

**Coupon Redemption Policy  
(Effective January 1, 2012)**

Philip Morris USA ("PM USA") Coupons help Retailers grow their business by providing value to Adult Consumers who purchase PM USA Products. PM USA encourages Retailers to accept PM USA Coupons to help build brand and store loyalty. PM USA requires Retailers to abide by to the Coupon Redemption Policy in acceptance and submission of PM USA Coupons.

**Definitions:**

**Adult Consumer** – A person of legal age to purchase PM USA Product in the state or locality in which the purchase occurs.

**Excessive PM USA Coupon Redemption** – Any redemption in excess of payment limits established based on the Retailer's PM USA volume and the prevailing marketplace coupon redemption rate for the particular PM USA brand.

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

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

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

**PM USA Coupon Payment Limit Guidelines** – Procedures describing the redemption of coupons and the application of payment limit adjustments.

**PM USA Product** – Cigarette or non-cigarette brands manufactured and sold by PM USA.

**PM USA Trade Policy** – Policies that, in conjunction with trade programs offered by PM USA, including but not limited to, the Retailer Leaders Program, govern the sale and distribution of PM USA Products.

**Retailer** – Store that accepts PM USA 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 PM USA 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 PM USA Coupons for redemption signifies acceptance of PM USA's Coupon Redemption Policy.
2. PM USA Coupons are intended for Adult Consumers only.
3. Retailer may accept a PM USA Coupon only if presented in a face-to-face transaction with an Adult Consumer. Retailer may not accept PM USA Coupons for a discount on any other PM USA Product than specified on the face of the PM USA Coupon.
4. Retailer may accept only one PM USA Coupon per PM USA Product purchased from an Adult Consumer per visit, unless the PM USA Coupon terms indicate otherwise.
5. An Adult Consumer redeeming PM USA Coupons in connection with the purchase of PM USA Product is responsible for all applicable sales tax *except* in the case of redemption of a PM USA Coupon for a free PM USA Product.
6. Retailers that sell PM USA Product through mail order, telephone, or over the Internet in violation of PM USA Trade Policy are ineligible for PM USA Coupon redemption. Retailers suspended from PM USA trade programs or eligibility for promotional offerings for 12 months or more are ineligible for PM USA Coupon redemption during any such suspension period.
7. PM USA Coupons are good only within, and only for PM USA Products intended for sale in, the United States of America and U.S. Government installations, except where restricted or prohibited by law.
8. PM USA reserves the right to reject any PM USA Coupons Retailer submits for reimbursement that PM USA determines in its sole discretion to have been assigned, transferred, reproduced, altered or improperly redeemed.
9. PM USA's count of PM USA Coupons received from Retailer shall be final and will govern the amount of the payment made to Retailer.
10. Retailer may not deduct outstanding PM USA Coupon reimbursements from any monies owed by Retailer to PM USA.
11. Unless otherwise instructed by PM USA, Retailer may not accept PM USA Coupons submitted by Adult Consumers after the expiration date printed on the PM USA Coupon, and PM USA will not reimburse PM USA Coupons submitted by Retailer later than four months after the PM USA Coupon expiration date.
12. The maximum reimbursement for which Retailers are eligible is the total of the PM USA Coupon face value, the specific handling fee stated on the PM USA Coupon and postage. For a PM USA Coupon reflecting a free product offer, Retailers are eligible to be reimbursed the retail sale price including sales tax and the specific handling fee stated on the PM USA Coupon and postage. Retailers **must** record the retail sale price including sales tax on the PM USA Coupon. **If the amount claimed for reimbursement in connection with a free PM USA product offer is deemed by PM USA to be excessive based on prevailing market prices, PM USA will withhold the amount in excess of the prevailing market price from the Retailer's PM USA Coupon payment.** If the Retailer provides acceptable proof of its PM USA Product sales price, PM USA 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. PM USA reserves the right to request and review information and documentation sufficient to verify Retailer's compliance with the Coupon Redemption Policy. Such information includes, but is not limited to, Retailer's purchases and sales associated with respective PM USA Coupon transactions. Acceptable sales transaction data must list PM USA Products by

- brand name and description of the PM USA brand sold
- brand name and description of the PM USA Coupon
- quantity and type of unit (e.g., pack, carton) sold
- sales transaction quantity and dollar amount
- PM USA Coupon quantity and dollar amount

Retailers must retain at least the most current 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. PM USA reserves the right to withhold PM USA Coupon payments to Retailers for Excessive PM USA Coupon Redemption. A Retailer may appeal a Payment Limit Determination reduction by submitting documentation in an acceptable format as detailed in the PM USA Coupon Payment Limit Guidelines.
16. PM USA reserves the right to withhold PM USA Coupon payments to Retailers for redemption amounts of PM USA Coupons that have been deemed to be Undeliverable Coupons by the U.S. Postal Service.
17. PM USA reserves the right to withhold PM USA Coupon payments to Retailers for excessive redemption amounts of PM USA Coupons that have been deemed to be Out of Area Coupons according to PM USA.
18. All Retailer claims submitted to PM USA for unpaid PM USA Coupon balances must be made within one year of the PM USA Coupon submission. Retailers may not submit claims to PM USA requesting payment for PM USA Coupons that PM USA has not paid as a result of the Retailer's violation of any PM USA Trade Policy or Program.
19. Retailer must ensure that all personnel within Retailer's organization comply with the 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 PM USA Coupon Redemption Policy, as determined by PM USA in its sole discretion, may result in the rejection of all PM USA Coupons submitted for payment and prohibition of Retailer's redemption of PM USA Coupons in the future. Retailers found to have submitted Excessive PM USA Coupon Redemptions may be subject to a minimum of one year suspension of submission of PM USA Coupons.
21. PM USA may change or terminate this PM USA Coupon Redemption Policy at any time upon notice.
22. Retailer or the Retailer's approved clearinghouse should send properly redeemed PM USA Coupons to:

**Philip Morris USA  
CMS Dept. #28200  
1 Fawcett Drive  
Del Rio, TX 78840**

Questions concerning PM USA's Coupon Redemption Policy or claims for PM USA Coupon payment should be directed to the CMS Philip Morris Tobacco Coupon Redemption Line: 1-800-769-6449.