5. The Consumer must pay any applicable sales tax on the purchased tobacco product unless otherwise stated on the Coupon.
6. The Consumer may redeem only one Coupon, of any format, per tobacco product purchased.
7. Retailer may only redeem each Coupon one time.

Issuer will not reimburse Retailer for any Coupon that Retailer accepted in violation of these rules for proper Coupon redemption.

B. Submitting Coupons For Payment

By submitting a Coupon for payment, Retailer represents that (1) it followed the rules for proper Coupon redemption, and (2) to the best of Retailer's knowledge, the Coupon is not “improper for redemption” as defined below.

1. Retailer is encouraged to submit regularly for reimbursement the Coupons it properly redeems from Consumers. A properly redeemed Coupon must be submitted to Issuer for reimbursement no later than three months after the expiration date of the Coupon.
2. Retailer must send paper Coupons to the following address:
RAI TRADE MARKETING SERVICES COMPANY
DEPT. # 12300
1 FAWCETT DRIVE
DEL RIO, TEXAS 78840
3. Issuer will reimburse for Digital Coupons only if Retailer (a) is a signatory to a RAITMS Retail Partners Marketing Plan Contract and (b) participates in a mobile or digital coupon program offered as part of that Retail Partners Marketing Plan Contract.
4. Retailer will be paid for the face value of a Coupon, plus the handling fee if one is stated on the Coupon, for each Coupon properly redeemed under this Policy. No other handling charges will be paid.
5. In connection with the submission of a “free” product or “set price” Coupon:
 - a. If a Coupon is for a free tobacco product (e.g., “Buy Two For The Price Of One”), Retailer must write the sales price Retailer would have charged, for that brand and style of tobacco product, the Consumer who redeemed the Coupon on the day Retailer accepts the Coupon.
 - b. If a Coupon allows a Consumer to purchase a tobacco product for a set price (e.g., “Get One Pack For One Dollar”), Retailer must use the sales price Retailer would have charged, for that brand and style of tobacco product, the Consumer who redeemed the Coupon on the day Retailer accepts the Coupon to calculate the amount requested for a Coupon.

For any “free” product or “set price” Coupon, if Retailer’s sales price was, or should have been, reduced because of discounting payments, off-invoice discounts, or other promotional offers received directly or indirectly from Issuer, Retailer must utilize the reduced price when calculating the amount requested for a Coupon. If Issuer, in its sole discretion, deems the amount Retailer requests to be excessive, Issuer will reduce the claimed amount.

6. Issuer will reimburse Retailer for the cost of shipping paper Coupons in the following amounts: (a) the current USPS rates for first-class shipments weighing up to 13 ounces or (b) UPS ground rates for bulk shipments weighing over 13 ounces. Issuer will only reimburse registered or certified postage up to USPS first-class or UPS rates.
7. Coupons submitted by Retailer become the property of Issuer.
8. Issuer will not pay Retailer for coupons issued by entities other than Issuer. Issuer assumes no obligation to return erroneously submitted non-Issuer coupons.
9. Issuer is not responsible for lost, damaged, or incorrectly addressed shipments.
10. It is fraud to present Coupons for redemption other than as provided by this Policy. Retailer assumes all risks associated with misredemption of a Coupon.

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C. Additional Rules Specific To Digital Coupons

1. Retailer may only accept a digital, mobile, or other non-paper (hereafter “Digital”) Coupon of Issuer if Retailer (a) is a signatory to a RAITMS Retail Partners Marketing Plan Contract and (b) participates in a mobile or digital coupon program offered as part of that Retail Partners Marketing Plan Contract.
2. Issuer will calculate and make payments for a Digital Coupon based on information (a) aggregated by the Issuer in its information management systems or (b) that Issuer explicitly requests in writing from Retailer.
3. Retailer may not independently submit any type of information for Digital Coupons to Issuer’s Coupon processors, in an effort to receive reimbursement for those Digital Coupons, unless requested to do so in writing by Issuer.
4. Retailer must redeem any Digital Coupon in a fashion consistent with any requirements for the Digital Coupon. For example:
 - a. If a Digital Coupon displays a specific retail store where it is valid, only that retail store may redeem the Coupon.
 - b. If a Digital Coupon displays a countdown clock, Retailer may only redeem the Coupon within the time (i.e., the countdown clock is still running) displayed on the Digital Coupon.
5. For a Digital Coupon provided to a Consumer via an App, Retailer shall only redeem the Digital Coupon on the App. Any reproduction or other image of a Digital Coupon provided via an App -- regardless of whether in the form of a screenshot, e-mail, text, photo, video, or in a printed paper format -- is improper for redemption and shall not be accepted by Retailer.
6. Issuer reserves the right to deny reimbursement for any Digital Coupon which exhibits signs of abuse, fraud, or misredemption including, but not limited to, accuracy or quality issues in data files, excessive or unusual patterns of redemption, use of multiple Coupons for the purchase of a single item, and any other unusual or excessive redemption activity.
7. Issuer reserves the right to make adjustments to payments for Digital Coupons in its sole discretion.

