

**PHILIP MORRIS USA INC.
2015 RETAIL LEADERS PROGRAM AGREEMENT
(Display Plan)**

This 2015 Retail Leaders Program Agreement (as such agreement (i) is amended by Addendum No. 1 attached hereto and (ii) may be further amended from time to time, the "Agreement"), by and between Philip Morris USA Inc., a Virginia corporation ("PM USA"), and the party identified below ("Retailer"), sets forth the terms and conditions of the PM USA 2015 Retail Leaders Program – Display Plan (the "Program").

HQ M.A.#:	Territory #:	Retailer Name:	
Retail Control #:		Street Address - Line 1:	
Mgmt. Acct. #:	Indep: <input type="checkbox"/>	Street Address - Line 2:	
<input type="checkbox"/> New Retailer	Chain: <input type="checkbox"/>	City, State, Zip:	
		Last 4 digits of Tax Id#:	Is Tax Id# correct? Yes <input type="checkbox"/> No <input type="checkbox"/>

Effective Date of Agreement:

When executing this Agreement, Retailer must select the Plan, Participation Level and PMO Election for each of its Stores, as indicated below. If Retailer is a Chain, it may execute this Agreement only with respect to the entire Chain or a Chain division. In consideration of Retailer's participation in the Program and performance under this Agreement, PM USA will pay Retailer a Merchandising Payment per Store based on the rates set forth below. For each Store's current Program participation and payment information, please refer to the Website located at www.insightsc3m.com or such other website as may be specified by PM USA from time to time (the "Website").

Number of Stores	Plan	Participation Level	PMO Election	Rate per PM USA Carton
				¢
				¢
				¢
				¢
				¢
				¢
				¢
				¢
				¢

This Agreement includes the following exhibits, which are incorporated by reference and attached to this Agreement and which PM USA may amend at any time (the "Exhibits").

Exhibit	Description of Exhibit
Exhibit A	Definitions
Exhibit B	Participation Level Requirements
Exhibit C	[Intentionally Omitted]
Exhibit D	Merchandising Payments
Exhibit E	Termination and Remedies
Exhibit F	General Terms and Conditions
Exhibit G	General Terms and Conditions of PM USA Promotions
Exhibit H	STARS Calendar

This Agreement also includes Addendum No.1, which amends and is attached to this Agreement. Addendum No. 1 includes Order #129-Remand, Fourth Superseding Consent Order Implementing Corrective-Statements Remedy at Point of Sale (the "Order") attached thereto as Exhibit 1. The Order is also available through the Website.

Retailer Information

Enter Retailer information below. If "Individual" is selected, provide Individual First Name and Individual Last Name. If "Entity" is selected, provide Entity Full Name.

☐ Individual ☐ Entity (e.g., corporation, partnership, or limited liability company)

Individual First Name: _____ (only if "Individual" selected)

Individual Last Name: _____ (only if "Individual" selected)

Entity Full Name: _____ (only if "Entity" selected)

Street Address: _____

City, State, Zip: _____

Telephone Number: _____

Retailer's Officers, Directors, and Senior Managers. Please list each of Retailer's officers, directors, and senior managers. If Entity is selected in Retailer Information above, list Retailer's chief executive officer first.

First Name:		Last Name:		Title:	
First Name:		Last Name:		Title:	
First Name:		Last Name:		Title:	
First Name:		Last Name:		Title:	
First Name:		Last Name:		Title:	

Electronic Notice, Electronic Transactions, and the Website

PM USA, IN ITS SOLE DISCRETION, MAY PROVIDE SOME OR ALL NOTICES AND OFFERS RELATED TO THE PROGRAM OR PM USA PROMOTIONS ELECTRONICALLY THROUGH THE WEBSITE. RETAILER AGREES TO CONDUCT TRANSACTIONS, IF APPLICABLE, AND TO RECEIVE NOTICES AND OFFERS RELATED TO THE PROGRAM OR PM USA PROMOTIONS ELECTRONICALLY THROUGH THE WEBSITE.

Marlboro Product Promotions Acceptance Election.

If Retailer participates in the Program at the Premium Level, then Retailer must participate in Marlboro Product Promotion Acceptance, set forth in Exhibit B. By selecting "No" below, Retailer acknowledges that it will not earn a Merchandising Payment each Quarter.

If Retailer participates in the Program at the Choice Level, then Retailer may elect to participate in Marlboro Product Promotion Acceptance, set forth in Exhibit B. Selecting "No" has no effect on Retailer's Merchandising Payment.

☐ Yes. Retailer will participate in Marlboro Product Promotion Acceptance.

☐ No. Retailer will not participate in Marlboro Product Promotion Acceptance.

2015 Retail Leaders Program Form of Plan-O-Gram

Retailer agrees to merchandise PM USA products and PM USA Cigarette Signs in accordance with the requirements of this Agreement. Retailer is solely responsible for full compliance with the terms and conditions of this Agreement.

Plan Type: _____

POG #: _____

Store #: _____

Retailer: _____

AGDC Account Manager: _____

Retail Control #: _____

Territory #: _____

Mgmt. Acct #: _____

PM USA Share means the greater of:

- ☐ PM USA's share, for a period of time designated by PM USA, of the aggregate cigarette purchases (as reported in STARS) by the Store, or, for any Store that is part of a Chain, all Stores associated with such Store's AGDC management account number = ____%; **or**
- ☐ PM USA's share, for a period of time designated by PM USA, of the aggregate cigarette purchases (as reported in STARS) by all AGDC Workload stores in the zip codes of the AGDC sales territory in which the Store is located, or if the Store is part of a Chain, by all AGDC Workload stores in the zip codes in which any Store associated with such Store's AGDC management account number is located = ____%.

☐ 65% maximum PM USA Share applies.

Retailer Acknowledgement/Signature

By its signature below, Retailer:

1. represents that it has taken all action necessary to, and is authorized to, enter into and sign this Agreement and that neither the execution of this Agreement nor the performance of Retailer's obligations under this Agreement will conflict with, or constitute a breach of, any law, contract, or other legal undertaking;
2. acknowledges and agrees to the terms and conditions of this Agreement, including all Exhibits;
3. acknowledges that it has reviewed and agrees to the PM USA Trade Policies and the Website's Terms of Use;
4. agrees to comply with all federal, state, local, or other laws, regulations, and ordinances applicable to the sale of tobacco products;
5. agrees that this Agreement will not become binding on PM USA until this Agreement is approved by PM USA, as indicated by the signature of the duly authorized AGDC representative below;
6. authorizes PM USA and its affiliates to obtain, and Retailer's suppliers to release, any information requested by PM USA or its affiliates regarding Retailer's purchases and sales of tobacco products;
7. agrees at all times to comply with its obligations under the Agreement with respect to the prevention of underage access to tobacco products; and
8. authorizes PM USA, its affiliates, and third parties contracted by PM USA or its affiliates, to take reasonable actions (including moving products and signs other than PM USA products and PM USA Cigarette Signs), to bring the Stores into initial compliance with the requirements of this Agreement and to maintain such compliance.

This is an electronically executed agreement, which means that the electronically executed document is the original and legally binding agreement between PM USA and Retailer. Any paper version, even if signed, should be regarded only as a courtesy copy. In the event of a conflict between the electronically executed document and any paper version, the electronically executed document will control.

Retailer (Must be signed by an authorized representative)

Philip Morris USA Inc.

By: Altria Group Distribution Company

By: DO NOT SIGN

AGDC Account Manager: DO NOT SIGN

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit A

Definitions

The following terms have the following meanings when used in the Agreement:

“Addendum No. 1” has the meaning set forth on the first page of the Agreement.

“Adulterated” has the meaning set forth in the Family Smoking Prevention and Tobacco Control Act (Public Law 111-31, Section 902; see also 21 U.S.C. § 387(b)).

“AGDC” means Altria Group Distribution Company, a Virginia corporation and an affiliate of PM USA.

“AGDC Workload” means all stores serviced by either (i) an AGDC representative or (ii) a third-party contracted by AGDC to service such stores on AGDC’s behalf.

“ALCS” means Altria Client Services LLC, a Virginia limited liability corporation and an affiliate of PM USA.

“Average PM-CCPM” stands for Average PM USA Consumer Cartons Per Month, which means, with respect to a Store, the total number of cartons of PM USA Cigarettes purchased by such Store from STARS-reporting wholesalers during a STARS Quarter, less returns, divided by three, rounded to two decimal places. All such purchases and returns are as reported in STARS.

“AVT” stands for Age Validation Technology, which means a technological solution, implemented at a Store’s point(s) of purchase, that requires the electronic scan of a consumer’s government-issued identification (e.g., driver’s license) to purchase a tobacco product in order to confirm (i) a consumer date of birth sufficient to purchase tobacco products; and (ii) the consumer-presented identification is not expired, thereby permitting the continuation of the transaction.

“Cap Threshold” has the meaning set forth in Exhibit G, Section 4.B.

“Chain” means three or more retail stores that share common legal ownership or business management.

“Cigarette” means any product that meets the definition of “cigarette” as that term is defined in the Federal Cigarette Labeling and Advertising Act [15 USC Ch. 36] or the Master Settlement Agreement executed November 1998 between forty-six states and certain Manufacturers of Cigarettes.

“Cigarette Sign” means any item, other than a Fixture, Display, or OPM, visible to adult tobacco consumers, that displays a cigarette brand name, trademark, logo, symbol, motto, or selling message, or that advertises cigarettes without displaying a specific cigarette brand; provided, however, that “Cigarette Sign” does not include any message (i) on an electronic display; (ii) visible to adult tobacco consumers only after Retailer has met its age-verification obligations and scanned a cigarette pack in connection with a purchase transaction; and (iii) that advertises savings but does not include any cigarette brand name, trademark, logo, symbol or motto, or words or images describing or depicting the product on which the savings are being provided (e.g., “cigarettes,” “pack,” or “carton,” image of unbranded cigarette pack, etc.).

“Designated Marlboro Packings” means Marlboro Box, Marlboro Gold Pack Box, Marlboro Gold Pack 100’s Box, Marlboro Menthol Box, Marlboro Menthol Gold Pack Box, and any Marlboro Black Packing.

“Display” means a portable cigarette merchandising unit, as determined by PM USA.

“EFT” stands for Electronic Funds Transfer, which means the initiation of credit entries by PM USA, through its affiliates, to Retailer’s identified bank account.

“Exterior Cigarette Sign” means any Cigarette Sign that is either (i) outside a Store or (ii) posted on the inside surface of a Store window and facing outward.

“Fixture” means a stationary merchandising unit, other than an OPM, in which cigarettes are visibly merchandised. A Fixture consists of a fixture header and a fixture body.

“Industry Display” means a Permanent Display that contains fewer than 38 inches of vertical merchandising space and has the capacity to horizontally merchandise cigarette packs, cartons, or promotional product from more than one manufacturer for retail sale to adult tobacco consumers, all as determined by PM USA.

“Interior Cigarette Sign” means any Cigarette Sign inside a Store that is posted to be visible to adult tobacco consumers inside the Store.

“Introductory Period” means, with respect to a New Offering, the period of six months (or such other duration as may be designated by PM USA) after the first retail delivery date for such New Offering.

“Line of Sight” means within reasonable proximity of a Selling Counter and in the full direct view and control of Store personnel at such Selling Counter, all as determined by PM USA.

“Marlboro Performance Options” or **“MPO”** means PM USA Promotions available to Stores participating in the Program at the Premium Level that meet the eligibility requirements communicated in the applicable Promotion Notice.

“Marlboro Product Promotion” means a PM USA Product Promotion on a Marlboro cigarette packing.

“Marlboro Product Promotion Acceptance” has the meaning set forth in Exhibit B, Section 4.

“Master Settlement Agreement” or **“MSA”** means the agreement executed as of November 23, 1998, by certain tobacco product manufacturers and the settling states (as defined in the Master Settlement Agreement). A link to the Master Settlement Agreement can be found on the internet at www.philipmorrisusa.com.

“Merchandising Payment” means a payment for performance made by PM USA, in accordance with Exhibit D, to Retailer with respect to a Store. Merchandising Payments are calculated monthly but paid quarterly.

“New Offering” means, with respect to a Store, a cigarette packing that PM USA offers or allocates to that Store for the first time and which is designated by PM USA as a “New Offering.”

“No Access Store” means a Store that does not allow customers to enter and that has a selling window in front of one or more Selling Counters between the customers and Store personnel.

“Non-Promoted Price” means the price at which a Store would sell a PM USA promoted brand to adult tobacco consumers if no Promotional Allowances were available to reduce the price of such brand.

“NSS” stands for Non-Self-Service, which means a manner of merchandising and selling tobacco products such that they are stored under lock or positioned to prevent direct access by customers, and are sold in a face-to-face exchange with Store personnel.

“Number One,” “Number Three,” and “Number Five” mean, with respect to a location, the position designated as such by PM USA.

“OPM” stands for Overhead Pack Merchandiser, which means a stationary cigarette merchandising unit with cigarettes facing Store personnel that is located above a Selling Counter.

“Order” has the meaning set forth on the first page of the Agreement.

“Participation Level” means the Choice Level or the Premium Level of participation under the Program.

“Permanent Display” means any Display that is in place for more than 30 days in any 60-day period. If different Displays from the same cigarette manufacturer are featured for more than 30 days in the same or approximately the same locations, such Displays are Permanent Displays.

“Plan-O-Gram” means the PM USA-approved diagram prepared in connection with, and attached to, the Agreement, or such other plan-o-gram as approved by PM USA.

“PMO” stands for the Progressive Merchandising Option, which means the option that Retailer may elect with respect to a Store in which Retailer agrees not to merchandise cigarettes or place Cigarette Signs, or brand imagery associated with cigarettes, on, above, or attached to the front of certain Selling Counters, as described in Exhibit B, Section 2.

“PM USA Carton Limit” means 5 cartons of PM USA Cigarettes sold by a Store per day to a single adult tobacco consumer.

“PM USA Cigarette Scan Data” means a Store’s electronic, transaction-level scan data detailing sales of PM USA Cigarettes submitted pursuant to the AGDC Scan Data Program.

“PM USA Cigarettes” means cigarettes sold by PM USA and intended for resale in the United States domestic market.

“PM USA Display” means a Display containing only PM USA Cigarettes, as designated by PM USA.

“PM USA Off-Invoice Promotion” means a PM USA Promotion pursuant to which PM USA reduces by a specified PM USA Off-Invoice Promotional Allowance the price at which PM USA sells PM USA Cigarettes or other PM USA products to its direct customers.

“PM USA Off-Invoice Promotional Allowance” means the monetary amount by which PM USA reduces the price at which PM USA sells PM USA Cigarettes or other PM USA products to its direct customers in connection with the applicable PM USA Off-Invoice Promotion.

“PM USA Product Promotion” means a single pack or multiple specially packaged and marked packs, cartons or other product units of any PM USA product offered by PM USA to its direct customers at a special list price or with a PM USA Off-Invoice Promotional Allowance.

“PM USA Promotion” means any promotion or incentive offered by PM USA in connection with PM USA products.

“PM USA Promotional Allowance” means a PM USA Off-Invoice Promotional Allowance, a PM USA Retail Price Promotional Allowance, or any promotional funds earned under a Marlboro Performance Option, Business Enhancement Funds or Loyalty Fund Program.

“PM USA Retail Price Promotion” means a PM USA Promotion pursuant to which a Store must reduce the Non-Promoted Price at which such Store sells specified PM USA products by no less than a specified amount in consideration of a PM USA Retail Price Promotional Allowance paid directly by PM USA to Retailer with respect to such Store.

“PM USA Retail Price Promotional Allowance” means the monetary amount paid directly by PM USA to Retailer with respect to a Store, in connection with a PM USA Retail Price Promotion.

“PM USA Share” means a percentage equal to the greater of (i) PM USA’s share of the aggregate cigarette purchases, net of returns, (as reported in STARS) by a Store, or, for any Store that is part of a Chain, by all Stores associated with such Store’s AGDC management account number, or (ii) PM USA’s share of the aggregate cigarette purchases, net of returns, (as reported in STARS) by all AGDC Workload stores in the zip codes of the AGDC sales territory in which the Store is located, or if the Store is part of a Chain, by all AGDC Workload stores in the zip codes in which any Store associated with such Store’s AGDC management account number is located.

“PM USA Trade Policies” means policies promulgated by PM USA and made available to Retailer, including but not limited to, policies applicable to contraband PM USA cigarettes and remote cigarette sales, as such policies may be issued, modified, or supplemented from time to time by PM USA.

“Promotion Notice” means a communication or retail trade announcement delivered through the Website, regular mail, electronically, or any other means from PM USA to Retailer containing the PM USA Promotional Allowance amounts, duration, eligibility, and other information regarding a PM USA Promotion.

“Promotion Period” means a period specified by PM USA during which PM USA offers a particular PM USA Promotion.

