



# LOYALTY FUND PROGRAM

## 2018 Loyalty Fund Program Customer Presentation

*Revised 10/23/2017*

This presentation contains highlights of the Loyalty Fund Program ("LFP"). For complete details, visit [insightsc3m.com](http://insightsc3m.com). AGDC reserves the right to modify or cancel any promotion at any time on behalf of PM USA. In the event of a conflict between this presentation and the Agreement or the Marlboro Performance Options, Business Enhancement Funds and Loyalty Fund Program Promotion Notice, the Agreement and Promotion Notice will control. Any capitalized term used but not defined herein has the meaning set forth in the Agreement, or in the Marlboro Performance Options, Business Enhancement Funds and Loyalty Fund Program Promotion Notice, as applicable.

# PM USA Merchandising & Promotional Programs



SCAN DATA  
INCENTIVES



Marlboro  
Performance  
Options



Special Price Promotions



LOYALTY  
FUND PROGRAM

Loyalty Fund Program



BUSINESS  
ENHANCEMENT  
FUNDS



MARLBORO MAINLINE  
SELECT SPP



MARLBORO  
MULTI-PACK FUNDS



MARLBORO  
LEADERSHIP SPP

# Loyalty Programs can help drive repeat traffic and increase loyalty



**53% of Adult Smokers 21-64 extremely or very likely to change their primary store for a store that has a loyalty program that rewards consistent purchases**