D. Coupons For Payment That Are “Improper for Redemption”

Issuer reserves the right, in its sole discretion, to withdraw, modify and/or refuse reimbursement for any Coupon offer (paper or Digital) at any time due to fraud, errors, unauthorized activity, or security concerns. Issuer will deny payment for all Coupons that Issuer determines, in its sole discretion, are “improper for redemption.” Issuer will consider a Coupon to be “improper for redemption” for the following reasons:

1. Coupon is counterfeit.
2. Coupon has been reproduced in any way including the reproduction of a Digital Coupon (whether in the form of a screenshot, e-mail, text, photo, video, or in a printed paper format).
3. Coupon has been trimmed or otherwise altered in any way.
4. Coupon’s condition (as determined in the sole discretion of Issuer) suggests that it is improper for redemption. Examples include, but are not limited to, the following:
 - a. Gang Cut/Gang Torn – one or more sides of Coupons have matching cuts or tears.
 - b. Counterfeit - Coupons are of a different print quality than those distributed by Issuer.
 - c. Mint Condition - Coupons appear not to have been circulated.
 - d. Washed Appearance - Coupons appear to have been washed in order to look aged.
5. Coupon has been transferred from its original recipient to any person, firm or group. Issuer does not permit the unauthorized distribution, collection, sale, or assignment of Coupons for any reason.
6. Coupon has not been redeemed by an adult tobacco Consumer purchasing a tobacco product for personal consumption.
7. Coupon has not been redeemed in a face-to-face transaction. Issuer will not redeem Coupons for product sold via mail, telephone, Internet, etcetera.
8. Coupon has been redeemed in a location or fashion that is prohibited by law.
9. Coupons are void if taxed, restricted, or prohibited by law.
10. Issuer, in its sole discretion, determines that Retailer’s purchases or sales of Issuer’s tobacco products are inconsistent with the number of Coupons submitted for payment.
11. Coupon received by Issuer more than three months after the expiration date printed on the Coupon.
12. Issuer reserves the right to determine, in its sole discretion, that a Coupon is improper for redemption for reasons not listed herein.

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E. Improper Submission And Redemption Privileges

It may be fraudulent or otherwise unlawful to attempt to obtain payment for a Coupon that is improper for redemption in violation of this Policy. If a Retailer seeks payment for a Coupon that is improper for redemption, Issuer may in its sole discretion do any or all of the following:

- Void all Coupons submitted for payment.
- Retain all Coupons submitted for payment, as the sole property of Issuer, without payment.
- Seek to recoup any or all Coupon payments to Retailer through legal action or by withholding coupon, discounting, or other payments.
- Submit information and materials to law enforcement authorities for review.
- Temporarily or permanently revoke Retailer’s redemption privileges.

In addition, Issuer may permanently revoke Retailer’s redemption privileges and/or deny payment for all Coupons for any of the following reasons:

- An owner, employee, or agent of Retailer is arrested, indicted, or convicted of criminal conduct relating to the sale of tobacco products.
- Retailer submits any Coupons specially issued by Issuer in cooperation with any law enforcement investigation.
- Issuer determines that Retailer has falsified any information supplied to Issuer.

F. Information Requests From Issuer

Retailer must furnish, upon request, information related to Retailer’s purchases and/or sales of Issuer’s tobacco products. All costs incurred by Retailer to satisfy this requirement shall be borne by Retailer. Examples of information that Issuer might request include but are not limited to:

- Invoices showing Retailer’s purchases of Issuer’s tobacco products during the period when Consumers redeemed the Coupons.
- Register sales tapes, Z-tapes, scan data, etcetera, related to retail sales of Issuer’s tobacco products.
- Any information Issuer deems necessary to verify Retailer’s request for payment and adherence to the Policy.

Issuer will deny payment for all Coupons submitted by Retailer if (1) Retailer fails to furnish all information requested by Issuer or (2) Issuer determines in its sole discretion that Retailer’s purchases or sales of Issuer’s tobacco products are inconsistent with the number of Coupons submitted to Issuer for payment.

G. Additional Terms & Conditions

1. Retailer may not deduct any amount, as payment for Coupons, from any amount owed to Issuer.
2. Retailer must comply with all applicable IRS reporting requirements including obtaining an appropriate taxpayer identification number.
3. In the event a Coupon reimbursement is denied by Issuer or its agent for any reason, Retailer may appeal the decision to Issuer but must do so within six (6) months of the date of the notification of non-payment. Appeals made after six (6) months will not be honored by Issuer.
4. No legal action asserting any legal or equitable claims related in any way to Coupons may be commenced against Issuer more than twelve (12) months after the original date of Retailer’s submission of the Coupons to Issuer. Any claims commenced later than the one year period shall be deemed to be time-barred. If Retailer is a party to a RAITMS Retail Partners Marketing Plan Contract (“RPMPC”) at the time (a) Retailer redeemed any Coupons related to Retailer’s claim or (b) of initiating an action, Retailer may only commence legal action pursuant to the provisions of that RPMPC that require arbitration of disputes. If Retailer is not a party to an RPMPC at the relevant times, any lawsuit shall be filed and conducted in a state or federal court located in Winston-Salem, North Carolina.
5. Failure to enforce any terms or conditions herein shall not be deemed a waiver.
6. Issuer may modify this Policy at any time.

Questions concerning this Coupon Redemption Policy or claims for payment should be directed to RAI Trade Marketing Services Company at: 1-800-974-2227 (choose option 1 for digital coupons, option 2 for traditional paper coupons).