“Selling Counter” means a horizontal surface in a Store, usually containing one or more cash registers and staffed at all times, that serves as a point of purchase of tobacco products by adult tobacco consumers. Areas behind such surface, including other counters, that a consumer cannot access, are not part of a Selling Counter.

“Signboard” means an Exterior Cigarette Sign that (i) is outside a Store, (ii) is typically attached to a street sign or pole or attached to the side of the Store, or is a freestanding unit, and (iii) uses physically separate letters, numbers, and symbols to advertise cigarettes.

“STARS” means the Store Tracking Analytical Reporting System, which is the system used to capture information relating to weekly shipments of tobacco products to retailers by wholesalers.

“STARS Calendar” means the calendar used by STARS and attached to the Agreement as Exhibit H or as updated on the Website.

“STARS Quarter” means a STARS Calendar quarter.

“STARS Week” means a STARS Calendar week commencing on Sunday and ending on Saturday.

“Store” means any premises in which Retailer engages in the retail sale of tobacco products and with respect to which Retailer participates in the Program under the Agreement.

“Temporary Display” means any Display that is in place for 30 days or fewer in any 60-day period. If different Displays from the same cigarette manufacturer are featured for more than 30 days in the same or approximately the same location, such Displays are Permanent Displays.

“Transaction Area” means the area encompassing a Selling Counter, the area behind such Selling Counter, and any area within a Store that is within the Line of Sight of such Selling Counter.

“Uncapped Store” means a Store that has satisfied the requirements for an “Uncapped Store” set forth in Exhibit G, Section 4.B.(1).

“Website” has the meaning set forth on the first page of the Agreement.

“We Card Items” means the We Card Minimum Age Calendar, the We Card Age of Purchase Stickers, the We Card Fake ID Tip Sheet, and other materials, all produced by We Card Program, Inc. and designed to assist with age verification. A We Card Item or any equivalent item is considered to be a Cigarette Sign for purposes of the Agreement if it includes any cigarette brand name, trademark, logo, symbol, motto, or selling message, or advertises cigarettes without featuring a specific cigarette brand.

“We Card Sign” means a sign produced by We Card Program, Inc. that (i) informs consumers that a Store verifies the age of persons who seek to purchase tobacco products, (ii) informs consumers that the Store does not sell to anyone who is not old enough to purchase tobacco products legally where the Store is located, and (iii) does not contain any Cigarette Signs. A We Card Sign or any equivalent sign will be considered to be a Cigarette Sign for purposes of the Agreement if it includes any cigarette brand name,

trademark, logo, symbol, motto, or selling message, or advertises cigarettes, without featuring a specific cigarette brand.

“We Card Training” means training materials produced by We Card Program, Inc.

Exhibit B
Choice Level and Premium Level Requirements

By choosing to participate in the Program at a particular Participation Level with respect to one or more Stores, Retailer agrees that such Stores will comply with the merchandising, signage, and other requirements applicable to that Participation Level, as set forth below. Retailer may not participate in a Display Plan with respect to a Store that is eligible to participate in a Fixture Plan.

1. Merchandising Requirements.

A. General Requirements.

(1) All cigarette and PM USA product merchandising and sales in a Store must be NSS.

(2) All PM USA Cigarettes in a Store must be merchandised such that they are clearly visible and proximate to adult tobacco consumers.

(3) All space designated to merchandise front-facing cigarette packs in a PM USA Display must be occupied by front-facing PM USA cigarette packs.

(4) Each PM USA Display must visibly merchandise at least six contiguous front-facings of PM USA cigarette packs.

(5) In no event may there be more than three PM USA Displays or three PM USA Cigarette Signs in any Store.

B. Choice Level Requirements. Each Store must (a) display at least one PM USA Interior Cigarette Sign or (b) merchandise PM USA Cigarettes on at least one PM USA Display.

C. Premium Level Requirements. Each Store must (a) display at least one PM USA Interior Cigarette Sign and (b) merchandise PM USA Cigarettes on at least one PM USA Display or one Industry Display.

D. Display Requirements.

(1) If a Store merchandises other manufacturers' cigarettes on Displays, for each such Display, PM USA reserves the right to place a PM USA Display such that the total number of PM USA Displays in such Store equals the total number of non-PM USA Displays in such Store.

(2) A Store's first PM USA Display must be located in the Number One Display location behind the front Selling Counter. If PM USA Cigarettes are merchandised on a second PM USA Display, such PM USA Display must be located in the Number Three Display location behind the front Selling Counter. If PM USA Cigarettes are merchandised on a third PM USA Display, such PM USA Display must be located in the Number Five Display location behind the front Selling Counter.

(3) If a Store merchandises PM USA Cigarettes on an Industry Display, the Store must merchandise at least 16 front-facing packs of PM USA Cigarettes designated by PM USA on the Industry Display in the Number One Industry Display location. PM USA Cigarettes must be placed across the entire top row and contiguously from left to right on successive lower rows thereafter, until such PM USA-occupied space equals the PM USA Share of the Industry Display, subject to a maximum of 65% of such Industry Display. In the space on the Industry Display not used to merchandise PM USA Cigarettes, other manufacturers' cigarettes may be merchandised in any manner Retailer chooses.

E. Signs and OPM Requirements.

(1) Signs.

(a) General Requirements. PM USA has the right to approve the position, number, location, and size of all signs for PM USA products that are displayed, including signs not supplied by PM USA, whether inside or outside a Store. All PM USA Cigarette Signs and PM USA products must be unobstructed.

(b) Interior Cigarette Signs. All PM USA Interior Cigarette Signs must be entirely within 48 inches above or behind the Selling Counter where PM USA Cigarettes are displayed and merchandised, as designated by PM USA.

(i) If a Store displays other manufacturers' Interior Cigarette Signs, for each such Interior Cigarette Sign, PM USA reserves the right to display one PM USA Interior Cigarette Sign such that the total number of PM USA Interior Cigarette Signs in such Store equals the total number of non-PM USA Interior Cigarette Signs in such Store.

(ii) A Store's first PM USA Interior Cigarette Sign must be located in the Number One Interior Cigarette Sign location behind the front Selling Counter. If PM USA places a second PM USA Interior Cigarette Sign, such PM USA Interior Cigarette Sign must be located in the Number Three Interior Cigarette Sign location behind the front Selling Counter. If PM USA places a third PM USA Interior Cigarette Sign, such PM USA Interior Cigarette Sign must be located in the Number Five Interior Cigarette Sign location behind the front Selling Counter.

(c) Exterior Cigarette Signs.

(i) If at any time, other manufacturers' Exterior Cigarette Signs are maintained at a Store, PM USA has the right to require the Store to maintain an equal number of PM USA Exterior Cigarette Signs, up to three, in the Number One, Number Three and Number Five exterior sign locations, respectively, unless prohibited by applicable law or regulation. Any PM USA Cigarette Sign placed in the window of a Store must only be outward facing; provided, however, that a PM USA Cigarette Sign placed in the window of a Store may be both outward and inward facing if it is placed within 48 inches of the Selling Counter where PM USA Cigarettes are displayed or merchandised.

(ii) If a Store has a fuel pump area that includes one or more fuel pump islands, such Store may maintain no more than the following PM USA Exterior Cigarette Signs: either one PM USA Exterior Cigarette Sign on or attached to each fuel pump, or no more than two PM USA Exterior Cigarette Signs, placed on, or attached to the ends of, the fuel pump island. All PM USA Exterior Cigarette Signs, if any, in the fuel pump area will be considered one PM USA Exterior Cigarette Sign.

(2) OPMs. If a Store maintains an OPM, such OPM may display only (a) PM USA Cigarette Signs, (b) other signs authorized by PM USA, or (c) signs that feature the name, logo or slogan of the Store alone or in conjunction with a non-tobacco product or service that either (i) is unbranded or (ii) bears a brand name that is owned by Retailer and only available in its stores.

2. PMO Requirements for Retailers.

A. If, with respect to a Store, Retailer chooses to participate in the PMO, Retailer agrees that such Store will not merchandise cigarettes or place or display Cigarette Signs, or brand imagery associated with cigarettes, on top of, attached to the top of, attached to the vertical surface below the front of, or above the surface of, any Selling Counter in the primary Transaction Area, all as determined by PM USA. The Store may, however, maintain an OPM above the surface of a Selling Counter as long as the cigarettes in such OPM are not visible to consumers standing at such counter and there are no Cigarette Signs on such OPM. Notwithstanding the foregoing, a No Access Store with respect to which Retailer chooses to participate in the PMO may place Cigarette Signs attached to or in the front selling window, on top of, attached to the top of, or above a Selling Counter.

B. In each Store, Retailer must implement AVT at all point(s) of purchase where adult tobacco consumers may purchase tobacco products, and each Store must use AVT to validate the tobacco consumer's age in each transaction that includes one or more tobacco products unless: (i) the adult tobacco consumer's government-issued identification is not capable of being scanned through AVT (e.g., passports, military IDs, driver's licenses without scanning capability); or (ii) the adult tobacco consumer appears to be over the age required by federal law, or over the age required by state or local law, allowing for the sale of a tobacco product without inspection of a government issued identification, whichever is greater.

3. General Requirements. For any Store with respect to which Retailer participates in the Program at the Choice Level or the Premium Level, Retailer must satisfy the following requirements:

A. We Card Signs, Underage Access Prevention Education, and Compliance.

(1) We Card Signs or Equivalent Signs.

(a) Two We Card Signs or equivalent signs must be posted in the following locations at a Store: (i) one sign outward facing at the primary point of entry into the Store or outward facing in a window next to the primary point of entry into the Store; provided, however, that if a Store cannot be entered by customers or if the prescribed placement of We Card Signs or equivalent signs is prohibited by law, PM USA may designate an alternative location for placement of these signs; and (ii) one sign on top of, above, or behind the Selling Counter in the primary Transaction Area, as determined by PM USA, where cigarettes are merchandised and sold. Signs prescribed by a state or other governmental authority that perform a function similar to We Card Signs are considered equivalent signs for purposes of the Agreement. We Card Signs should not be considered a replacement for state or other government-required signs performing a similar function.

(b) One or more We Card Items or equivalent items, as determined by PM USA, must be maintained in a Store on top of, above, or behind any Selling Counter in the primary Transaction Area, as determined by PM USA, where cigarettes are merchandised and sold.

(2) Underage Retail Access Prevention Education.

(a) Retailer must ensure that (i) any current employee who sells tobacco products and has not completed We Card Training or equivalent training prior to the effective date of the Agreement completes such training within 90 days following the effective date of the Agreement, (ii) any new employee who sells tobacco products completes We Card Training or equivalent training within 90 days after beginning employment, and (iii) all employees who sell tobacco products complete We Card Training or equivalent training once every 12 months.

(b) Printed materials supplied by PM USA or a third party designated by PM USA relating to preventing underage access to tobacco must be displayed in a prominent location in each Store.

(3) MSA Compliance. Retailer acknowledges that PM USA is required to comply with the terms of the Master Settlement Agreement. Retailer agrees not to use or advertise any PM USA cigarette brand name, trademark, logo, symbol, motto, or selling message in any way that PM USA may not, including but not limited to, posting any billboard or any Exterior Cigarette Sign in excess of 14 square feet bearing a PM USA cigarette brand name, trademark, logo, symbol, motto, or selling message. Notwithstanding the preceding sentence, a Store may maintain a Signboard that is larger than 14 square feet, provided the total space occupied by all cigarette advertising, as determined by PM USA, does not exceed 14 square feet and PM USA cigarette brands are in the Number One position on the Signboard. The space occupied by cigarette advertising includes vacant portions of the Signboard surrounding cigarette advertising, but does not include portions of the Signboard dedicated to advertising services or products other than cigarettes.

(4) Inventory Levels. At all times, a Store must keep in stock and merchandise at least five packs of undamaged product of each of the Designated Marlboro Packings, not including any PM USA Product Promotions.

(5) New Offerings. If PM USA recommends that PM USA New Offerings be sold in a Store, such Store must accept such New Offerings for sale during the Introductory Period specified by PM USA and must merchandise such New Offerings as specified by PM USA. Participation in any PM USA non-cigarette product distribution is not a condition of Retailer's participation in the Program.

B. Non-Cigarette Merchandising on PM USA Displays and Industry Display. A Store may not merchandise on, attach to, or place on top of any PM USA Display or the Industry Display any non-cigarette merchandise or non-cigarette sign.

C. Minimum Pack Size Requirement. All cigarettes must be sold in packs of at least 20 cigarettes.

D. Website Access Requirement. Retailer must log on to the Website at least once during each quarter. If Retailer does not yet have a valid user account for the Website, Retailer must go to the Website and create such an account, using a valid email address, before logging on.

4. Marlboro Product Promotion Acceptance. If Retailer participates in Marlboro Product Promotion Acceptance, Retailer must meet the requirement set forth below.

A. Retailer authorizes PM USA to order on such Store's behalf, from Retailer's designated STARS-reporting wholesaler, all quantities of each Marlboro Product Promotion offered by PM USA to such Store. Within two STARS Weeks after the first retail delivery date (including the STARS Week during which the first retail delivery date occurs), such Store must purchase at least 85% of such PM USA-ordered quantities. A Store will be measured under this requirement for all ordered Marlboro Product Promotions scheduled for delivery during each STARS Quarter.

B. Notwithstanding the requirement above, Retailer, with respect to a Store, will not be required to purchase in any STARS Quarter Marlboro Product Promotions in aggregate quantities in excess of 10% of such Store's prior year average quarterly Marlboro revenue cigarette purchase volume (or, for a Store that has no such prior year average purchase volume, 10% of the prior year average quarterly Marlboro revenue cigarette purchase volume of stores in the same trade class in the AGDC sales district in which the Store is located), all as reflected in STARS. Such information with respect to each Store will be available on the Website.

5. Additional Premium Level Requirements. For any Store with respect to which Retailer participates in the Program at the Premium Level, Retailer must satisfy the following additional requirements:

A. PM USA Retail Price Promotion Participation Requirement. Each Store must participate in each PM USA Retail Price Promotion for which it is eligible and with respect to which participation is required, as designated by PM USA and announced on the Website. In addition, the Store must at all times during any such required PM USA Retail Price Promotion maintain an inventory of at least one carton or 10 packs of undamaged product of at least one packing or brand subject to such PM USA Retail Price Promotion.

B. Consistent Ordering Requirement. Each Store must purchase at least one carton of any Designated Marlboro Packing, not including PM USA Product Promotions, from a STARS-reporting wholesaler during each of 12 out of 13 STARS Weeks in each STARS Quarter. For determining compliance with this requirement Marlboro Black Box is the only Marlboro Black Packing considered a Designated Marlboro Packing.

C. PM USA Coupons. Unless prohibited by applicable law or regulation, each Store must accept from adult tobacco consumers all valid PM USA-issued coupons for PM USA products sold by such

Store and must comply with the PM USA Coupon Redemption Policy, as modified from time to time by PM USA in its sole discretion.

Exhibit C
Intentionally Omitted

Exhibit D
Merchandising Payments

1. General Requirements.

A. PM USA will pay Retailer with respect to a Store a Merchandising Payment for each quarter during which the Store participates in the Program. For any month in which Retailer participates in the Program with respect to a Store for less than the full month, PM USA will pay Retailer a prorated portion of the Merchandising Payment for that month.

2. Notwithstanding the foregoing, PM USA will not pay Retailer a Merchandising Payment with respect to a Store for any quarter in which Retailer and the Store do not perform at all times in accordance with all applicable requirements of the Agreement.

3. Electronic Funds Transfer. Merchandising Payments will be paid only through EFT. A Merchandising Payment will not be issued to any Store if Retailer has not registered for EFT prior to the end of the quarter for which the Merchandising Payment is being issued.

4. Amount of Merchandising Payments.

A. Calculation of Merchandising Payments at the Choice Level. The amount of the Merchandising Payment earned by Retailer with respect to a Store for each month that the Store participates in the Program is determined by (1) the Participation Level selected by Retailer for such Store and (2) whether Retailer chooses to participate in the PMO for such Store.

B. Calculation of Merchandising Payments at the Premium Level.

(1) The amount of the Merchandising Payment paid by PM USA to Retailer with respect to a Store for each month that the Store participates in the Program is determined by the Store's (a) applicable rate per PM USA Carton and (b) current Average PM-CCPM. Notwithstanding the preceding sentence, Merchandising Payments will not be paid on purchases of PM USA Cigarettes that exceed 10,400 cartons of PM USA Cigarettes per STARS Quarter. If the Agreement is effective for only a portion of a STARS Quarter, such amount will be prorated over the period the Agreement is in effect, and the prorated amount will be the maximum quantity on which Merchandising Payments will be paid during that STARS Quarter.

(2) For the purpose of calculating Merchandising Payments, PM USA will exclude from a Store's Average PM-CCPM all sales of PM USA Cigarettes that are sold to other retail, wholesale, or trade accounts, as determined by PM USA. If Retailer disagrees with PM USA's determination that a portion of its purchases are for sales to other retail, wholesale, or trade accounts, Retailer must demonstrate to PM USA's satisfaction that such purchases were not for such sales.