LOYALTY  
FUND PROGRAM

# Adult Cigarette Smoker Snapshot

## Where do you Shop?

40%

100% Loyal to Primary Store

## Shopping Behavior *% Always / Frequently*

46%

Check for Special Offers

## Would Consider Changing Primary Store For... *% Extremely / Very Likely*

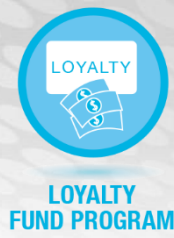
76%

Better Cigarette Prices

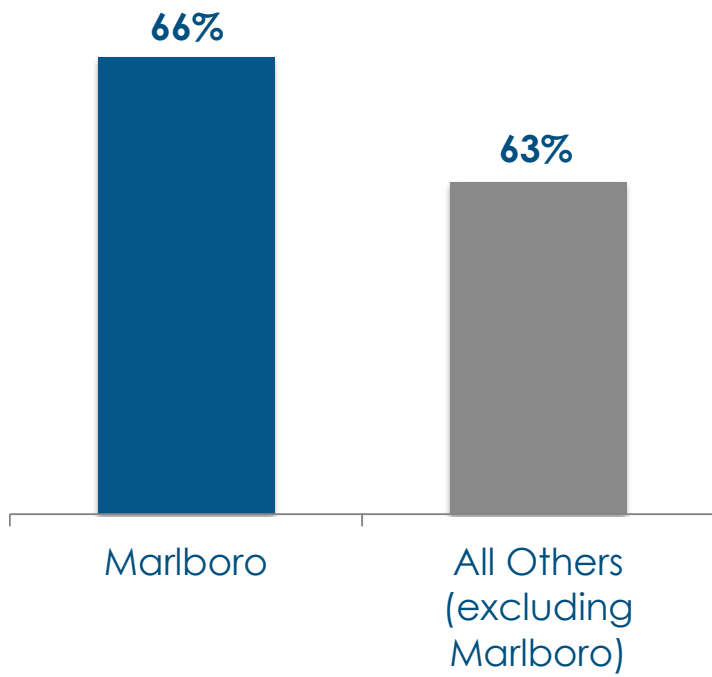


# Adult Marlboro Smoker

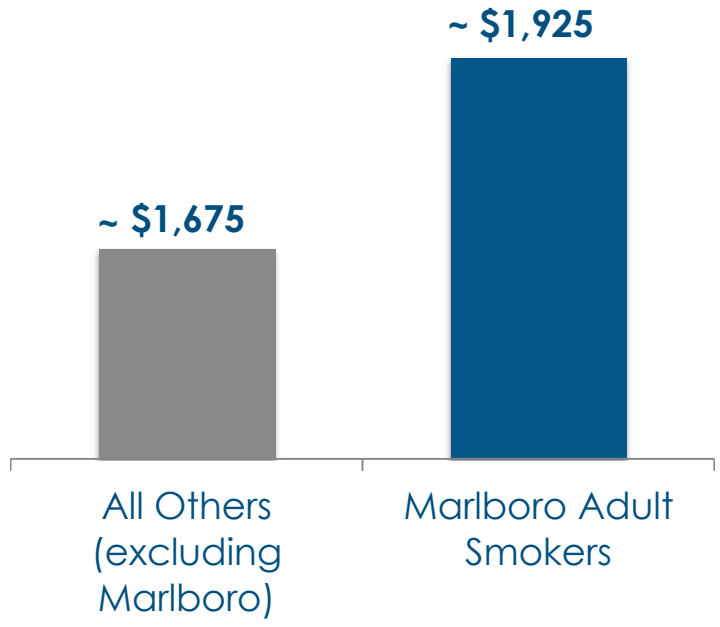
## Purchase Frequency and Shopping Basket



**% of Adult Smokers that Purchase Regular Cigarette Brand More Than 1X per Week<sup>1</sup>**



**2016 Annual Adult Cigarette Consumer Shopping Basket<sup>2</sup>**

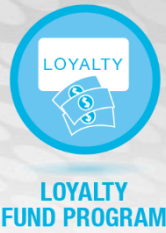


|  |         |         |
|--|---------|---------|
| Consumer Market Basket (Avg. Per Trip) | \$11.73 | \$12.31 |
|--|---------|---------|

<sup>1</sup>2016 Retail Experience Survey  
<sup>2</sup>2015 Video Mining C-Store Database

# 2017 Loyalty Fund Program

## Trade Feedback



### 2017 LFP Program Elements

- 4 LFP Offers
- 16 total weeks in 2017
- 8 consecutive weeks in 1<sup>st</sup> half 2017 and 2<sup>nd</sup> half 2017
- Must have at least a 60-day buffer between 1<sup>st</sup> half 2017 and 2<sup>nd</sup> half LFP Offer periods

### Trade Feedback

- *Impactful Offers that align with Retailer's Strategies*
- *Opportunity to Increase Duration*
- *Opportunity to run Marlboro Loyalty Program during peak summer months*

# 2018 Loyalty Fund Program

- Retailer may choose to participate in **one** of the following options:

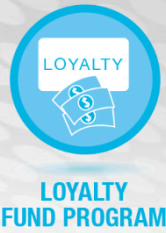
## Base Option

- Retailer may choose one of four LFP Marlboro Offers
- 16 total weeks in 2018
  - 1st Period: Any 8 consecutive weeks between December 31, 2017 and March 31, 2018
  - 2nd Period: Any 8 consecutive weeks between July 29, 2018 and October 27, 2018

Or

## Leadership Option

- Retailer may choose one of four LFP Marlboro Offers
- 32 total weeks in 2018
  - 1st Period: Any 12 consecutive weeks between December 31, 2017 and April 14, 2018
  - 2nd Period: Any 20 consecutive weeks between May 20, 2018 and October 27, 2018
- Retailer's LFP Marlboro Offer must be the only cigarette loyalty offer available through the Retailer's loyalty program during LFP Marlboro Offer Periods.

