

**R. J. REYNOLDS TOBACCO COMPANY  
RETAIL PARTNERS MARKETING PLAN CONTRACT  
SELF-SERVICE PACK OUTLET - LEVEL 1/2**

R. J. Reynolds Tobacco Company (RJR) is pleased to announce the following Retail Partners Marketing Plan for retail accounts that meet the following criteria:

- Cigarettes represent less than 80% of All Commodity Volume (ACV) for inside sales.
- 51% or more total industry volume sold by the pack in retail outlets where purchases are intended to be quick and convenient evidenced by such factors as limited SKU selection, few registers for product purchases and convenient parking.
- Minimum of 17 cartons of RJR brands sold per week and 100 cartons per week (CPW) industry volume.
- Distribution of RJR brands in all price tiers as required.

Retailers not meeting the above requirements should discuss other available merchandising alternatives with an RJR Representative.

**MERCHANDISING / PRESENCE PROGRAM ELEMENTS**

**Level 1 Requirements**

- One self-service RJR Full Price Priority Brand and one RJR Savings Priority Brand display (self-service or non-self-service as designated by RJR) will be maintained in primary line of sight. Displays will occupy the #1 or #2 positions as defined by RJR.
- Retailer will maintain a minimum of 40 total displayed RJR pack facings.

**Level 2 Requirements**

- Level 1 requirements, plus:
- One additional self-service RJR Full Price display will be maintained in primary line of sight. Display will occupy a position acceptable to RJR.

**ADDITIONAL MERCHANDISING / PRESENCE REQUIREMENTS -- (Applicable to Levels 1 and 2)**

- Retailer will accept and execute RJR promotions with sales to consumers only including, but not limited to: pre-book/order book additional product for delivery prior to scheduled promotion; assemble and place RJR promotional displays/advertising in location(s) highly visible to retail consumers.
- Retailer does not accept competitive program featuring carton side panels, such as carton waterfall which provides advantaged presence to competitor.
- Retailer will permit RJR to affix permanent RJR advertising to display and merchandiser space utilized by RJR under this Agreement. Retailer will not permit additional advertising of any kind, including advertising for Retailer's own products, to be affixed to or interfere with RJR displays. RJR share of available signage will be equal to RJR store SOM or RJR Local Trading Area SOM or 25%, whichever is highest.
- RJR displays and advertising may not be impaired or obstructed from view of consumers by competitive displays or by any other means.
- RJR merchandisers, displays and free standing signage will be lit as designated by RJR.
- RJR will have the ability to effectively communicate all promotional activity to consumers.
- RJR's ability to advertise price will be no less than parity with other participating tobacco companies.
- RJR reserves the right for final approval of display and advertising types, sizes and locations. Retailer will maintain display and advertising space according to RJR authorized plan-o-gram with no additional competitive permanent fixtures and displays allowed beyond those illustrated in plan-o-gram. Changes in authorized location of displays and advertising, or effectiveness of location, will not be made without RJR approval.
- Retailer will provide RJR accurate volume information and will authorize supplier(s) to provide volume data to RJR including specific brand information and promotion activity.
- Retailer will: (1) provide space required for RJR distribution needs; (2) maintain adequate inventory of RJR brands, to include new items for a minimum of 6 months, as requested by RJR; and (3) permit RJR to make reasonable audits of performance and to inspect and rotate RJR products.
- Retailer will not restrict RJR's ability to display, promote or distribute RJR brands and compete equally with other tobacco companies in all areas at retail.
- If legislation or government regulation restricts point-of-sale advertising, RJR will be given the % or number of advertising pieces permitted by law.
- Retailer will not sell or distribute product not intended for domestic sale.
- Other \_\_\_\_\_

Retailer agrees to perform the requirements set forth above. Failure to satisfy requirements will result in forfeiture of monthly payment(s) until compliance is achieved or may result in termination of this Agreement.

Either party can terminate this Agreement upon thirty (30) days notice to the other party. In the event Retailer fails to comply with the requirements of this Agreement, RJR may terminate this Agreement immediately upon notification to the Retailer.

**MERCHANDISING / PRESENCE PAYMENT**

RJR Volume will be determined by the average weekly sales of all RJR brands during the most recent 3-month period. RJR will pay qualifying retailer \$ 430.00 per month for performance of all requirements described in this Agreement.

R. J. Reynolds Tobacco Company will make payments by check as soon as practicable after the end of each calendar quarter. Payments will be made for stores rendering full performance during a quarter, and on a pro rata basis for stores rendering performance for less than one full quarter, but more than one calendar month. Retailer will not deduct amounts due under contract from invoices due RJR.