Exhibit E
Termination and Remedies

1. Termination of the Agreement.

A. PM USA may terminate the Agreement in its entirety or with respect to one or more Stores immediately if PM USA determines that (1) Retailer has failed to fulfill any term or condition of the Agreement, any term or condition of any PM USA Promotion or any other merchandising or promotional agreement with PM USA, or (2) Retailer has violated any PM USA Trade Policy or any federal, state, local, or other law, regulation, or ordinance applicable to the sale of tobacco products.

B. Either Retailer or PM USA may terminate the Agreement in its entirety or with respect to one or more Stores effective 30 days after the delivery of a termination notice to the other pursuant to Exhibit F, Section 25.

C. Retailer agrees that any termination of the Agreement will give PM USA the right to terminate any other agreement by and between PM USA and Retailer as of the date that the Agreement is terminated.

2. Other PM USA Remedies. In addition to the termination rights contained in Section 1, if Retailer violates any of the terms or conditions applicable to any PM USA Promotion or any PM USA Trade Policy, PM USA may exercise the following remedies:

A. PM USA may suspend or terminate Retailer's participation in current PM USA Promotions;

B. Retailer may become ineligible to receive future PM USA Promotions;

C. PM USA may suspend Merchandising Payments; and

D. PM USA may (i) withhold any Merchandising Payments, any allowances offered in connection with PM USA Promotions and any other payments or credits due to Retailer and (ii) offset any overpayments or payments to which Retailer was not entitled against such allowances, Merchandising Payments, or other payments or credits.

Exhibit F
General Terms and Conditions

- 1. Movement of Non-PM USA Items.** Retailer hereby authorizes PM USA, its affiliates, and third parties contracted by PM USA or its affiliates to move any non-PM USA items, including but not limited to, point of sale materials, signs, light boxes, and products (A) from the space that is allocated to the merchandising of PM USA products or the placement of PM USA Cigarette Signs, (B) from the space that is determined by PM USA to be in a PM USA Exterior Cigarette Sign location or in the PM USA Interior Cigarette Sign Number One location, or (C) that obstruct PM USA Cigarettes or any PM USA Cigarette Signs.
- 2. Inventory; PM USA Pack Sales.** Each Store must at all times (A) maintain distribution and an inventory of, and (B) advertise and offer for sale packs of, PM USA Cigarettes, both premium and discount brands, in varieties and quantities adequate to satisfy local market demand, as determined by PM USA.
- 3. Product Freshness and Storage.** Each Store must rotate PM USA Cigarettes on a “first in, first out” basis and remove damaged PM USA Cigarettes from Retailer’s sales inventory. Notwithstanding the preceding sentence, each Store must permit PM USA or its designee to inspect and rotate PM USA Cigarettes and other PM USA products. Each Store must store all PM USA products (A) away from excessive heat and sunlight, (B) away from excessive odors, (C) above floor level, and (D) in accordance with more detailed specifications that PM USA may provide from time to time.
- 4. Product Quality.** Retailer may not directly or indirectly permit PM USA products to become Adulterated.
- 5. Prohibited Sale of PM USA Products.** The sale of damaged or Adulterated PM USA products is prohibited.
- 6. PM USA Carton Limit.** Each Store may sell no more than 5 cartons (or the equivalent quantity in single packs) of PM USA Cigarettes per day to a single adult tobacco consumer in a single transaction or multiple transactions. Each Store must place and maintain at least one PM USA-supplied or approved sign communicating the PM USA Carton Limit in a prominent location clearly visible to adult tobacco consumers behind the front Selling Counter.
- 7. AGDC Scan Data Program.** PM USA Cigarette Scan Data submitted by Retailer pursuant to the AGDC Scan Data Program may be used to measure Retailer’s performance under the Agreement or in connection with any PM USA Promotion. Retailer’s failure to submit PM USA Cigarette Scan Data in accordance with the AGDC Scan Data Program, including the AGDC Scan Data Retail Reporting Requirements, may impact Retailer’s PM USA Retail Price Promotion payments.
- 8. PM USA-Supplied Displays and OPMs; Ownership.** The size and number of all Displays, and OPMs, if any, supplied by PM USA or its affiliates pursuant to the Agreement will be at the sole discretion of PM USA or its affiliates. Retailer acknowledges the ownership by PM USA or its affiliates of all Displays and OPMs provided by PM USA or its affiliates and that PM USA may remove such Displays and OPMs at any time in its sole discretion, unless ownership of such Displays or OPMs has been transferred to Retailer in writing. Neither Retailer nor any Store may modify or alter, or allow others to modify or alter, Displays or OPMs owned by PM USA or its affiliates without the advance written approval of PM USA.
- 9. Entire Store.** Retailer must satisfy the requirements of the Agreement for each Store in its entirety. If Retailer divides any Store, literally, or in effect, into separate parts and does not fulfill the requirements of the Agreement for the entire undivided Store, the entire Store will be deemed to have failed to satisfy the requirements of the Agreement.
- 10. No Financial Harm to PM USA.** Retailer will not be a party to a commercial transaction that directly may result in a financial loss to PM USA including, but not limited to, any transaction that may result in artificially inflating Retailer’s STARS-reported purchase volume of PM USA products.

11. Performance Measurement. PM USA or its designee may inspect any Store, including, without limitation, conducting a physical inventory of all PM USA Cigarettes and other PM USA products purchased by Retailer, to measure Retailer's performance under the Agreement or in connection with any PM USA Promotion.

12. Taxpayer Identification Number. PM USA will make payments associated with the Agreement only if Retailer has provided its taxpayer identification number to PM USA or an affiliate of PM USA. PM USA reserves the right to terminate the Agreement if Retailer fails to submit a valid taxpayer identification number within six (6) months after the effective date of the Agreement.

13. Change in Taxpayer Identification Number or Retailer Information. Retailer will notify AGDC of any change in Retailer's taxpayer identification number or in any of the Retailer Information set forth on page 2 of the Agreement. Retailer will provide such notification as soon as Retailer becomes aware of, but no later than seven days prior to, any change in the previously submitted information. Notwithstanding the preceding sentence, if disclosure no later than seven days in advance is prohibited by law or impracticable under the circumstances, the disclosure will be made as soon as the disclosure is no longer prohibited by law or as soon as is practicable.

14. PM USA Designated Agents. PM USA has designated AGDC as its agent to represent PM USA for purposes of all sales-related activities at wholesale and retail, including, but not limited to, the offering and execution of the Program. PM USA has designated ALCS as its agent to represent PM USA for purposes of financial matters.

15. PM USA Brand Indicia. Retailer recognizes and acknowledges that the PM USA brand names and the designs, emblems, slogans, and insignia of the PM USA brands, and the goodwill associated therewith ("PM USA Brand Indicia"), have great value and are the sole property of PM USA, and Retailer agrees that it has and will claim no right, title, or interest in or to any PM USA Brand Indicia or the right to use any PM USA Brand Indicia except in accordance with the terms and conditions of the Agreement. Retailer also agrees that it will not use any PM USA Brand Indicia in its corporate or trade name and will not use any PM USA Brand Indicia in marketing its business except to promote the sale of PM USA products to adult tobacco product consumers.

16. Confidentiality. Retailer and its employees and agents will hold strictly confidential all information and materials provided by PM USA or any affiliate of PM USA to Retailer that are designated by PM USA as confidential. Retailer will not use or disclose to any third party any such information or materials, without the prior written consent of PM USA. If Retailer is requested or required to disclose such information or materials to a third party in connection with any ongoing civil or criminal investigation or any judicial or administrative proceeding, Retailer will promptly notify PM USA so that PM USA may, if it chooses, seek an appropriate protective order. Retailer's obligation to maintain such confidentiality will survive the termination of the Agreement.

17. Document Retention. Retailer will, and will cause each Store to, maintain complete and accurate books and records and retain all documentation with respect to its performance under the Agreement for a minimum of three calendar years after the date the documentation was created or for such longer period as required by law. Such documentation will include, without limitation, (A) information regarding PM USA product sales as reported from the Store's register system, (B) monthly cigarette revenue and cigarette sales tax information, including sales tax returns, (C) copies of wholesaler invoices for PM USA product purchases, (D) documentation sufficient to evidence full and timely payment of all applicable state and local excise taxes, including state and local excise or use tax returns, (E) documents evidencing that Retailer has all required licenses to operate as a seller of tobacco products in the states in which it sells PM USA products, (F) information regarding returns of PM USA products, and (G) any other information or documentation reasonably requested by PM USA in connection with its exercise of its audit and inspection rights under Section 18.

18. Reasonable Audits and Inspections; Verification of Purchases and Sales. Upon PM USA's request, Retailer will permit PM USA or its designee to audit and inspect, with or without notice, its books, records, documentation, including but not limited to, all licenses, permits, consents, and other authorizations necessary for the conduct of its business, cigarette inventory, Store premises, and all on and off-site cigarette storage locations to evaluate Retailer's satisfaction of its obligations under the Agreement or

Retailer's rights to receive any benefits under the Agreement. If PM USA requests, Retailer will submit full and complete copies of documentation to PM USA or its designee in lieu of, or in addition to, PM USA or its designee conducting an on-site audit or inspection. Audits and inspections may include, or consist only of, physical inventories or physical inspections conducted by or on behalf of PM USA of all cigarettes in Retailer's possession or under its control, and Retailer will cause cigarettes to be conveniently available for such purposes. In addition, Retailer agrees to provide any and all information and documentation requested by PM USA, in a form satisfactory to PM USA, sufficient to verify Stores' cigarette purchases and sales by brand and SKU. Such information and documentation may include the information and documentation set forth in Section 17.

19. Taxes. Any tax liabilities, including but not limited to income, sales, transfer, use, or excise taxes payable in connection with the Merchandising Payments and other transactions contemplated by the Agreement, if any, are the sole responsibility of and will be paid by Retailer.

20. Deductions or Setoff. Retailer agrees that it will not make any deduction from any amount due to PM USA at any time, whether under the Agreement or any other agreement between PM USA and Retailer, and whether under a claim of offset, recoupment, dispute, or otherwise. Retailer agrees, however, that PM USA, may, but is in no way obligated to, recoup, offset, or otherwise reduce or withhold any Merchandising Payment or payment under any other agreement between PM USA and Retailer from or by any outstanding amount due to PM USA from Retailer hereunder or thereunder (including amounts paid in error by PM USA to Retailer).

21. Compliance with Laws. Retailer must comply with all applicable laws, regulations, and ordinances relating to the Agreement, Retailer's performance under the Agreement, and the sale or use of PM USA Cigarettes. Retailer represents and warrants that it has obtained all licenses, permits, consents, and other authorizations necessary for the conduct of its business and that it will maintain all such licenses, permits, consents, and other authorizations in full force and effect throughout the term of the Agreement. Retailer will comply with all federal, state, local, or other laws, regulations, and ordinances applicable to the sale of tobacco products, including the Federal Cigarette Labeling and Advertising Act (15 U.S.C. § 1331 *et seq.*) and the Family Smoking Prevention and Tobacco Control Act (Public Law 111-31; *see also* 21 U.S.C. § 301 *et seq.*). Retailer will promptly disclose to PM USA any conviction of Retailer, its officers, owners, or principals, whether by trial or by plea agreement, for a criminal offense related to the sale or distribution of tobacco products. Retailer must promptly notify PM USA in the event that any of Retailer's obligations under law, contract, or other legal undertaking is or may be inconsistent with any of the terms or conditions of the Agreement.

22. Indemnification. Retailer agrees to indemnify and hold harmless PM USA, its affiliates, and each of their respective officers, employees, directors, and agents from all claims, liabilities, costs, and expenses, including reasonable attorneys' fees, that arise from or may be attributable to any error, omission, misrepresentation, or fault of Retailer, including, but not limited to, Retailer's failure to pay or cause to be paid any applicable state or local excise taxes due on PM USA products purchased or sold by Retailer. Retailer's obligation to indemnify and hold harmless will survive the termination of the Agreement. PM USA will have primary control of the defense or settlement of any such claim; provided, however, that Retailer will have the right to participate at its own expense in the defense or settlement of any such claim that is asserted against Retailer.

23. Attorneys' Fees. In the event that PM USA is required to engage the services of any attorneys for the purpose of enforcing the Agreement, or any provision thereof, PM USA will be entitled to recover its reasonable expenses and costs in enforcing the Agreement or provision, including attorneys' fees.

24. Independent Status. The Agreement is not to be construed to create an association, partnership, joint venture, relation of principal and agent, or employer and employee between PM USA and Retailer or Retailer's employees, agents, or subcontractors, within the meaning of any federal, state, or local law. Retailer is not authorized to and will not enter into any agreement, oral or written, on behalf of PM USA or otherwise obligate PM USA without PM USA's advance, written approval.

25. Notices. If at any time PM USA wishes to give any notice or other communication in connection with the Agreement, including notices of alterations, amendments, or modifications of the Agreement or the termination of the Program, PM USA may deliver such notice or other communication in writing by posting

such notices on the Website, or by using e-mail, mail, fax, or such other means as PM USA determines. All notices and other communications hereunder will be deemed to have been made: (A) if in person, by confirmed facsimile transmission, or by certified or registered mail return receipt requested, when such notice is delivered; (B) if sent by recognized overnight delivery service, the date after it is sent; (C) if sent through e-mail or by postage prepaid first class mail, when such notice is sent; or (D) if posted on the Website, when posted. In each case notice will be provided as follows:

To Retailer: On the Website or at the (1) e-mail address or facsimile number provided by Retailer through the Website or (2) address listed on the Agreement or

To PM USA: By delivery of such notice in writing to Retailer's AGDC representative.

26. Waiver With Respect to the Website. Retailer acknowledges that Retailer's failure to provide and update as necessary a valid email address or to access the Website regularly may result in Retailer's inability to be apprised of updates to the Website and to otherwise receive important information and notices in connection with the Agreement. Retailer waives any and all claims at law or in equity it may have against PM USA that arise out of or relate to Retailer's failure to provide and update as necessary a valid e-mail address or to access the Website regularly, to receive information or notices via e-mail or through the Website, or to otherwise conduct transactions through the Website.

27. NO REPRESENTATION OR WARRANTY. NEITHER PM USA NOR ANY PM USA AFFILIATE WARRANTS, AND EACH SPECIFICALLY DISCLAIMS ANY REPRESENTATION THAT THE INTERNET, ITS EMAIL SYSTEM OR ANY OTHER ELECTRONIC MEANS WILL BE UNINTERRUPTED OR ERROR-FREE. PM USA WILL HAVE NO LIABILITY FOR THE FAILURES OF ITS SERVICE PROVIDERS AND WILL NOT BE RESPONSIBLE FOR ANY UNDELIVERED, MIS-DELIVERED, OR INACCURATE ELECTRONIC MESSAGES.

28. Review of Agreement. Retailer represents that Retailer has read carefully and fully understands the terms of the Agreement. Retailer acknowledges that Retailer is executing the Agreement voluntarily and knowingly, and that Retailer has not relied on any representations, promises, or agreements of any kind made to Retailer in connection with Retailer's decision to accept the terms of the Agreement, other than those set forth in the Agreement.

29. Construction. The parties to the Agreement have had the opportunity to consult legal counsel regarding the terms hereof, and, therefore, the Agreement will not be construed for or against either party hereto.

30. No Conflict. Retailer represents that neither the execution and delivery by Retailer of the Agreement, nor the performance by Retailer of its obligations hereunder will conflict with, result in a breach of, or create in any party the right to terminate, modify, or cancel, any contract or instrument to which Retailer is a party.

31. Disclosure of Participation Level. PM USA may disclose Retailer's participation in the Program (including Retailer's Participation Level), a PM USA Promotion, or any other PM USA promotional offering to any of Retailer's suppliers that has delivered PM USA products to Retailer within 13 weeks prior to such disclosure.

32. Disclosure of Other Retail Locations. Upon PM USA's request, Retailer will provide PM USA the name and address of any other premises engaged in the retail sale of tobacco products, which is owned by Retailer or by any officer, director, or senior manager of Retailer, or in which Retailer or any officer, director, or senior manager of Retailer has an ownership interest, whether directly or indirectly (through another person or entity); provided, however, that Retailer is not required to provide information related to ownership by any officer, director, or senior manager of less than 1% of the outstanding equity securities of any public company.

33. Governing Law. The Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to any conflict of law provisions thereof that would cause the application of the laws of any jurisdiction other than the Commonwealth of Virginia.