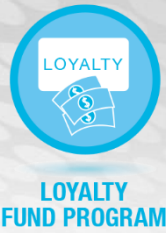


# Loyalty Fund Program Eligibility

To be eligible for the Loyalty Fund Program, you must meet the following requirements:

- 1) Participate in a MPO
- 2) Meet the requirements of the PCMA Maintenance Qualifier
- 3) Have a Retailer Loyalty Program
- 4) Participate in the PM USA Cigarette Scan Data Incentive and satisfy the requirements
  - Participation in the All Other Manufacturers Cigarette Scan Data Incentive is not required to participate in the Loyalty Fund Program





# 2018 Loyalty Fund Program

## Visibility Requirements: Applies to the Base Option and Leadership Option

### Interior Signage

- During the LFP Marlboro Offer Period, Retailer is required to display at least one Interior Cigarette Sign advertising the LFP Marlboro Offer as follows:
  - On fixture in the PM USA Portion of the PCMA;
  - In the PM USA Signage Zone; **or**
  - The Number One Interior Cigarette Sign location outside of the PM USA Signage Zone, but entirely within 48 inches of the PCMA and not in a fixture.
- To meet the interior sign visibility requirement, the LFP Marlboro Offer must be the only cigarette offer advertised on the interior sign.

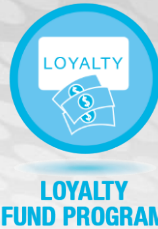
### Exterior Signage

- If a Store places Exterior Cigarette Signs, Retailer is required to place at least one Exterior Cigarette Sign that advertises the Store's LFP Marlboro Offer in the Number One exterior sign location.
- To meet the exterior sign visibility requirement, the LFP Marlboro Offer must be the only cigarette offer advertised on the exterior sign.

### Digital Advertising

- If a Store advertises cigarette offers through any digital platform, Retailer is required to display the Store's LFP Marlboro Offer in the number one position among cigarette offers during LFP Marlboro Offer Periods.

# 2018 Loyalty Fund Program Offers



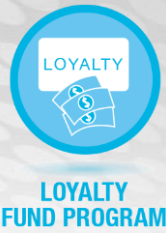
Retailer may choose one of the following LFP Offers for each LFP period:

|                      | Qualifying Purchase   | Offer  |
|----------------------|---|--|
| LFP Marlboro Offer 1 | Buy at least two packs of <u>revenue</u> Marlboro Mainline <sup>1</sup> in a single transaction   | Receive \$1.00 off your purchase                                     |
| LFP Marlboro Offer 2 | Buy at least two packs of <u>revenue</u> Marlboro Mainline <sup>1</sup> in a single transaction   | Receive \$1.00 off your next Marlboro Mainline Purchase <sup>2</sup> |
| LFP Marlboro Offer 3 | Buy at least three packs of <u>revenue</u> Marlboro Mainline <sup>1</sup> in a single transaction | Receive \$1.50 off your purchase                                     |
| LFP Marlboro Offer 4 | Buy at least three packs of <u>revenue</u> Marlboro Mainline <sup>1</sup> in a single transaction | Receive \$1.50 off your next Marlboro Mainline Purchase <sup>2</sup> |

**Marlboro Product Promotions are not eligible for LFP funds.**

**Note:** To participate in LFP, you must have a Retailer Loyalty Program, participate in a Marlboro Performance Option, meet the requirements of the PCMA Maintenance Qualifier and be approved to participate in PM USA Cigarette Scan Data Incentive

<sup>1</sup>Marlboro Mainline means all Marlboro packings, excluding Marlboro Special Blend, Marlboro 72s, and Marlboro Black. Only revenue Marlboro packings are eligible for LFP; Product Promotions are excluded.  
<sup>2</sup>Redemption allowed up to 30 Days after the end of offer period.



# LFP Registration Process

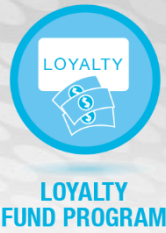
**All LFP Participants must complete the registration process prior to the start of any LFP Offer and be approved to participate in the PM USA Cigarette Scan Data Incentive**

## **Registration Process Steps:**

1. You must communicate your desired LFP participation dates, LFP Offer election and all additional details requested by your AGDC Representative to complete the LFP registration document.
2. Your AGDC Representative will submit your LFP registration and route it for your approval or, if in person, you will sign and approve the registration document at that time.
3. Your AGDC Representative will provide you with the LFP test file requirements.
  - You may submit a LFP test file to your IRI Help Desk Representative
    - Please note: You are not required to submit a LFP test file. If you have not participated in LFP, we recommend you do so to help ensure accurate data submission before running your LFP offer. Payments are based on accurate data submissions only.
4. Your AGDC Representative will confirm that you may begin running your LFP offer.

# 2018 Loyalty Fund Program

## Keys to Success



- Awareness
  - Ensure Store Personnel are communicating the LFP Marlboro offer to Adult Smokers
- Visibility
  - Utilize LFP Custom POS or PM USA provided signage to communicate the offer to Adult Smokers
- Inventory
  - Ensure you have adequate on-hand inventory to support LFP Marlboro Offers
- Accurate Data Submission
  - To ensure accurate and timely payments, confirm that your LFP Scan Data submissions include all required information listed in the Loyalty Fund Program Reporting Requirements



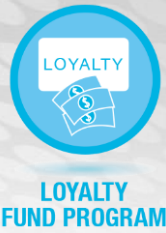
# LOYALTY FUND PROGRAM

## 2018 Loyalty Fund Program Reporting Requirements

*Revised 10/23/2017*

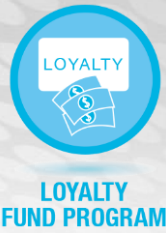
This presentation contains highlights of the Loyalty Fund Program ("LFP"). For complete details, visit [insightsc3m.com](http://insightsc3m.com). AGDC reserves the right to modify or cancel any promotion at any time on behalf of PM USA. In the event of a conflict between this presentation and the Agreement or the Marlboro Performance Options, Business Enhancement Funds and Loyalty Fund Program Promotion Notice, the Agreement and Promotion Notice will control. Any capitalized term used but not defined herein has the meaning set forth in the Agreement, or in the Marlboro Performance Options, Business Enhancement Funds and Loyalty Fund Program Promotion Notice, as applicable.





# Participation Requirements

- You must communicate your desire to participate in LFP to your AGDC Representative. You may participate in one LFP Offer per store during each designated LFP Offer period.
- If you are not already participating in the PM USA Cigarette Scan Data Incentive, you must communicate your PM USA Cigarette Scan Data Incentive election to your AGDC Representative and submit a successful PM USA Cigarette Scan Data file prior to completing your LFP Offer Registration.
- You must provide adult smokers no less than the full amount of the Loyalty Funds. You may combine multiple PM USA Promotions to lower the price of PM USA Cigarettes under your Loyalty Program to adult smokers (e.g., Loyalty Funds and Marlboro Multi-Pack Funds). You are always free to further reduce the price of cigarettes beyond the Promotional Allowances or discount funded by PM USA.



# Participation Requirements

## Continued

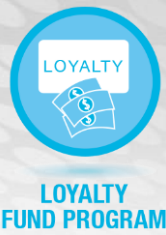
- Retailer-funded discounts, Loyalty Funds and Marlboro Multi-Pack Funds must be reported separately in PM USA Cigarette Scan Data to ensure accurate PM USA payment.
- In addition to satisfying the PM USA Cigarette Scan Data Retail Reporting Requirements, you must provide one of the following in the Loyalty ID/Rewards Number field:
  - loyalty ID number;
  - loyalty card ID number;
  - unique consumer number; or
  - unique consumer identifier.
- Each Loyalty ID/Rewards Number must be assigned to an individual adult smoker
- Generic loyalty cards (e.g., store loyalty cards, blank loyalty cards) are not permitted. If multiple ID numbers, including alternate IDs (e.g., telephone numbers), are used for one of your Loyalty Program members, the parent account number must be reported.

# Payment Details

- If you meet the requirements of your elected LFP Offer, PM USA will pay the LFP Promotional Allowances on all eligible **revenue** Mainline Marlboro cigarettes sold in conjunction with your Retailer Loyalty Program during the specified timeframe on the LFP Offer, as reflected in PM USA Cigarette Scan Data.
- Product Promotions are **not** eligible for LFP payments.
- PM USA reserves the right to withhold Loyalty Funds payments on transactions that do not meet the LFP requirements. Upon AGDC's request, you'll need to provide to AGDC sufficient information and documentation to verify your store's compliance with the requirements of the LFP.
- Loyalty Fund payments will be paid **quarterly** and by EFT only.