34. Submission to Jurisdiction. Each of the parties hereto hereby agrees that all actions, suits, or other proceedings arising out of or relating in any way to the Agreement will be brought only in (A) the General District Court and Circuit Court of the Commonwealth of Virginia, Henrico County or (B) the United States District Court for the Eastern District of Virginia, Richmond Division. Each of the parties hereto hereby knowingly, voluntarily, intelligently, absolutely, and irrevocably waives and agrees not to assert any objection he, she, or it may now or hereafter have to the laying of venue of all actions, suits, or proceedings arising out of or relating in any way to the Agreement in such courts and irrevocably consents to the jurisdiction of such courts for such purposes. Each of the parties hereto hereby knowingly, voluntarily, intelligently, absolutely, and irrevocably waives and agrees not to assert in any such action, suit, or proceeding that he, she, or it is not subject to the personal jurisdiction of such courts or that the action, suit, or proceeding should be transferred to a different venue under *forum non conveniens* principles or statutes embodying such principles. Each party to the Agreement covenants and agrees not to bring any action or proceeding arising out of or relating to the Agreement in any forum not specifically provided for in the Agreement. If either party breaches this covenant, such party must pay the reasonable attorneys' fees and expenses incurred by the other party in connection with such proceedings. The parties agree that this Section 34 will apply even where there are third parties to or involved in an action, suit, or other proceeding covered by this Section 34.

35. Waiver of Jury Trial. RETAILER AND PM USA HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, ARISING OUT OF, OR RELATING TO, THE AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR PM USA TO ENTER INTO THE AGREEMENT.

36. Sovereign Immunity. If Retailer is a corporation or other business entity duly chartered and validly existing pursuant to the laws of a sovereign Indian nation, tribe, band, or other Indian community recognized as such by the federal government, then Retailer hereby waives whatever sovereign immunity it may possess in connection with the enforcement by PM USA of its rights under the Agreement.

37. Changes to the 2015 Retail Leaders Agreement. PM USA may amend the Agreement, in whole or in part, including any Exhibit, from time to time in its sole discretion by providing notice to Retailer in accordance with the terms of the Agreement.

38. Alteration of Terms. No AGDC sales personnel has the authority to modify, amend, or otherwise alter any terms or conditions of the Agreement.

39. Exercise of Rights; Non-Waiver. Neither failure nor delay on the part of either party hereto to exercise any right, power, or privilege hereunder will operate as a waiver or relinquishment thereof, nor will any single or partial exercise of any other right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege.

40. No Assignment. The Agreement may not be assigned by Retailer in whole or in part, either directly or by operation of law.

41. Severability. If any provision of the Agreement is held invalid or unenforceable, the remaining provisions will remain in effect.

42. Entire Agreement. The Agreement constitutes the entire agreement between the parties hereto and supersedes all prior and contemporaneous proposals, discussions, understandings, and agreements, whether oral or written, between the parties on this subject matter.

43. Titles and Headings. The titles, headings, and captions used in the Agreement are used for convenience only and are not to be considered in construing or interpreting the Agreement. All references in the Agreement to parts, sections, paragraphs, subparagraphs, and exhibits, if any, will, unless otherwise provided, refer to parts, sections, paragraphs, and subparagraphs of the Agreement and the exhibits incorporated therein by reference.

44. Retailer Signature. The Agreement must be signed and accepted by an authorized representative of Retailer.

45. Counterparts; Execution. To facilitate execution, the Agreement may be executed in as many counterparts as may be required, and each such counterpart will be deemed to be an original instrument, but all such counterparts together will constitute but a single agreement.

Exhibit G
General Terms and Conditions of
PM USA Promotions

1. PM USA Promotions.

A. General. A Store will be eligible for and may participate in only those PM USA Promotions (1) that are available to such Store during a particular Promotion Period and (2) for which such Store satisfies the eligibility criteria. Prior to the start of each Promotion Period, PM USA will notify Retailer of the PM USA Promotions available to each Store during such Promotion Period. Retailer must comply with all requirements communicated by PM USA via the Website or other Promotion Notice for such PM USA Promotions.

B. Modification or Cancellation of PM USA Promotions. PM USA may modify or cancel any PM USA Promotion at any time.

C. Disclosure of Competitive Promotional Activity. To verify Retailer compliance with certain PM USA Promotions intended to lower the price of PM USA products relative to the price of non-PM USA products, PM USA may at times require Retailer to provide AGDC accurate information regarding manufacturer-funded promotional allowances or price reductions on non-PM USA products, including informing AGDC of any changes to such promotional allowances or price reductions.

2. PM USA Product Promotions. If a Store receives PM USA Product Promotions from any wholesaler, Retailer agrees that such Store will comply with the following requirements:

A. Original Packaging. The Store must sell each PM USA Product Promotion only as originally packaged and must not break up or reconfigure any PM USA Product Promotion in any manner, unless otherwise directed by PM USA in writing.

B. Prohibited Sales of PM USA Product Promotions. The Store may not sell or give away any PM USA Product Promotion: (1) to other retail, wholesale, or commercial purchasers; (2) in any transaction that is not face-to-face to adult tobacco consumers; or (3) otherwise in violation of any of the PM USA Trade Policies.

3. PM USA Off-Invoice Promotions. If a Store receives from any wholesaler PM USA Cigarettes or other PM USA products at prices reduced by PM USA Off-Invoice Promotional Allowances, Retailer agrees that such Store will reduce the selling price for each promoted PM USA product by subtracting from the Non-Promoted Price an amount not less than the amount of the applicable PM USA Off-Invoice Promotional Allowance and comply with all other requirements communicated by PM USA for such promotion.

4. PM USA Retail Price Promotions and Marlboro Performance Options.

A. Payment Details. If a Store participates in and complies fully with the terms of a PM USA Retail Price Promotion or Marlboro Performance Option, PM USA will pay Retailer any applicable PM USA Promotional Allowance offered in connection with such PM USA Promotion based on such Store's purchases of the promoted PM USA products, net of returns, as reported in STARS, except as otherwise communicated by PM USA. Upon request, Retailer must provide to PM USA information and documentation (e.g., scan data, register tapes), in a form satisfactory to PM USA, sufficient to verify each Store's pricing and sales of promoted PM USA products during a designated Promotion Period.

B. Cap Threshold. Retailer will not earn PM USA Promotional Allowances with respect to PM USA Cigarette volume exceeding 800 PM USA cartons per week per Store during any Promotion Period (the "Cap Threshold"). If, however, a Store is an Uncapped Store, the Store will be eligible to earn Promotional Allowances on PM USA Cigarette volume in excess of the Cap Threshold.

(1) For a Store to be an "Uncapped Store," such Store must (a) submit PM USA Cigarette Scan Data in accordance with the AGDC Scan Data Retail Reporting Requirements, and (b)

pass ongoing reviews of such Store's PM USA Cigarette Scan Data to determine if the Store is in compliance with the PM USA Carton Limit. If PM USA verifies the Store's compliance with the PM USA Carton Limit, such Store will be an "Uncapped Store," effective as of the beginning of the STARS Quarter immediately following such verification and will continue to be an Uncapped Store until the Store fails to pass a review by PM USA.

(2) If a Store fails to submit PM USA Cigarette Scan Data or submits PM USA Cigarette Scan Data demonstrating non-compliance with the PM USA Carton Limit, in addition to any other remedies available to PM USA, such Store will fail the review and will cease to be an Uncapped Store. Such Store will not be eligible for Promotional Allowances in excess of the Cap Threshold beginning with the STARS Quarter immediately following the failure of such review. Such Store may again become an Uncapped Store only after it passes a subsequent review by PM USA demonstrating that the Store is in compliance with the PM USA Carton Limit. The Store's status as an Uncapped Store will be effective as of the beginning of the STARS Quarter immediately following the successful passing of such review.

C. Sales Ineligible for Payment. Payment of PM USA Promotional Allowances will be made only for PM USA products sold in accordance with all applicable provisions of the Agreement and the terms and conditions of the applicable PM USA Promotion. Without limiting the foregoing, PM USA Promotional Allowances are not payable on (1) purchases of promoted PM USA products that exceed sales of such products to adult tobacco consumers during a designated Promotion Period, as determined by PM USA, or (2) any sale that:

- (1) is not conducted on a face-to-face basis (e.g., mail order, Internet);
- (2) is made in violation of a PM USA Trade Policy;
- (3) exceeds the PM USA Carton Limit; or
- (4) is made to other retail, wholesale, or trade accounts.

D. Visibility Requirement. With respect to all PM USA Retail Price Promotions and Marlboro Performance Options, Retailer must place and maintain interior point-of-sale signage that advertises the promoted price of each promoted PM USA product in a location visible to adult tobacco consumers, unless otherwise communicated by AGDC.

E. Non-Promoted Price.

(1) In the event of the initiation of a PM USA Retail Price Promotion, an increase in a PM USA Promotional Allowance, or any change in a Store's eligibility or election to participate in any PM USA Retail Price Promotion, PM USA may require that such Store not increase its Non-Promoted Price of the applicable promoted PM USA product offered in the previous Promotion Period for the greater of one full Promotion Period or the announced duration of the PM USA Retail Price Promotion, up to three full Promotion Periods, unless such Store incurs an increase in the cost of such promoted PM USA product (e.g., state excise tax increase or wholesale list price increase by a non-affiliated distributor).

(2) Retailer may not increase a Non-Promoted Price to impede the objective of a PM USA Promotion, which is to reduce the price of PM USA Products to adult tobacco consumers by an amount that is no less than the applicable PM USA Promotional Allowance.

Exhibit H
STARS Calendar (2023)

STARS Week Ending Date	STARS Week	STARS Month	STARS Quarter	MSA Week #
1/7/2023	1	1	Q1 2023	1499
1/14/2023	2			1500
1/21/2023	3			1501
1/28/2023	4			1502
2/4/2023	5	2		1503
2/11/2023	6			1504
2/18/2023	7			1505
2/25/2023	8			1506
3/4/2023	9	3		1507
3/11/2023	10			1508
3/18/2023	11			1509
3/25/2023	12			1510
4/1/2023	13	4	1511	
4/8/2023	14		Q2 2023	1512
4/15/2023	15			1513
4/22/2023	16			1514
4/29/2023	17	1515		
5/6/2023	18	5		1516
5/13/2023	19			1517
5/20/2023	20			1518
5/27/2023	21			1519
6/3/2023	22	6		1520
6/10/2023	23			1521
6/17/2023	24			1522
6/24/2023	25			1523
7/1/2023	26	7	Q3 2023	1524
7/8/2023	27			1525
7/15/2023	28			1526
7/22/2023	29			1527
7/29/2023	30	8		1528
8/5/2023	31			1529
8/12/2023	32			1530
8/19/2023	33			1531
8/26/2023	34	9		1532
9/2/2023	35			1533
9/9/2023	36			1534
9/16/2023	37			1535
9/23/2023	38	10	1536	
9/30/2023	39		1537	
10/7/2023	40		Q4 2023	1538
10/14/2023	41			1539
10/21/2023	42	1540		
10/28/2023	43	1541		
11/4/2023	44	11		1542
11/11/2023	45			1543
11/18/2023	46			1544
11/25/2023	47			1545
12/2/2023	48	12		1546
12/9/2023	49			1547
12/16/2023	50			1548
12/23/2023	51			1549
12/30/2023	52			1550

Addendum No. 1

Retailer Obligations in Connection With DOJ Order

This Addendum No. 1 (this "Addendum"), effective as of May 22, 2023 (the "Addendum Effective Date"), amends and supplements the 2015 Philip Morris USA Retail Leaders Program Agreement by and between PM USA and Retailer (such agreement, as amended by this Addendum, the "Agreement"). Any capitalized term used in this Addendum, but not defined in this Addendum or in any other provision of the Agreement, has the meaning given to such term in the Order. The parties agree as follows:

Notwithstanding any other provision of the Agreement, Retailer will cooperate with PM USA and follow PM USA's instructions to ensure that PM USA is able to comply with its obligations under the Order. To that end, Retailer will comply with the obligations set forth below in this Addendum, as such obligations may be further explained and supplemented by PM USA from time to time in one or more Retail Trade Announcements.

At all times during the Posting Period and the Implementation Period, and consistent with the requirements of the Order, as such requirements may be further explained by PM USA in one or more Retail Trade Announcements, Retailer will:

1. Provide adequate space for the installation of Corrective-Statement Signs and display all provided Corrective-Statement Signs in accordance with the Order. Retailer will allow reasonable access to PM USA, R.J. Reynolds Tobacco Company, Inc., ITG Brands, LLC (each, a "Manufacturer"), and their respective agents and third-party service providers for the installation of such Corrective-Statement Signs. For the avoidance of doubt, after the Corrective-Statement Signs are placed, Retailer will leave each Corrective-Statement Sign in the location in which it was placed by a Manufacturer, its agent, or third-party service provider for the duration of the Implementation Period through June 30, 2025.
 - a. The specific number of Corrective-Statement Signs to be installed in each Participating Retailer Location is dependent on whether the Participating Retailer Location (i) is a Kiosk Store or a Non-Kiosk Store; (ii) has Merchandising Set(s) containing a total of more than 9-horizontal linear feet of visible merchandising space devoted to Covered Brands; and (iii) displays Off-Set Promotional Signage.
 - b. Non-Kiosk Stores.
 - i. Each Non-Kiosk Store will display at least one 348 square inch Corrective-Statement Sign pursuant to the following sign placement hierarchy:
 1. The Corrective-Statement Sign will be (i) attached to and above, or hung above, the main Merchandising Set, as determined by a Manufacturer, its agent, or third-party service provider, with a space of not more than 6" between the top of the Merchandising Set and the bottom edge of the sign; and (ii) in the same plane as the front of the Merchandising Set, unless the configuration of the Merchandising Set and sign attachment or hanging hardware or ceiling attachment point does not allow the Corrective-Statement Sign to be affixed in the same plane as the front of the Merchandising Set and, in such a case, the sign will be affixed vertically but offset from the front plane of the Merchandising Set;
 2. If 1. is not possible given the existing placement of the main Merchandising Set, then the Corrective-Statement Sign will be (i) attached and adjacent, or hung adjacent, to the main Merchandising Set with a space of not more than 6" between the side of the Merchandising Set and the side edge of the sign; (ii) in the same plane as the front of the Merchandising Set, unless the configuration of the Merchandising Set and sign attachment hardware or ceiling attachment point does not allow the sign to be affixed

in the same plane as the front of the Merchandising Set and, in such a case, the sign will be affixed vertically but offset from the front plane of the Merchandising Set; and (iii) at least 48" above the floor;

3. If 2. is not possible given the existing placement of the main Merchandising Set, then the Corrective-Statement Sign will be placed in a highly visible location either (i) within 48" of the main customer entrance, that can be seen by customers as they enter the store, and at least 48" above the floor, or (ii) within 48" of the cash register, that can be seen by customers as they approach or are standing at the cash register/point of sale, and at least 48" above the floor;
 4. If 3. is not possible given the existing placement of the main Merchandising Set, then the Corrective-Statement Sign will be placed (i) perpendicular to the main Merchandising Set, at least 48" above the floor, or (ii) on a wall in front of a recessed Merchandising Set but in a plane parallel to the front of the Merchandising Set, and at least 48" above the floor; or
 5. If none of the above placement positions are possible, then the Corrective-Statement Sign will be placed in a location specified by a Manufacturer, its agent, or third-party service provider.
- ii. Each Non-Kiosk Store that has more than 9-horizontal linear feet of visible Merchandising Set space devoted to Covered Brands, will display two 348 square inch Corrective-Statement Signs.
 - iii. Each Non-Kiosk Store that displays certain promotional signs off the main Merchandising Set, will display one 144 square inch Off-Set Corrective-Statement Sign.
- c. Each Kiosk Store will display one 144 square inch Corrective-Statement Sign (i) near the selling window, in a highly visible location that can be seen by customers as they approach or are standing at the selling window, or (ii) if the Kiosk Store does not have a selling window, then the sign will be installed in a highly visible location, that can be seen by customers as they approach or are standing at the cash register/point of sale or in another location identified by a Manufacturer, its agent, or third-party service provider.
2. Cooperate with and facilitate Photo Audits, In-Person Audits, and rotation of Corrective-Statement Signs:
 - a. During the Posting Period and Rotation Period, Retailer will allow photos to be taken of (i) the main Merchandising Set, (ii) all Corrective-Statement Signs installed in any Participating Retailer Location, and (iii) an example of Off-Set Promotional Signage for Covered Brands, if any, in as many images as are sufficient to show compliance with the Order.
 - b. Retailer acknowledges that: (i) audits will be conducted of compliance with the Order; (ii) in connection with these audits, an Auditor may visit any Participating Retailer Location one or more times to conduct an In-Person Audit; and (iii) each Participating Retailer Location will refrain from interfering with the In-Person Audit.
 - c. During an In-Person Audit, Retailer will allow the Auditor to photograph (i) the main Merchandising Set, (ii) any displayed Corrective-Statement Signs, and (iii) an example of Off-Set Promotional Signage for Covered Brands displayed by the Participating Retailer Location, if any, in as many images as are sufficient to show compliance with the Order or to adequately document noncompliance with the Order.

- d. Retailer will cooperate with the Manufacturers and their respective agents and third-party service providers for the rotation of the Corrective-Statement Signs, which will occur between July 1, 2024 and September 30, 2024.
- 3. Subject to the appeal process described in Section V.7 of the Order, Retailer acknowledges and agrees that it will be subject to, and that PM USA will have the right to impose on Retailer, the remedies described in Part VI (Result of Audit) of the Order, as further explained or supplemented by PM USA from time to time in one or more Retail Trade Announcements. Examples of Major and Minor Noncompliance are included in the Order.
 - a. The consequences of a determination of Minor Noncompliance following an In-Person Audit are:
 - i. Upon a first determination of an incidence of Minor Noncompliance, the noncompliant Participating Retailer Location will be counseled into compliance by the Manufacturers.
 - ii. Upon a second determination of an incidence of Minor Noncompliance, the noncompliant Participating Retailer Location will (1) be counseled into compliance by the Manufacturers and (2) receive a warning letter from the Auditor that a third finding of Minor Noncompliance will result in the requirement to post an additional 144 square inch Corrective-Statement Sign for 120 days.
 - iii. Upon a third determination of an incidence of Minor Noncompliance, the noncompliant Participating Retailer Location will be (1) counseled into compliance by the Manufacturers and (2) required to post an additional 144 square inch Corrective-Statement Sign for 120 days.
 - b. The consequences of a determination of Major Noncompliance following an In-Person Audit are:
 - i. Upon a first determination of an incidence of Major Noncompliance, the noncompliant Participating Retailer Location will be (1) counseled into compliance by the Manufacturers and (2) required to post an additional 144 square inch Corrective-Statement Sign for the remainder of the Implementation Period through June 30, 2025.
 - ii. Upon a second determination of an incidence of Major Noncompliance, the noncompliant Participating Retailer Location will (1) be counseled into compliance by the Manufacturers and (2) owe to each Manufacturer with which it is contracted a payment equal to any price promotion payment owed to the Participating Retailer Location by such Manufacturer for a period of 4 weeks.
 - iii. Upon the third determination of an incidence of Major Noncompliance, the noncompliant Participating Retailer Location will (1) be counseled into compliance by the Manufacturers and (2) owe to each Manufacturer with which it is contracted, a payment equal to any price promotion payment owed to the Participating Retailer Location by such Manufacturer for a period of 13 weeks.
 - iv. Upon a fourth determination of an incidence of Major Noncompliance, the noncompliant Participating Retailer Location will be (1) counseled into compliance by the Manufacturers and (2) suspended for 17 weeks from the Participating Retailer Contracts of each Manufacturer with which it is contracted starting 45 days after the determination of Major Noncompliance.

Exhibit 1

**Order #129-Remand, Fourth Superseding Consent Order
Implementing Corrective-Statements Remedy at Point of Sale**

[The Order begins on the following page]

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,
Plaintiff,

and

TOBACCO-FREE KIDS
ACTION FUND, *et al.*
Plaintiff-Intervenors,

v.

PHILIP MORRIS USA INC., *et al.*,

Defendants,

and

ITG BRANDS, LLC, *et al.*
Post-Judgment Parties Regarding
Remedies.

Civil Action No. 99-CV-2496 (PLF)
Next scheduled court appearance:
None

ORDER # 129 Remand
FOURTH SUPERSEDING CONSENT ORDER IMPLEMENTING THE
CORRECTIVE-STATEMENTS REMEDY AT POINT OF SALE

Upon consideration of the Joint Motion for Fourth Superseding Consent Order Implementing the Corrective-Statements Remedy at Point of Sale, the entire record herein, and following extensive negotiations among the parties to this action, including the United States of America as well as the non-party Retailer Groups, it is hereby ORDERED that:

The corrective-statements remedy under Order #1015 (Dkt. No. 5733; issued Aug. 17, 2006), published as *United States v. Philip Morris USA Inc.*, 449 F. Supp. 2d 1, 938-41 (D.D.C.

2006), *aff'd in part & vacated in part*, 566 F.3d 1095 (D.C. Cir. 2009) (*per curiam*), *cert. denied*, 561 U.S. 1025 (2010), is hereby MODIFIED as set forth below:

**REVISED IMPLEMENTATION SPECIFICATIONS FOR CORRECTIVE
STATEMENTS AT POINT OF SALE**

I. Definitions.

- A. “Acquired Brands” means the Winston, Salem, Kool, and Maverick brands.
- B. “Adjudicator” means a third-party engaged to expeditiously hear appeals from (i) Working Group decisions on Noncompliance Appeals in the circumstances provided in Section V.7, below; and (ii) tie breaking decisions of the Mediator. The Adjudicator’s costs and fees shall be paid for by Manufacturers.
- C. “Audit Period” means a nineteen-week period during which In-Person Audits take place.
- D. “Auditor” means one or more firms unaffiliated with and independent of any Manufacturer and acceptable to Plaintiffs that are retained by a Manufacturer or the Manufacturers to conduct In-Person Audits, review the Photo Database, administer the Tip Line, address and monitor audit results, and report on the same to the Working Group as required by this Order, either itself or through one or more subcontracts.
- E. “Corrective-Statement Signs” means signs to be displayed in Participating Retailer Locations as provided in this Order and designed in accordance with the Style Guide attached hereto as Exhibit A, with the image files used for printing signs provided by the Government.
- F. “Court-Ordered Corrective Statements” means the messages prescribed by Order #72-Remand.

G. “Covered Brand” means any brand of cigarette marketed by a Defendant and any Acquired Brand.

H. “Defendant” means each of the following: Altria Group, Inc., R.J. Reynolds Tobacco Company, Lorillard Tobacco Company, and Philip Morris USA Inc. To the extent any obligations under this Order pertaining to Lorillard Tobacco Company have been transferred to R.J. Reynolds Tobacco Company, as contemplated by the Notice of Transaction Involving Defendants R.J. Reynolds Tobacco Company and Lorillard Tobacco Company (Dkt. No. 6141; filed Apr. 7, 2015), such obligations shall apply to R.J. Reynolds Tobacco Company.

I. “Effective Date” means the date on which this Order is entered.

J. “Final Determination of Noncompliance” means a determination that a Participating Retailer Location is out of compliance with the Participating Retailer’s contractual obligations to Manufacturers under this Order after (i) the timelines for contesting an In-Person Noncompliance Notice have expired without the filing of a timely Noncompliance Appeal, (ii) if a Noncompliance Appeal is timely filed, the Working Group has affirmed the Auditor’s findings of noncompliance and no appeal is permitted, or the timelines for contesting that determination have expired, or (iii) the Adjudicator affirmed the Auditor’s findings of noncompliance and no appeal is permitted, or the timelines for contesting that determination have expired.

K. “Implementation Period” means the twenty-one month period beginning on the first day of the first month following the Posting Period.

L. “In-person Audit” means a visit to a Participating Retailer Location by the Auditor during which the Auditor shall photograph (i) the main cigarette Merchandising Set, (ii) any displayed Corrective-Statement Signs, and (iii) an example of Off-Set Promotional Signage for

Covered Brands displayed by the Participating Retailer Location, if any, in as many images as are sufficient to show compliance with this Order or to adequately document noncompliance with this Order.

M. “In-person Noncompliance Notice” means a letter issued by the Auditor notifying the Participating Retailer Location and the Working Group that the Auditor conducted an In-person Audit of the Participating Retailer Location and found the Participating Retailer Location not compliant with the terms of this Order, and specifically identifying the basis for the Auditor’s finding of noncompliance, as well as whether the Auditor deemed the Participating Retailer Location to be in Major Noncompliance or Minor Noncompliance. The In-person Noncompliance Notice shall be sent to the Participating Retailer Location at the email address provided for notice in the Participating Retailer Contract, and shall also be sent to each member of the Working Group by email. If no email address is available and/or the sender receives a bounce-back or failed delivery message, the In-person Noncompliance Notice shall be sent via overnight delivery.

N. “Kiosk Store” means (1) a Store that does not allow customers to enter and that has a selling window in front of one or more selling counters between the customer and Store personnel, or (2) a Store that is no more than 325 square feet in area, not including restrooms, regardless of whether customers are allowed to enter the Store.

O. “Major Noncompliance” means a failure to post a required Corrective-Statement Sign, or an obstruction of a Corrective-Statement Sign in a manner that results in the Preamble, message, or icon not being visible from the customer’s vantage point, including, but not limited to, the examples given in Exhibit B.

P. "Major Noncompliance Notice" means an In-person Noncompliance Notice that identifies the noncompliance with the terms of this Order to be Major Noncompliance.

Q. "Manufacturer" means a Defendant or ITG Brands, LLC.

R. "Mediator" means a third-party engaged to assist in expeditiously resolving disputes of the Working Group and to cast a tie breaking vote in the event of a tie of the Working Group. The Mediator's costs and fees shall be paid for by Manufacturers.

S. "Merchandising Set" means any rack, shelving, display, or fixture at a Store, including any canopy or header, used in whole or in part to merchandise one or more Covered Brands of cigarettes that are visible to customers.

T. "Minor Noncompliance" means noncompliance with this Order's provisions for the Corrective-Statement Sign other than Major Noncompliance, and is defined to include, but is not limited to, the examples given in Exhibit B.

U. "Minor Noncompliance Notice" means an In-person Noncompliance Notice that identifies the noncompliance with the terms of this Order to be Minor Noncompliance.

V. "Noncompliance Appeal" means a written appeal by a Participating Retailer Location or Working Group member to the Working Group, submitted by email within 14 days after the In-Person Noncompliance Notice is sent by the Auditor, setting forth the basis for challenging the Auditor's finding. A Noncompliance Appeal may accept the finding of noncompliance, but challenge whether the noncompliance constitutes Major Noncompliance. A Noncompliance Appeal may include supporting evidence, which may include photos.

W. "Non-Kiosk Store" means a Store other than a Kiosk Store.

X. “Off-Set Corrective-Statement Sign” means a Corrective-Statement Sign required because of Off-Set Promotional Signage.

Y. “Off-Set Promotional Signage” means Promotional Signage that is not placed within the four corners of the Merchandising Set, which for the avoidance of doubt, includes any canopy or header.

Z. “Participating Retailer” means a retailer that is a party to a Participating Retailer Contract.

AA. “Participating Retailer Contract” means a contract with a retailer that permits the Manufacturer (i) to choose the placement of Covered Brands of cigarettes in or on a Merchandising Set related to Covered Brands or (ii) to approve, place, remove, or require the placement or removal of advertising, marketing, promotional or other informational material that advertises, markets, or promotes its Covered Brands in a Store.

BB. “Participating Retailer Location” means a Store with respect to which a Manufacturer has a Participating Retailer Contract.

CC. “Plaintiffs” means the United States and the Public Health Intervenors.

DD. “Photo Database” means the database maintained and reviewed by the Auditor to which Manufacturer representatives will and Participating Retailers can submit photos of Corrective-Statement Signs as posted in a Participating Retailer Location.

EE. “Photo Noncompliance Notice” means a written letter issued by the Auditor notifying the Participating Retailer Location that the photo submitted of its Participating Retailer Location suggests noncompliance with the terms of this Order.

FF. "POS Corrective Statements" means a modified version of the Court Ordered Corrective Statements using the POS Preamble and dividing the Court Ordered Corrective Statements among 17 distinct messages as reprinted in attached Exhibit A at p. 9.

GG. "POS Preamble" means a modified version of the sourcing language from the Court-Ordered Corrective Statements. In approximately one-half of the Corrective-Statement Signs the shortened preamble text will read "A FEDERAL COURT HAS ORDERED R.J. REYNOLDS TOBACCO & PHILIP MORRIS USA TO STATE:" and in approximately one-half of the Corrective-Statement Signs the shortened preamble text will read "A FEDERAL COURT HAS ORDERED PHILIP MORRIS USA & R.J. REYNOLDS TOBACCO TO STATE:".

HH. "Posting Period" means the three-month period beginning on the first day of the first month following the Ramp-Up Period.

II. "Price Promotion" means any Manufacturer-provided discount on the price of cigarettes that the Participating Retailer must apply to reduce the retail price of cigarettes (*e.g.*, a Manufacturer pays a Participating Retailer an amount equal to \$0.50 per pack of cigarettes to reduce the price of specific Covered Brands of cigarettes by \$0.50 per pack of cigarettes).

JJ. "Promotional Signage" means material displayed at a Participating Retailer Location that advertises, markets, or promotes one or more Covered Brands, but does not include the products themselves or signage that solely identifies brand and price (without using an advertising slogan, tagline, or imagery other than a brand logo or image of a branded cigarette package).

KK. “Public Health Intervenors” means the Tobacco-Free Kids Action Fund, American Cancer Society, American Heart Association, American Lung Association, Americans for Nonsmokers’ Rights, and the National African American Tobacco Prevention Network.

LL. “Qualifying Census Tract” means a U.S. Census tract where (a) twenty percent (20%) or more of the total population of the U.S. Census tract is of Hispanic origin, and (b) twenty percent (20%) or more of the population of Hispanic origin in that U.S. Census tract speaks a language other than English at home and speaks English less than “very well.” U.S. Census tracts shall be determined using the most recent available five-year estimates from the American Community Survey that have been released by the United States Census Bureau as of the Effective Date.

MM. “Ramp-Up Period” means the six-month period beginning on the first day of the first month following the Effective Date.

NN. “Remedies Party” means each of the following: ITG Brands, LLC, Commonwealth Brands, Inc., and Commonwealth-Altadis, Inc.

OO. “Representative Sample” means a sample of Participating Retailer Locations selected using the following method:

1. Sort a list of all Participating Retailer Locations according to the following strata:
 - a. According to the Participating Retailer Location’s presence in one of the four United States Census Regions or its presence in any United States Territory taken as a fifth group;

b. Then within each of those strata, by the volume of Covered Brands of cigarettes shipped to the Participating Retailer Location in the previous 12 months, from most to least.

2. Then draw a sample of 6,000 from the sorted list of Participating Retailer Locations in 19 distinct replicates, as follows:

a. Calculate a sampling interval (SI) using the formula $SI = (19 \times N') / 6,000$ (rounding SI if necessary down to the next integer), where N' is the total number of Participating Retailer Locations in the sorted list;

b. Draw 19 unique random numbers from the interval inclusive of 1 to SI;

c. Create 19 sets of numbers (seeded sets) by using each of the 19 unique random numbers as a seed (S), as follows: { S, S + SI, S + 2×SI, S + 3×SI, ... S + i×SI }, where i is 315 [[i.e., (6,000/19) - 1]]; and

d. Create 19 distinct replicates by using the 19 seeded sets to draw from the sorted list the Participating Retailer Locations at the positions corresponding to the numbers in the set.

PP. “Representative Sample Noncompliance Rate” means the noncompliance rate of the Representative Sample calculated as follows:

$$\frac{\sum_{i=1}^{Total \text{ Sampled retailers}} Retailer_NC_i \times Retailer_sales_i}{\sum_{i=1}^{Total \text{ Sampled retailers}} Retailer_sales_i}$$

This calculation uses the below definitions:

- “Sales” means volume of Covered Brands of cigarettes shipped to the Participating Retailer Location in last 12 months.
- “i” shall be used to denote 1 to the total number of sampled Participating Retailer Location.
- “Retailer_sales_i” equals sales for each sampled Participating Retailer Location “i”
- “Retailer_NC_i” equals (i) 1 if the Participating Retailer Location is found to have one or more incidences of Major Noncompliance or (ii) 0 if Participating Retailer Location is found to have no incidences of Major Noncompliance.

QQ. “Representative Sample Pool” means an audit pool that includes all Participating Retailer Locations nationwide, including those in the Suspected Noncompliance Pool.

RR. “Retailer Groups” means the National Association of Convenience Stores (“NACS”) and the National Association of Tobacco Outlets (“NATO”).

SS. “Rotation Period” means the three-month window comprising months 10, 11, and 12 of the 21-month Implementation Period, after the first two Audit Periods and before the final two Audit Periods.

TT. “Semi-Permanent Display” means an advertising, marketing, or promotional display that requires specialized labor or more expense to install or remove than does a standard Promotional Signage.

UU. “Set-Adjacent Corrective-Statement Sign” means a Corrective-Statement Sign posted because of the presence of a Merchandising Set at a Participating Retailer Location.

VV. "Spanish Version" means the text of the Corrective-Statement Signs translated into Spanish, as set forth in the Style Guide attached to this Order as Exhibit A.

WW. "Store" means a premises where cigarettes are offered for sale to consumers.

XX. "Suspected Noncompliance Pool" means an audit pool consisting of Participating Retailer Locations (a) for which no photo showing compliance has been submitted (to be included in this pool in only the first Audit Period and third Audit Period), (b) that have been flagged as suspected of noncompliance by the Tip Line and not previously been audited based on the Tip Line communication that triggered its inclusion in the Suspected Noncompliance Pool, or (c) that were found in Major Noncompliance via In-Person Audit in the immediately prior Audit Period.

YY. "Tip Line" means a system designed to accept telephonic and online submissions from members of the public concerning incidences of suspected noncompliance with this Order for review by the Auditor.