# Loyalty Fund Program

## Required Fields Overview



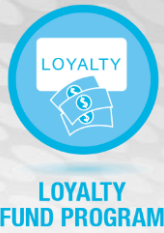
Below is a list of the fields included in the standard scan data file format

| Field   | Field                               | Field                              |
|---|-------------------------------------|------------------------------------|
| <b>Required Fields:</b>   | 13. Manufacturer Name               | 26. MFG Deal Discount Amount ONE   |
| 1. Management Account Number (Chain),<br>Retail Control Number (Independents) | 14. SKU Code                        | 27. MFG Deal Name TWO              |
| 2. Week Ending Date   | 15. UPC Code                        | 28. MFG Deal Discount Amount TWO   |
| 3. Transaction Date   | 16. SKU/UPC Description             | 29. MFG Deal Name THREE            |
| 4. Transaction Time   | 17. Unit of Measure                 | 30. MFG Deal Discount Amount THREE |
| 5. Transaction ID Code  | 18. Quantity Sold                   | 31. Final Sales Price              |
| 6. Store Number   | 19. Consumer Units                  | <b>Optional Fields:</b>            |
| 7. Store Name   | 20. Multi-Pack Indicator            | 32. Store Telephone                |
| 8. Store Address  | 21. Multi-Pack Required Quantity    | 33. Store Contact Name             |
| 9. Store City   | 22. Multi-Pack Discount Amount      | 34. Store Contact Email            |
| 10. Store State   | 23. Retailer-Funded Discount Name   | 35. Product Grouping Code          |
| 11. Store Zip + 4 Code  | 24. Retailer-Funded Discount Amount | 36. Product Grouping Name          |
| 12. Category  | 25. MFG Deal Name ONE               | 37. Loyalty ID/Rewards Number      |

 Denotes data fields in which additional information is required for the LFP

# Loyalty Fund Program Data Fields

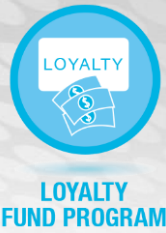
## Additional Details



| Field                              | Type    | Max Field Length | Description  | Example  |
|------------------------------------|---------|------------------|--|--|
| 14. SKU Code                       | Alpha   | 50               | This identifier is a code or number that uniquely identifies when the loyalty fund is applied to a transaction in your system. <b>Please use the Loyalty Fund SKU provided by PM USA.</b>  | LFPM416  |
| 29. MFG Deal Name THREE            | Alpha   | 20               | The function of this field is to identify the loyalty fund type and should only occur when the loyalty fund is applied to a transaction in your system. <b>Please use the Loyalty Fund Deal Name provided by PM USA.</b>   | 0 28200 19721 4  |
| 30. MFG Deal Discount Amount THREE | Numeric | 10               | The function of this field is to provide the amount of the loyalty fund applied to a transaction in your system and should be a <b>positive value on the line containing the Loyalty Funds ONLY.</b>   | 1.00   |
| 31. Final Sales Price              | Numeric | 10               | The dollar amount paid by the adult consumer for qualifying purchases. This value should not include sales tax. If retailer chooses to report loyalty redemption amount in this field, it should be a <b>negative value on the line containing the Loyalty Funds ONLY.</b> | <u>Product Purchase</u><br>45.99<br><br><u>Loyalty Fund Redemption Discount</u><br>-1.50 |
| 37. Loyalty ID/Rewards Number      | Alpha   | 20               | Loyalty or "rewards" number of the customer making a purchase. <b>Loyalty ID/Rewards Number must be reported on every transaction line.</b>  | 123456AD   |



# 2018 LFP Offer Details



## LFP Marlboro Offer 1

### Qualifying Purchase:

- Adult smokers must make a purchase under your Loyalty Program of at least two **revenue** packs of Marlboro Mainline cigarettes<sup>1</sup> in a **single** purchase transaction.
- The purchase may include any combination of Marlboro Mainline cigarette varieties, **excluding Product Promotions**.