ZZ. "Working Group" means a group consisting of ten individuals: three individuals appointed by the Department of Justice, two individuals appointed by the Public Health Intervenor, one individual appointed by each of (i) Altria Group, Inc., or Philip Morris USA Inc. (ii) R.J. Reynolds Tobacco Company and (iii) ITG Brands, LLC, and one individual appointed by each of the two Retailer Groups.

II. Display of Corrective-Statement Signs.

1. At each Participating Retailer Location, the Manufacturers shall, during the Implementation Period, communicate the POS Corrective Statements to customers through Corrective-Statement Signs to be displayed in the sizes and locations and on the terms described in Section III, below.

2. The Corrective-Statement Signs displayed in Participating Retailer Locations shall use the POS Preamble and follow the Style Guide attached to this Order as Exhibit A.

3. The Manufacturers shall communicate a Spanish Version of the Corrective-Statements Sign following the Style Guide attached as Exhibit A in each Participating Retailer Location that (i) requires two or more Corrective-Statement Signs under the terms of Section III, below and (ii) is located in a Qualifying Census Tract that Plaintiffs have identified and disclosed to the Manufacturers, the Retailer Groups, and the Auditor within 60 days of the Effective Date. In such Participating Retailer Locations, the Set-Adjacent Corrective-Statement Sign shall be in English and any second Corrective-Statement Sign shall be in Spanish. If a Participating Retailer Location must display more than two signs, the additional sign(s) beyond the first two shall be in English and the Participating Retailer Location may choose which sign to display in Spanish. Where there are two signs in a Participating Retailer Location in Puerto Rico, the Set-Adjacent Corrective-Statement Sign shall be in Spanish and any second Corrective-Statement Sign shall be in English and, if a Participating Retailer Location in Puerto Rico must display more than two signs, the additional sign(s) shall be in Spanish and the Participating Retailer Location may choose which sign to display in English.

III. Set-Adjacent and Off-Set Corrective-Statement Signs.

1. During the Ramp-Up Period, each Manufacturer shall amend or supplement its Participating Retailer Contracts to require, during the Implementation Period, display of a Set-Adjacent Corrective-Statement Sign for Non-Kiosk Stores from one of the Manufacturers as follows:

a. A single 348 sq. in. Corrective-Statement Sign shall be displayed in one of the following locations:

i. The sign shall be: (1) attached to and above, or hung above, the main cigarette Merchandising Set with a space of not more than 6" between the top of the main Merchandising Set and the bottom edge of the sign; and (2) in the same plane as the front of the Merchandising Set unless the configuration of the Merchandising Set and sign attachment or hanging hardware or ceiling attachment point does not allow the sign to be affixed in the same plane as the front of the Merchandising Set and, in such a case, the sign shall be affixed vertically but offset from the front plane of the Merchandising Set;

ii. If (i) is not possible given the existing placement of the Merchandising Set within a Participating Retailer Location, then the sign shall be (1) attached and adjacent, or hung adjacent, to the main cigarette Merchandising Set with a space of not more than 6" between the side of the main Merchandising Set and the side edge of the sign; (2) in the same plane as the front of the Merchandising Set unless the configuration of the Merchandising Set and sign attachment hardware or ceiling attachment point does not allow the sign to be affixed in the same plane as the front of the Merchandising Set and, in such a case, the sign shall be affixed vertically but offset from the front plane of the Merchandising Set; and (3) at least 48" above the floor;

iii. If (i) or (ii) are not possible given the existing placement of the Merchandising Set within a Participating Retailer Location, then in a highly visible

location either (a) within 48" of the main customer entrance, that can be seen by customers as they enter the store, and at least 48" above the floor, or (b) within 48" of the cash register, that can be seen by customers as they approach or are standing at the cash register/point of sale, and at least 48" above the floor, with the choice between (a) and (b) at the Participating Retailer Location's discretion;

iv. If (i), (ii), and (iii) are not possible, then (a) perpendicular to the main cigarette Merchandising Set, at least 48" above the floor, or (b) on a wall in front of a recessed main cigarette Merchandising Set but in a plane parallel to the front of the Merchandising Set, and at least 48" above the floor, with the choice between (a) and (b) at the Participating Retailer Location's discretion; and

v. If (i), (ii), (iii) and (iv) are not possible, then the retailer may request the Working Group for permission to use an alternative placement.

b. In addition, Non-Kiosk Stores with more than 9-horizontal linear feet of visible Merchandising Set space devoted to Covered Brands (which Manufacturers have represented as being approximately 10% of all Participating Retailer Locations), at any given time during the Implementation Period, shall post a second 348 sq. in. Set-Adjacent Corrective-Statement Sign, with placement following the hierarchy of Paragraph a, above, recognizing that it may not be possible to place a second Set-Adjacent Corrective Statement Sign in the same placement as the first Set-Adjacent Corrective Statement Sign.

2. During the Ramp-Up Period each Manufacturer shall amend or supplement its Participating Retailer Contracts to require Non-Kiosk Stores displaying Off-Set Promotional Signage to display during the Implementation Period, in addition to any required Set-Adjacent

Corrective-Statement Signs, a single 144 sq. in. Off-Set Corrective-Statement Sign from one of the Manufacturers placed in a highly visible location within 48" of the main customer entrance of the Store, that can be seen by customers as they enter the store, and at least 48" above the floor. Plaintiffs acknowledge Manufacturers' Participating Retailer Contracts do not require Participating Retailer Locations to place Off-Set Promotional Signage. A Participating Retailer Location is not subject to the contractual requirement to place an Off-Set Corrective-Statement Sign if it does not choose to display Off-Set Promotional Signage.

3. The Manufacturers represent that some Participating Retailer Locations have expended costs for existing Semi-Permanent Displays that feature brand imagery. Any Participating Retailer Location that has such a semi-permanent display that would not otherwise be required to display an Off-Set Corrective Statement Sign may seek an exemption from the requirements of Section III.2 from the Working Group. The Working Group shall grant an exemption if it determines that (1) but for the semi-permanent display an Off-Set Corrective Statement Sign would not be required in the Participating Retailer Location, and (2) it would be unreasonable to expect the Participating Retailer Location to remove the semi-permanent display. The request may be accompanied by evidence in addition to any statement that demonstrates these points.

4. During the Ramp-Up Period each Manufacturer shall amend or supplement its Participating Retailer Contracts to require Kiosk Stores to post during the Implementation Period a single 144 sq. in. Corrective-Statement Sign near the selling window, highly visible to the customer, and that can be seen by customers as they approach or are standing at the selling window. Placement of this Corrective-Statement Sign as a Set-Adjacent Corrective-Statement Sign will not

satisfy this requirement. If a Kiosk Store does not have a selling window, then the Corrective-Statement Sign shall be placed in a highly visible location, that can be seen by customers as they approach or are standing at the cash register/point of sale, or in a location approved by the Working Group prior to the start of the Implementation Period.

5. The Manufacturers represent that the forms of Participating Retailer Contracts most recently provided to the Plaintiffs on March 30, 2022 and June 17, 2022 remain in use and will not be amended or supplemented before the Implementation Period begins to diminish the Manufacturer's rights to (i) require Corrective-Statement Signs and noncompliance remedies in accordance with this Order or (ii) require any Participating Retailer Location to cooperate with In-Person Audits. During the Implementation Period, all Participating Retailer Contracts shall contain the provisions required by this Consent Order that (i) require Corrective-Statement Signs and noncompliance remedies in accordance with this Order, and (ii) require any Participating Retailer Location to cooperate with In-Person Audits, and the Manufacturers shall terminate any Participating Retailer Contract as to which a Participating Retailer refuses to accept such provisions.

6. Within 14 days of the Effective Date, each Manufacturer shall provide Plaintiffs with all of its then-current Participating Retailer Contract forms. Thereafter, until the end of the Implementation Period, any time a Manufacturer revises any Participating Retailer Contract form or establishes a new form, the Manufacturer shall provide Plaintiffs with a copy of that Participating Retailer Contract form no later than the first day such new or revised form takes effect.

IV. Implementation Timeline and Signage Rotation.

1. During the Ramp-Up Period, the Manufacturers shall print an equal number of each of the 17 distinct POS Corrective Statements and begin to distribute Corrective-Statement Signs to Participating Retailer Locations. The Manufacturers shall not distribute the Corrective-Statement Signs in a manner that results in the concentration of any particular POS Corrective Statement in any geographic region, chain of stores, or type of Participating Retailer Location. The Manufacturers shall ensure that each Participating Retailer Location is provided with each Corrective-Statement Sign(s) that it must display in order to comply with its contract and that no Participating Retailer Location receives duplicate Corrective-Statement Sign(s).

2. Manufacturers shall provide appropriate training to their representatives who visit Participating Retailer Locations, covering the existence and provisions of this Order. Manufacturer representatives shall assist Participating Retailer Locations they visit in properly displaying required Corrective-Statement Signs.

3. When a Corrective-Statement Sign is placed by a Manufacturer representative, the Manufacturer representative shall submit photos to the Photo Database of (i) the main cigarette Merchandising Set, (ii) any displayed Corrective-Statement Signs, and (iii) an example of Off-Set Promotional Signage for Covered Brands displayed by the Participating Retailer Location, if any, in as many images as are sufficient to show compliance with this Order.

4. For those Participating Retailer Locations that a Manufacturer representative does not visit during the Posting Period, the Manufacturers shall mail or otherwise deliver required Corrective-Statement Signs to the Participating Retailer Location for posting. Upon posting the required Corrective-Statement Sign(s) during the Posting Period, a Participating Retailer Location

not visited by Manufacturer representatives may, but shall not be required to, submit a photo of the as-posted Corrective-Statement Sign(s) to the Photo Database.

5. During the Rotation Period, each Corrective-Statement Sign required to be posted in a Participating Retailer Location shall be replaced with another Corrective-Statement Sign bearing a different POS Corrective Statement than any POS Corrective Statement previously displayed in that Participating Retailer Location. The Manufacturers shall not distribute the Corrective-Statement Signs in a manner that results in the concentration of any one POS Corrective Statement in any geographic region, chain of stores, or type of Participating Retailer Location. The Manufacturers shall ensure that each Participating Retailer Location is provided with each Corrective-Statement Sign(s) that it must display in order to comply with its contract.

a. When a Corrective-Statement Sign is rotated by a Manufacturer representative, the Manufacturer representative shall submit photos to the Photo Database of (i) the main cigarette Merchandising Set, (ii) any displayed Corrective-Statement Signs, and (iii) an example of Off-Set Promotional Signage for Covered Brands displayed by the Participating Retailer Location, if any, in as many images as are sufficient to show compliance with this Order.

b. For those Participating Retailer Locations that a Manufacturer representative does not visit during the Rotation Period, a Participating Retailer Location, upon posting the required replacement Corrective-Statement Sign(s), may, but shall not be required to, submit a photo of the new as-posted Corrective-Statement Sign(s) to the Photo Database.

6. Any time that a Manufacturer representative visits a Participating Retailer Location and determines that the location is not in compliance with the terms of this Order, the representative shall counsel that Participating Retailer Location into compliance.

V. Audits of Manufacturer Compliance.

1. The Manufacturers shall contract at their own expense with an Auditor to conduct audits of compliance with this Order in a manner consistent with the audit specifications set forth below.

2. Prior to the start of the Implementation Period, each Manufacturer shall amend or supplement its Participating Retailer Contracts to notify Participating Retailers that: (a) audits will be conducted of compliance with this Order; (b) in connection with these audits, an Auditor may visit the Participating Retailer Location one or more times to conduct an In-Person Audit; and (c) the Participating Retailer Location has a contractual obligation to the Manufacturer to refrain from interfering with the In-Person Audit.

3. During the Implementation Period, there shall be four Audit Periods. Two Audit Periods shall occur before the Rotation Period, and two Audit Periods shall occur after the Rotation Period. No In-Person Audits shall occur during the Rotation Period. At the beginning of each Audit Period, each Manufacturer shall provide a list of all Participating Retailer Locations to the Auditor and shall provide copies of its list to Plaintiffs. The list shall specify which Participating Retailer Locations are Kiosk Stores and, for all Participating Retailer Locations shall provide the name, address, number of signs provided, and a unique identifier. The list shall also specify which Participating Retailer Locations are Non-Kiosk Stores with more than 9-horizontal linear feet of visible Merchandising Set space devoted to Covered Brands.

4. Photo Audits.

a. The Auditor shall review photos submitted to the Photo Database during the Posting Period and the Rotation Period on a rolling basis, and within 14 days of the submission of a photo that suggests noncompliance with this Order, issue a Photo Noncompliance Notice to the Participating Retailer Location and the Working Group detailing the basis for such suspected noncompliance, and whether such noncompliance, if confirmed through an In-Person Audit, would be Major Noncompliance or Minor Noncompliance.

b. For a period of 30 days following the issuance of a Photo Noncompliance Notice, the notified Participating Retailer Location may correct any compliance deficiency by submitting a new photo (subject to audit) to the Photo Database showing compliance or by otherwise demonstrating to the Auditor that its display of Corrective-Statement Sign(s) is compliant with this Order. If the Participating Retailer Location fails to demonstrate compliance during the 30-day period following the issuance of a Photo Noncompliance Notice, the Participating Retailer Location shall be added to the list for an In-Person Audit in the Suspected Noncompliance Pool (subject to the limits on the audit sample set forth in Section V.6.b, below).

5. Tip Line.

a. The Manufacturers shall require the Auditor to create a Tip Line for the general public to report suspected noncompliance with this Order. The Auditor shall review tips received from the Tip Line, and, if the Auditor determines that a Participating Retailer Location may not be complying with this Order, the Auditor shall notify the Participating

Retailer Location and the Working Group of such suspected noncompliance and provide a monthly report to the Working Group of all tips received.

b. Any Participating Retailer Location identified through the Tip Line as suspected of noncompliance with this Order shall be added to the Suspected Noncompliance Pool for the current Audit Period on a rolling basis (subject to the limits on the audit sample set forth in Section V.6.b, below). Once the limit of the audit sample set is reached or when there are less than 4 weeks remaining in the then current Audit Period, whichever occurs first, a Participating Retailer Location identified through the Tip Line shall be added to the list of Participating Retailer Locations eligible to be selected by Plaintiffs for an In-Person Audit from the Suspected Noncompliance Pool for the next Audit Period. Any Participating Retailer Location identified through the Tip Line and suspected of noncompliance during the Rotation Period, and selected by Plaintiffs for an In-Person Audit in the Suspected Noncompliance Pool, shall be added to the list for an In-Person Audit in the Suspected Noncompliance Pool for the third Audit Period (subject to the limits on the audit sample set forth in Section V.6.b, below).

c. Any Participating Retailer Location identified through the Tip Line that does not later receive an In-Person Audit during the current Audit Period shall be sent a warning letter from the Auditor notifying the Participating Retailer Location that it was identified through the Tip Line as suspected of noncompliance and reminding the Participating Retailer of its obligations under its Participating Retailer Contract.

6. In-Person Audits. During each Audit Period, the Auditor shall conduct In-Person Audits of Participating Retailer Locations drawn from two separate pools: the Representative Sample Pool and the Suspected Noncompliance Pool.

a. Representative Sample Pool. The Auditor shall designate a Representative Sample of 6,000 Participating Retailer Locations for In-Person Audit during each Audit Period.

b. Suspected Noncompliance Pool. During each Audit Period, the Auditor shall provide the Working Group notice of the Participating Retailer Locations included in the Suspected Noncompliance Pool. In each Audit Period, the Auditor shall conduct an In-Person Audit of up to 4,000 Participating Retailer Locations drawn from the Suspected Noncompliance Pool. If there are more than 4,000 Participating Retailer Locations in the Suspected Noncompliance Pool in any Audit Period, then prior to the beginning of each Audit Period, Plaintiffs shall select the Participating Retailer Locations from the Suspected Noncompliance Pool to be subject to In-Person Audit.

c. If the Auditor determines that any Participating Retailer Location in the audit sample is no longer a Participating Retailer Location, that Participating Retailer Location shall be replaced in the audit sample with a Participating Retailer Location that is (i) in the same United States Census Region or United States Territory and (ii) was shipped a volume of Covered Brands of cigarettes in the last 12 months that is similar to the Participating Retailer Location being replaced.

d. When conducting an In-Person Audit, the Auditor shall make all reasonable efforts not to interfere with the Participating Retailer Location's business activities and, in

any event, shall not interfere with the Participating Retailer Location's business activities any more than is necessary in order to take photos.

e. The Auditor shall evaluate those photos taken during an In-Person Audit to determine whether the Participating Retailer Location is displaying the Corrective-Statement Signs required for that Participating Retailer Location by its revised Participating Retailer Contract. The Auditor shall record any criteria that the Auditor determined in good faith were not satisfied and, in the event of noncompliance, issue an In-Person Noncompliance Notice to the Participating Retailer Location and Working Group by email within 21 days of the In-Person Audit.

f. Once a Participating Retailer Location is selected for an In-person Audit, either in the Representative Sample Pool or the Suspected Noncompliance Pool, the Auditor shall not disclose the identity of selected Participating Retailer Locations to anyone until after the completion of the In-person Audits, at which time the Auditor shall provide a report to the Working Group on the findings of the audit, including the evidence supporting such findings for each audited Participating Retailer Location.

7. Noncompliance Appeals.

a. An In-Person Noncompliance Notice will become a Final Determination of Noncompliance 15 days after it is issued, unless there is a Noncompliance Appeal.

b. Within 14 days of issuance of an In-Person Noncompliance Notice, a Participating Retailer Location or member of the Working Group may submit a Noncompliance Appeal of the Auditor's decision by email to the Working Group.

c. Within 7 days of receiving Noncompliance Appeal, the Working Group shall decide whether to affirm, vacate, or modify the In-Person Noncompliance Notice. If the Working Group decides by the vote of a majority of the members of the Working Group in attendance, including by proxy, to affirm, vacate, or modify the In-Person Noncompliance Notice, it shall immediately, by email, notify the Participating Retailer Location and the Auditor of its decision.

d. A decision on a Noncompliance Appeal of Minor Noncompliance Notice made by the vote of a majority of the members of the Working Group in attendance, including by proxy, at a meeting of the Working Group is final and not subject to appeal.

e. A Working Group decision adverse to the Participating Retailer Location on a Noncompliance Appeal of Major Noncompliance Notice by the vote of a majority of the members of the Working Group in attendance, including by proxy, at a meeting of the Working Group, may be appealed to the Adjudicator by the Participating Retailer Location or a member of the Working Group by email within 7 days following the decision of the Working Group.

f. If there is a tie vote of the members of the Working Group in attendance, including by proxy, at a meeting of the Working Group regarding a Noncompliance Appeal following either a Major Noncompliance Notice or Minor Noncompliance Notice, such decision may be appealed by the Participating Retailer Location or a member of the Working Group by email within 7 days following issuance of the decision of the Working Group. A decision made by the Adjudicator following a tie at the Working Group of

Noncompliance Appeal of a Minor Noncompliance Notice shall be final and not subject to appeal.

g. The Adjudicator's decision on a Noncompliance Appeal of a Major Noncompliance Notice is appealable to the Court by the Participating Retailer Location or a member of the Working Group. Any such appeal shall be submitted within 7 days of the Adjudicator's decision. If the Adjudicator's decision on a Noncompliance Appeal of a Major Noncompliance Notice is adverse and the result of the Major Noncompliance Notice is that the Participating Retailer Location must post an additional Corrective Statement Sign or be subject to other non-monetary consequences, such sign shall be posted or other non-monetary consequences shall occur during any appeal. No required financial payment resulting from a Major Noncompliance Notice shall be due while an appeal is pending.

h. The Court's standard of review for a Noncompliance Appeal decision made by the Adjudicator shall be clear error, regardless of the basis for the appeal.

i. Any Adjudicator decisions under this section must be issued within 14 days of the conclusion of briefing to the Adjudicator.

j. If a Participating Retailer Location establishes that it did not receive Corrective-Statement Sign(s) from a Manufacturer at all, or in insufficient number to fulfill the requirements of Section III above, or that the Corrective-Statement Sign(s) received did not comply with this Consent Order, the Participating Retailer Location shall be deemed compliant with the Participating Retailer's contractual obligations to Manufacturers under this Order. The Manufacturers shall immediately correct the issue that caused the finding of noncompliance. If the noncompliance was discovered during an

In-Person Audit of the Representative Sample Pool, the Participating Retailer Location shall count as noncompliant for purposes of calculating the Representative Sample Noncompliance Rate. This paragraph does not preclude considering contempt against a Manufacturer.

VI. Result of Audit.

1. Minor Noncompliance. With respect to any Participating Retailer Location:

a. Upon the first Final Determination of an incidence of Minor Noncompliance, the noncompliant Participating Retailer Location shall be counseled into compliance by the Manufacturers.

b. Upon the second Final Determination of an incidence of Minor Noncompliance upon, the noncompliant Participating Retailer Location shall be counseled into compliance by the Manufacturers and receive a warning letter from the Auditor that the third finding of Minor Noncompliance will result in the consequences described in Section VI.1.c, below, as shall be set forth in all Participating Retailer Contracts.

c. Upon the third Final Determination of an incidence of Minor Noncompliance, the noncompliant Participating Retailer Location shall be counseled into compliance by the Manufacturers and shall be required to post an additional 144 sq. in. Corrective-Statement Sign for 120 days in one of the locations provided in Section III.1.a or III.2, above.

2. Major Noncompliance. With respect to any individual Participating Retailer Location:

a. Upon the first Final Determination of an incidence of Major Noncompliance, the noncompliant Participating Retailer Location shall be (i) counseled into compliance by the Manufacturers and (ii) required to post an additional 144 sq. in. Corrective-Statement Sign in one of the locations provided in Sections III.1.a or III.2, above, with such additional sign to be posted for the remainder of the Implementation Period. Notwithstanding the foregoing, for Participating Retailer Locations that Manufacturer representatives do not regularly visit and have not visited since the beginning of the Posting Period, upon the first finding at such a Participating Retailer Location of Major Noncompliance after an In-Person Audit, the noncompliant Participating Retailer Location shall (i) be counseled into compliance by the Manufacturers and (ii) receive a warning letter from the Auditor that subsequent findings of Major Noncompliance will result in required payments.

b. Upon the second Final Determination of an incidence of Major Noncompliance, the noncompliant Participating Retailer Location shall (i) be counseled into compliance by the Manufacturers and (ii) owe to each Manufacturer with which it is contracted a payment equal to any Price Promotion for Covered Brands owed to the Participating Retailer Location by each contracted Manufacturer for a period of 4 weeks. The Participating Retailer Location will have 4 weeks to either (i) make the payment to each contracted Manufacturer or (ii) elect to have future payment under its Participating Retailer Contract withheld until the amount of the payment is fully satisfied. In choosing between paying the payment and having future payments withheld, a Participating Retailer Location need not make the same choice with regard to each contracted Manufacturer. If

the Participating Retailer Location does not make the payment by the end of this four-week period or elect to have payments withheld, the unpaid Manufacturers shall withhold future payments owed to the Participating Retailer Location under the Participating Retailer Contract(s) until the payment is satisfied. Once the payment is fully offset, the Manufacturer(s) shall resume payments to the Participating Retailer Location, including the remaining balance of any payment partially offset by the payment. The Participating Retailer Location may pay the outstanding balance at any time even if Manufacturers have started to withhold future payments.

c. Upon the third Final Determination of an incidence of Major Noncompliance, the noncompliant Participating Retailer Location shall (i) be counseled into compliance by the Manufacturers and (ii) owe to each Manufacturer with which it is contracted a payment equal to any Price Promotion for Covered Brands owed to the Participating Retailer Location by each contracted Manufacturer for a period of 13 weeks. The Participating Retailer Location will have 4 weeks to either (i) make the payment to each contracted Manufacturer, or (ii) elect to have future payment under its Participating Retailer Contract withheld until the amount of the payment is fully satisfied. In choosing between paying the payment and having future payments withheld, a Participating Retailer Location need not make the same choice with regard to each contracted Manufacturer. If the Participating Retailer Location does not make the payment by the end of this four-week period or elect to have payments withheld, the unpaid Manufacturers shall withhold future payments owed to the Participating Retailer Location under the Participating Retailer Contract(s) until the payment is satisfied. Once the payment is fully offset, the

Manufacturer(s) shall resume payments to the Participating Retailer Location, including the remaining balance of any payment partially offset by the payment. The Participating Retailer Location may pay the outstanding balance at any time, even if Manufacturers have started to withhold future payments.

d. Upon the fourth Final Determination of an incidence of Major Noncompliance, the noncompliant Participating Retailer Location shall (i) be counseled into compliance by the Manufacturers and (ii) be suspended for 17 weeks from the Participating Retailer Contracts of each Manufacturer with which it is contracted. This suspension period will begin 45 days after the Final Determination of such noncompliance.

3. The Manufacturers shall provide proof of satisfaction of additional signage required by Section VI.1.c and Section VI.2.a, the monetary payments required by Section VI.2.b and VI.2.c, and the suspension from the Participating Retailer Contracts required by Section VI.2.d to the Auditor and the Working Group within 30 days after such actions were required to be completed.

4. Monetary Penalty. If the Auditor finds a Representative Sample Noncompliance Rate greater than fifteen percent (15%) in any of the first, second, or third Audit Periods, and such finding is not subsequently revised below that threshold by challenges to the audit results, then the Manufacturers shall pay a civil penalty to the U.S. Treasury of Three Million Five Hundred Thousand Dollars (\$3,500,000) to be apportioned among the Manufacturers as determined by the Manufacturers. If the Auditor finds a Representative Sample Noncompliance Rate greater than fifteen percent (15%) in the fourth Audit Period, and such finding is not subsequently revised below that threshold by challenges to the audit results, then the Manufacturers shall pay a civil

penalty to the U.S. Treasury of Seven Million Five Hundred Thousand Dollars (\$7,500,000) to be apportioned among the Manufacturers as determined by the Manufacturers. The results of the In-Person Audits of the Suspected Noncompliance Pool shall not be considered in determining whether this monetary penalty provision has been triggered. Any payments under this Section shall be made within 30 days of the penalty accruing.

VII. Working Group.

1. Plaintiffs and Manufacturers shall establish a Working Group to address implementation and compliance questions and any individual circumstances that do not meet this Order's terms. The Working Group may begin fielding implementation questions upon the Effective Date, shall continue providing assistance through the end of the remedy, and is authorized to resolve Noncompliance Appeals as described herein.

2. Attendance of six members of the Working Group, with at least one member representing, including by proxy, each of the Department of Justice, the Public Health Intervenor, the Manufacturers, and the Retailer Groups, and attendance of the Mediator constitutes a quorum for the transaction of business. By unanimous consent of the members of the Working Group otherwise constituting a quorum, the absence of the Mediator may be excused. At any point during any meeting, if less than a quorum is present, the meeting shall adjourn without further notice. A member of the Working Group may participate in a meeting by conference telephone or other remote communications equipment by means of which all persons participating in the meeting can communicate with one another. Participation in a meeting in this manner constitutes presence in person at the meeting. A member of the Working Group may appoint a proxy, including another member of the Working Group, to attend, participate, vote, or otherwise act for the member.

3. At any meeting of the Working Group at which a quorum is present, the vote of a majority of the members of the Working Group in attendance, including by proxy, shall be the act of the Working Group. A written record shall be kept of all acts of the Working Group.

4. The Mediator shall serve and the Adjudicator shall issue decisions, as follows:

a. The Mediator shall attempt to facilitate informal resolution of Working Group disputes. If there is a tie vote of the members of the Working Group in attendance, including by proxy, at a meeting of the Working Group, the Mediator shall vote on the issue to break the tie.

b. The Adjudicator may be asked to hear Noncompliance Appeals on the terms provided in Section V.7 above and to hear appeals from tie-breaking decisions of the Mediator. The Participating Retailer Location, or the member of the Working Group seeking the Adjudicator's appellate review, may submit a brief at the same time as the notice of appeal provided for in Section V.7.e-f above. Any other member of the Working Group or the Participating Retailer Location (if it is not the appellant) may submit a brief in support of the appellant's position within 3 business days of the appellant's notice of appeal. Any other member of the Working Group may submit a brief in opposition to the appellant's position within 7 business days of the appellant's notice of appeal. Briefs submitted to the Adjudicator pursuant to this paragraph may be no more than 5 pages. Any Adjudicator decisions under this section must be issued within 14 days of the conclusion of briefing to the Adjudicator.

c. Linda Singer, Esq. shall serve as the initial Mediator. The Honorable Richard A. Levie (ret.) shall serve as the initial Adjudicator. Should the Mediator or

Adjudicator resign by notice to the Court and members of the Working Group or otherwise become unavailable to serve, the Mediator or Adjudicator may be replaced by unanimous agreement of the members of the Working Group to nominate a new Mediator or Adjudicator, or, if the Working Group cannot so agree, by a replacement appointed by the Court.

d. In the event that one of the Mediator or Adjudicator is temporarily unable to serve, the other shall fill in for the unavailable individual on that issue; in such a circumstance where the Adjudicator fills in for the Mediator on a specific issue, the Mediator shall fill the Adjudicator's role, if any, with respect to that specific issue. For the avoidance of doubt, the Mediator shall not fill the Adjudicator's role with respect to a specific issue in which the Mediator issued a tie breaking vote at the Working Group level.

e. Manufacturers shall pay all fees and costs of the Mediator and Adjudicator, allocated amongst Manufacturers as they see fit.

5. The Retailer Groups' participation in the Working Group will be voluntary, and their status as non-parties invited by the Court to provide input will not change by virtue of this Order or their participation in the Working Group. In the event either or both Retailer Groups opt out of the Working Group, the Manufacturers shall fill the remaining spots on the Working Group by appointing additional individuals to bring the total membership to 10.

VIII. Additional Provisions.

1. This Fourth Superseding Consent Order Implementing the Corrective-Statements Remedy at Point of Sale modifies certain provisions of Order #1015. Where the terms of this Fourth Superseding Consent Order differ from Order #1015, this Fourth Superseding Consent Order will govern.

2. The Corrective-Statement Sign formats specified above and illustrated in Exhibit A are intended to be comprehensive. No Manufacturer shall alter, modify, or add to the specified elements of these formats, and no additional text, images, or other elements may be included, absent approval of a majority of the Working Group or further Order of this Court.

3. The parties agree that, if the parties' (Proposed) Fourth Superseding Consent Order Implementing the Corrective-Statements Remedy at Point of Sale is approved by this Court without modification, then the parties will not challenge on appeal this Fourth Superseding Consent Order, and the specific implementation executions will commence on the schedule specified herein, unless this Court orders otherwise. However, should the Court modify any term or requirement in the parties' (Proposed) Fourth Superseding Consent Order Implementing the Corrective-Statements Remedy, no party waives or abandons any appeal or appellate rights or argument, and the parties reserve the right to seek different requirements than those stated herein.

4. The parties agree to refrain from soliciting or supporting in any way any opposition to this Order from any other person or entity, except by voluntarily providing requested relevant information to another person or entity.

5. Defendants and the Remedies Parties' agreement to these terms and to these executions of the POS Corrective Statements prescribed by Order #72-Remand shall not be deemed or construed as an admission of Defendants or the Remedies Parties, collectively or individually.

6. Nothing in this Order shall be construed as precluding any other relief provided by law, including a finding of contempt.

7. Should there be any stay of the implementation of this Order, any party may petition the Court to vacate this Order and nullify the settlement. Should the Court do so, it will then set this matter for the evidentiary hearing that was previously scheduled to begin on June 13, 2022, at the soonest opportunity.

8. This Fourth Superseding Consent Order is the complete agreement of the parties as to the point of sale remedy and supersedes any prior negotiations, agreements, or understandings of the parties as to the parties' agreement. The terms of this Order cannot be modified or amended without written consent by all parties.

SO ORDERED.