### Offer Details and Duration:

- You must provide at least \$1.00 off any **single** purchase transaction that contains at least 2 **revenue** packs of Marlboro Mainline cigarettes to your Loyalty member.
- Only one \$1.00 off redemption per transaction will be paid by PM USA.

<sup>1</sup>Marlboro Mainline means all Marlboro packings, excluding Marlboro Special Blend, Marlboro 72s, and Marlboro Black. Only revenue Marlboro packings are eligible for LFP; Product Promotions are excluded.

# LFP Marlboro Offer 1 Examples

## Example 1: Adult Smoker #1

- Adult Smoker #1 purchases two packs of revenue Marlboro Mainline cigarettes.
- The Loyalty Funds of \$1.00 is applied to the purchase because it includes at least two packs.

| Purchase | Item                 | Purchase | Loyalty Funds |
|----------|----------------------|----------|---------------|
| 1        | Marlboro Gold KS Box | 2 Packs  | \$1.00        |

## Example 2: Adult Smoker #2

- Adult Smoker #2 purchases three packs of revenue Marlboro Mainline cigarettes.
- The Loyalty Funds of \$1.00 is applied to the purchase because it includes at least two packs.

| Purchase | Item                 | Purchase | Loyalty Funds |
|----------|----------------------|----------|---------------|
| 1        | Marlboro Gold KS Box | 3 Packs  | \$1.00        |

## Example 3: Adult Smoker #3

- Adult Smoker #3 purchases one pack of revenue Marlboro Mainline cigarettes and one pack of a Marlboro Mainline Product Promotion.
- The Loyalty Funds of \$1.00 is not earned because the Marlboro Product Promotions do not count toward the Qualifying Purchase that must include at least two revenue Marlboro Mainline packs.

| Purchase | Item                             | Purchase | Loyalty Funds             |
|----------|----------------------------------|----------|---------------------------|
| 1        | Marlboro Red KS Box              | 1 Pack   | Purchase does not qualify |
| 1        | Marlboro Blend No. 27 \$0.50 OFF | 1 Pack   |                           |

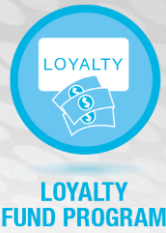
## Example 4: Adult Smoker #4

- Adult Smoker #4 purchases one carton of revenue Marlboro Mainline cigarettes.
- The Loyalty Funds of \$1.00 is applied to the purchase because it includes at least three packs.
- \$1.00 is the maximum discount per transaction regardless of the number of packs in a Qualifying Purchase.

| Purchase | Item                   | Purchase | Loyalty Funds |
|----------|------------------------|----------|---------------|
| 1        | Marlboro Silver KS Box | 1 Carton | \$1.00        |

# LFP Marlboro Offer 1

## Reporting Details



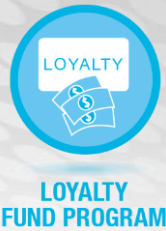
### First Option - Using MFG Deal THREE Field on the Same Transaction Line

- On the transaction line where the Loyalty Funds are applied:
  - Report the AGDC-provided UPC in MFG Deal Name THREE (Field 29)
  - Report the discount amount as a positive value in MFG Deal Discount Amount THREE (Field 30)
  - Final Price (Field 31) should be the final sales price of the transaction line, including the Loyalty Funds discount

| 3.<br>Transaction<br>Date    | 5.<br>Transaction<br>ID Code | 14. SKU<br>Code | 15. UPC<br>Code | 16. SKU/UPC<br>Description | 18.<br>Quantity<br>Sold | 29. MFG Deal<br>Name THREE | 30. MFG<br>Deal<br>Discount<br>Amount<br>THREE | 31.<br>Final<br>Price | 37. Loyalty<br>ID/Rewards<br>Number |
|------------------------------|------------------------------|-----------------|-----------------|----------------------------|-------------------------|----------------------------|--|-----------------------|-------------------------------------|
| Option 1: Use Same Line Item |                              |                 |                 |                            |                         |                            |  |                       |                                     |
| 1/25/2017                    | 3333333333                   | SKU1123         | UPC1123         | Marlboro Gold KS<br>Box 20 | 2                       | 0 28200 19721 4            | 1.00   | 7.00                  | 123456AD                            |