DATED: December 6, 2022


PAUL L. FRIEDMAN
U.S. District Judge

We consent to entry of the above superseding consent order:

Respectfully submitted,

BRIAN M. BOYNTON
Principal Deputy Assistant Attorney General
Civil Division
LISA K. HSIAO, Assistant Director
Consumer Protection Branch

/s/

ADAM E. LYONS
Assistant Director
DANIEL K. CRANE-HIRSCH
JAMES T. NELSON
Senior Trial Attorneys
ZACHARY A. DIETERT
MEREDITH B. HEALY

Trial Attorneys
Civil Division
United States Department of Justice
PO Box 386
Washington, DC 20044-0386
Telephone: 202-532-4406 (Lyons)
adam.e.lyons@usdoj.gov

*Attorneys for Plaintiff United States of
America*

/s/

Scott P. Lewis (pro hac vice)
slewis@andersonkreiger.com
Melissa C. Allison (pro hac vice)
mallison@andersonkreiger.com
Christina S. Marshall (D.C. Bar # MA0022)
cmarshall@andersonkreiger.com
ANDERSON & KREIGER LLP
50 Milk, 21st Floor
Boston, MA 02109
Telephone: 617-621-6500
Fax: 617-621-6660
*Attorneys for the Public Health Plaintiff-
Intervenors*

/s/

Miguel A. Estrada (D.C. Bar No. 456289)
Amir C. Tayrani (D.C. Bar No. 490994)
GIBSON, DUNN & CRUTCHER LLP
1050 Connecticut Avenue, N.W.
Washington, D.C. 20036-5306
Telephone: (202) 955-8257
Fax: (202) 530-9016
mestrada@gibsondunn.com
atayrani@gibsondunn.com

George C. Lombardi
WINSTON & STRAWN LLP
35 W. Wacker Drive
Chicago, IL 60601

Telephone: (312) 558-5969
Fax: (312) 558-5700
glombard@winston.com

*Attorneys for Defendants Altria Group, Inc.
and Philip Morris USA Inc.*

/s/

John M. Gore (D.C. Bar No. 502057)
Jon G. Heintz (pro hac vice)
Jones Day
51 Louisiana Avenue, N.W.
Washington, D.C. 20001-2113
Telephone: (202) 879-3939
Fax: (202) 626-1700
jmgore@jonesday.com
jheintz@jonesday.com

Jeffrey A. Mandell (D.C. Bar No. 999791)
Stafford Rosenbaum LLP
222 West Washington Avenue, Suite 900
Madison, Wisconsin 53703
Telephone: (608) 256-0226
Fax: (608) 259-2600
jmandell@staffordlaw.com

*Attorneys for Defendant R.J. Reynolds
Tobacco Company (individually, as
successor in interest to Brown & Williamson
Tobacco Corporation, and as successor to
Lorillard Tobacco Company)*

/s/

Elizabeth B. McCallum (D.C. Bar No.
451361)
BAKER & HOSTETLER LLP
1050 Connecticut Avenue, N.W.
Washington, D.C. 20036-5304
Telephone: (202) 861-1500
Fax: (202) 861-1783

*Attorneys for Post-Judgment Parties
Regarding Remedies ITG Brands, LLC,*

*Commonwealth Brands, Inc. and
Commonwealth-Altadis, Inc.*

Exhibits

Exhibit A—Revised Style Guide for Corrective-Statement Signs (including Spanish language)

Exhibit B—Examples of Major/Minor Noncompliance

Exhibit A



GUIDELINES FOR COURT-ORDERED CORRECTIVE- STATEMENTS SIGNS AT RETAIL POINTS OF SALE

July 2022

TABLE OF CONTENTS

- 3 Overview**
- 4 POS Corrective-Statements Signs Architecture**
- 7 POS Corrective-Statements Signs Elements / English**
- 10 POS Corrective-Statements Signs Elements / Spanish**
- 13 POS Corrective-Statements Signs Size Variations**
- 15 General Rules**

OVERVIEW

A Federal Court Order requires “POS Corrective-Statements Signs” to be displayed with certain cigarette merchandising sets and off-set cigarette marketing material at retail points of sale.

These guidelines explain the POS Corrective-Statements Signs’ design and display.

All POS Corrective-Statements Signs must comply with these guidelines.

POS CORRECTIVE-STATEMENTS SIGNS ARCHITECTURE

4

Guidelines for Court-Ordered POS Corrective-Statements Signs

Exhibit 1

9580747622

POS CORRECTIVE-STATEMENTS SIGNS ARCHITECTURE

This is the basic architecture of the POS Corrective-Statement Sign. Although the substantive statements vary in length, the containers in which they are presented should all follow these instructions. The asterisk icon is always on the left side of the POS Corrective Statement, and the preamble is always in an aqua blue box that is designed at 25% of the entire container. There are two versions of the preamble. The POS Corrective-Statements Signs come in two sizes - 348 and 144 square inches - in both a rectangular and square orientation.



POS CORRECTIVE-STATEMENTS SIGNS DESIGN / TYPOGRAPHY / COLOR PALETTE

A FEDERAL COURT HAS ORDERED
R.J. REYNOLDS TOBACCO &
PHILIP MORRIS USA TO STATE:



More people die every
year from smoking
than from murder,
AIDS, suicide, drugs,
car crashes, and
alcohol, combined.

Helvetica Bold used for the preamble.

ABCDEFGHIJKLMNOPQRSTUVWXYZ

Tisa Pro Bold used for the factual statements.




ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz 0123456789!@#%&*{,.:''?)

Tisa Pro Black used for the words of a factual statement that show in heavy type.

ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz 0123456789!@#%&*{,.:''?)

Color Palette

POS Corrective-Statements Signs use
this color palette.

	Aqua Blue		Magenta		Rich Black 4c
	C: 50		C: 15		C: 30
	M: 0		M: 94		M: 30
	Y: 17		Y: 26		Y: 30
	K: 0		K: 0		K: 100
	R: 119		R: 209		R: 0
	G: 205		G: 50		G: 0
	B: 214		B: 119		B: 0

POS CORRECTIVE-STATEMENTS SIGNS ELEMENTS / ENGLISH

7

Guidelines for Court-Ordered POS Corrective-Statements Signs

Exhibit 1

9580747625

PREAMBLE VARIATIONS / ENGLISH

There are two versions of the preamble in English.

Preamble One / English


















**A FEDERAL COURT HAS ORDERED
R.J. REYNOLDS TOBACCO & PHILIP MORRIS USA TO STATE:**

Preamble Two / English

**A FEDERAL COURT HAS ORDERED
PHILIP MORRIS USA & R.J. REYNOLDS TOBACCO TO STATE:**

17 POS CORRECTIVE-STATEMENTS SIGNS / ENGLISH

There are 17 versions of the POS Corrective-Statements Signs in English.

 Smoking kills, on average, 1,200 Americans. Every day.	 More people die every year from smoking than from murder, AIDS, suicide, drugs, car crashes, and alcohol, combined.	 Smoking causes heart disease, emphysema, acute myeloid leukemia, and cancer of the mouth, esophagus, larynx, lung, stomach, kidney, bladder, and pancreas.	 Smoking also causes reduced fertility, low birth weight in newborns, and cancer of the cervix.
 Smoking is highly addictive. Nicotine is the addictive drug in tobacco.	 Cigarette companies intentionally designed cigarettes with enough nicotine to create and sustain addiction.	 It's not easy to quit.	 When you smoke, the nicotine actually changes the brain—that's why quitting is so hard.
 Many smokers switch to low tar and light cigarettes rather than quitting because they think low tar and light cigarettes are less harmful. They are not.	 "Low tar" and "light" cigarette smokers inhale essentially the same amount of tar and nicotine as they would from regular cigarettes.	 All cigarettes cause cancer, lung disease, heart attacks, and premature death—lights, low tar, ultra lights, and naturals. There is no safe cigarette.	 Altria, R.J. Reynolds Tobacco, Lorillard, and Philip Morris USA intentionally designed cigarettes to make them more addictive.
 Cigarette companies control the impact and delivery of nicotine in many ways, including designing filters and selecting cigarette paper to maximize the ingestion of nicotine, adding ammonia to make the cigarette taste less harsh, and controlling the physical and chemical make-up of the tobacco blend.	 There is no safe level of exposure to secondhand smoke.	 Secondhand smoke kills over 38,000 Americans each year.	 Secondhand smoke causes lung cancer and coronary heart disease in adults who do not smoke.
 Children exposed to secondhand smoke are at an increased risk for sudden infant death syndrome (SIDS), acute respiratory infections, ear problems, severe asthma, and reduced lung function.			

POS CORRECTIVE-STATEMENTS SIGNS ELEMENTS / SPANISH

PREAMBLE VARIATIONS / SPANISH

There are two versions of the preamble in Spanish.

Preamble One / Spanish

**UNA CORTE FEDERAL HA ORDENADO A R.J. REYNOLDS TOBACCO
Y PHILIP MORRIS USA A REALIZAR LA SIGUIENTE DECLARACIÓN:**

Preamble Two / Spanish

**UNA CORTE FEDERAL HA ORDENADO A PHILIP MORRIS USA
Y R.J. REYNOLDS TOBACCO A REALIZAR LA SIGUIENTE DECLARACIÓN:**

17 POS CORRECTIVE-STATEMENTS SIGNS / SPANISH

There are 17 versions of the POS Corrective-Statements Signs in Spanish.

 Fumar mata, en promedio, a 1200 estadounidenses. Cada día.	 Más personas mueren cada año a consecuencia de fumar que por asesinatos, SIDA, suicidios, drogas, accidentes automovilísticos y alcohol, combinados.	 Fumar causa enfermedades cardíacas, enfisema, leucemia mieloide aguda y cáncer de boca, esófago, laringe, pulmón, estómago, riñón, vejiga y páncreas.	 Fumar también causa disminución de la fertilidad, bajo peso en recién nacidos y cáncer de cuello uterino.
 Fumar es altamente adictivo. La nicotina es la droga adictiva presente en el tabaco.	 Las compañías fabricantes de cigarrillos intencionalmente diseñaron cigarrillos con suficiente nicotina para crear y mantener la adicción.	 No es fácil dejar de fumar.	 Cuando usted fuma, la nicotina de hecho provoca cambios en el cerebro—por eso es tan difícil dejar de fumar.
 Muchos fumadores cambian a cigarrillos con bajo contenido de alquitrán y a cigarrillos “lights” en vez de dejar de fumar porque piensan que los cigarrillos con bajo contenido de alquitrán y los cigarrillos “lights” son menos perjudiciales. No lo son.	 Los fumadores de cigarrillos con “bajo contenido de alquitrán” y de cigarrillos “lights” inhalan básicamente la misma cantidad de alquitrán y de nicotina que inhalarían de cigarrillos regulares.	 Todos los cigarrillos causan cáncer, enfermedades pulmonares, ataques al corazón y muerte prematura—sean “lights”, con bajo contenido de alquitrán, “ultra lights”, suaves o naturales. No hay cigarrillos seguros.	 Altria, R.J. Reynolds Tobacco, Lorillard and Philip Morris USA han intencionalmente diseñado los cigarrillos para hacerlos más adictivos.
 Las compañías fabricantes de cigarrillos controlan el impacto y el suministro de nicotina de muchas maneras, incluso en el diseño de filtros y en la selección del papel para cigarrillos con el fin de aumentar el nivel de la nicotina de nicotina, añadiendo azúcar para hacer menos seguro el sabor de los cigarrillos y controlando la composición física y química de la mezcla del tabaco.	 No existen niveles seguros de exposición al humo de tabaco ambiental.	 El humo de tabaco ambiental mata a más de 38,000 estadounidenses cada año.	 El humo de tabaco ambiental causa cáncer de pulmón y enfermedades coronarias en adultos que no fuman.
 Los niños expuestos al humo de tabaco ambiental tienen un mayor riesgo de síndrome de muerte infantil súbita, infecciones respiratorias agudas, problemas de oído, asma grave y reducción de la función pulmonar.			

POS CORRECTIVE-STATEMENTS SIGNS SIZE VARIATIONS

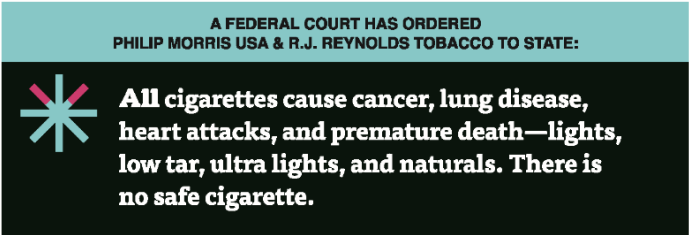
POS CORRECTIVE-STATEMENTS SIGNS / SIZE VARIATIONS

The images below are representations, that show some distortion, and are not actual size. Final outputs should be printed at 100% for in-store placement. The preamble box is designed at 25% of the container's total area.

348 SQ INCH



18.655" X 18.655"



32" X 10.875"

Note: All preamble boxes have been sized at 25% of the container's total area.

144 SQ INCH



12" X 12"



20" X 7.2"

GENERAL RULES

POS CORRECTIVE-STATEMENTS SIGNS / INCORRECT USAGE

POS Corrective-Statements Signs must be printed on (i) 18pt – 20pt card stock or material with similar durability and stiffness or (ii) vinyl or material with similar durability and stiffness.

Incorrect Usage

- 1 Never change the colors
- 2 Never rotate the corrective container
- 3 Never distort the proportion
- 4 Never add a drop shadow
- 5 Never add type elements
- 6 Never change the opacity
- 7 Never change the artwork to include a graphic frame.
- 8 A physical frame is permitted for support as long as no graphics are obscured
- 9 Never change the proportions
- 10 Never change the position of elements



POS CORRECTIVE-STATEMENTS SIGNS / CLEARANCE & PLACEMENT

The Consent Order sets forth the precise requirements for placement of the POS Corrective-Statement Signs. These images show only some examples of potential POS Corrective-Statement Sign placement.

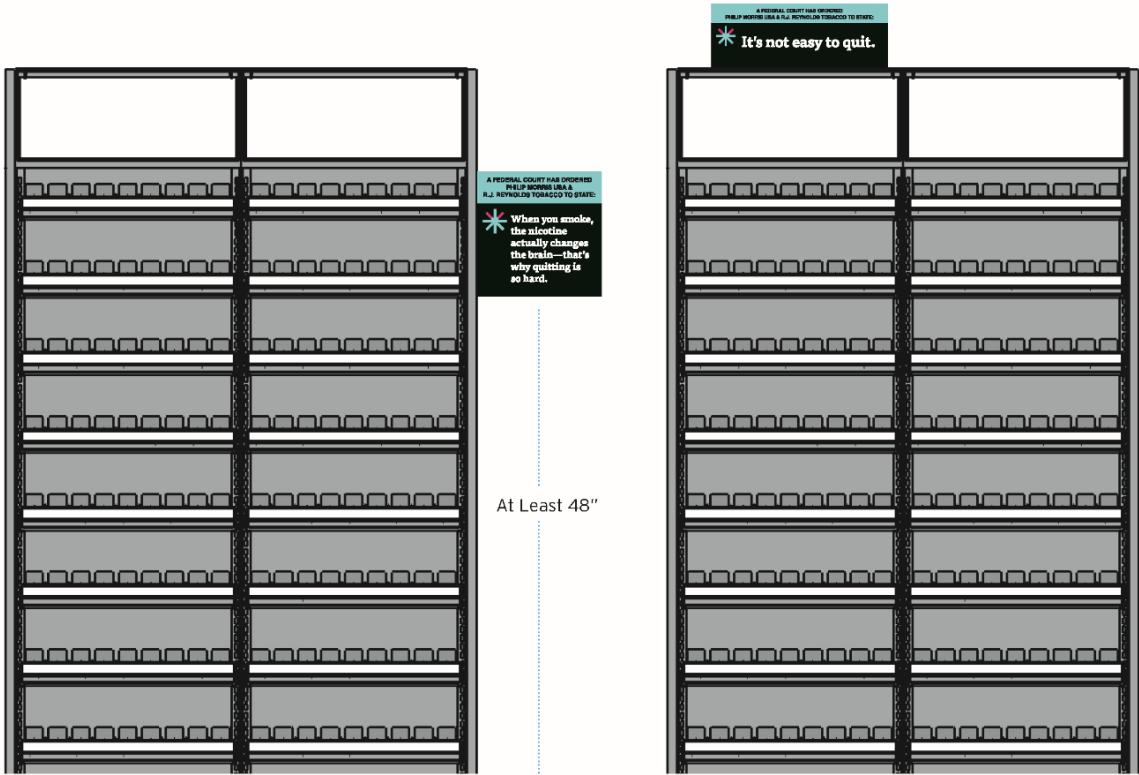


Exhibit B

Examples Of Major And Minor Noncompliance

I. Examples Of Major Noncompliance

A retail location comes into major noncompliance by:

1. Failing to post any sign that it is required to post
2. Posting a sign in a location that results in the message (Preamble or corrective statement) not being visible from the customer's vantage point
3. Obstructing any portion of the message (Preamble or corrective statement) or icon on any sign that it is required to post
4. Defacing or damaging a sign in any way that renders unreadable from the customer's vantage point any portion of the message (Preamble or corrective statement) on any sign that the location is required to post
5. Taking down a sign that it is required to post before expiration of the Full Implementation Period
6. Placing an on-set sign in a position in the hierarchy that is lower than possible, where the location has previously been found noncompliant on this basis via in-person audit. *E.g.:*
 - Placing a sign in position #3 when position #1 or #2 is possible, after the location was found noncompliant via in-person audit for placing a sign in position #3 when #1 or #2 is possible.
7. Failing to rotate its sign as required, as determined in an in-person audit, unless the retail location has uploaded a photo showing compliance with the rotation requirement within 30 days of the finding of noncompliance.
8. Posting a sign in English where it is required to post a sign in Spanish, where the location has previously been found noncompliant on this basis via in-person audit

II. Examples Of Minor Noncompliance

A retail location comes into minor noncompliance by:

1. Obstructing any portion of a sign other than the message (Preamble or corrective statement) or icon
2. Placing an on-set sign in a position in the hierarchy that is lower than possible, unless the location has previously been found noncompliant on this basis via in-person audit. *E.g.:*
 - A retail location placing a sign in position #3 when position #1 or #2 is possible.

3. Posting a sign whose message is visible to customers but not in the precise location required. *E.g.*:
 - An on-set sign that is up to 12" lower than 48" (*i.e.*, between 36" and 48") but whose message is still visible from the customer's vantage point;
 - An on-set sign that is not exactly in the same plane as the fixture but whose message is still visible from the customer's vantage point;
 - An off-set sign that is up to 12" farther from the main entrance than 48" (*i.e.*, between 48" and 60" from the main entrance)
4. Posting a sign in English where it is required to post a sign in Spanish, unless the location has previously been found noncompliant on this basis via in-person audit