# LFP Marlboro Offer 1

## Reporting Details

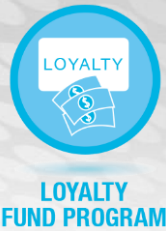


### Second Option - Using a Separate Transaction Line within the Same Transaction

- Qualifying purchase and the Loyalty Funds must be part of the same Transaction ID Code (Field 5)
- Final Price (Field 31) on the qualifying purchases should not include any sales tax or Loyalty Funds
- On a separate transaction line, within the same Transaction ID Code (Field 5):
  - Report the AGDC-provided SKU Code (Field 14), UPC Code (Field 15) and SKU/UPC Description (Field 16)
  - Report "0" in Quantity Sold (Field 18)
  - Report the discount amount as a negative value in Final Price (Field 31)

| 3. Transaction Date              | 5. Transaction ID Code | 14. SKU Code | 15. UPC Code    | 16. SKU/UPC Description    | 18. Quantity Sold | 29. MFG Deal Name THREE | 30. MFG Deal Discount Amount THREE | 31. Final Price | 37. Loyalty ID/Rewards Number |
|----------------------------------|------------------------|--------------|-----------------|----------------------------|-------------------|-------------------------|------------------------------------|-----------------|-------------------------------|
| Option 2: Use Separate Line Item |                        |              |                 |                            |                   |                         |                                    |                 |                               |
| 2/2/2017                         | 4444444444             | SKU1123      | UPC1123         | Marlboro Gold KS Box 20    | 1                 |                         |                                    | 4.00            | 123456AD                      |
| 2/2/2017                         | 4444444444             | SKU1124      | UPC1124         | Marlboro Red KS Box 20     | 1                 |                         |                                    | 4.00            | 123456AD                      |
| 2/2/2017                         | 4444444444             | LFP M4       | 0 28200 19721 4 | Marlboro LFP 2017 Option 1 | 0 or -1           |                         |                                    | -1.00           | 123456AD                      |

# 2018 LFP Offer Details



## LFP Marlboro Offer 2

### Qualifying Purchase:

- Adult smokers must make a purchase under your Loyalty Program of at least 2 **revenue** packs of Marlboro Mainline<sup>1</sup> cigarettes in a **single** purchase transaction.
- The purchase may include any combination of revenue Marlboro Mainline<sup>1</sup> cigarette varieties, **excluding Product Promotions**.

### Offer Details and Duration:

- For every purchase of at least 2 packs of revenue Marlboro Mainline<sup>1</sup> cigarettes in a single transaction by an adult smoker under your Loyalty Program, you must provide at least \$1.00 off the **next** purchase of **revenue** Marlboro Mainline<sup>1</sup> cigarettes to your Loyalty Program member.
- In order for the redemption to be eligible for payment, your Loyalty Program member must redeem no later than 30 days from the end of the LFP offer period.

<sup>1</sup>Marlboro Mainline means all Marlboro packings, excluding Marlboro Special Blend, Marlboro 72s, and Marlboro Black. Only revenue Marlboro packings are eligible for LFP; Product Promotions are excluded.



# LFP Marlboro Offer 2 Examples

## Example 1: Adult Smoker #1

- Adult Smoker #1 purchases two packs of revenue Marlboro Mainline cigarettes.
- The Loyalty Funds of \$1.00 is applied to the purchase because it includes at least two packs.

| Purchase | Item                 | Purchase | Loyalty Funds |
|----------|----------------------|----------|---------------|
| 1        | Marlboro Gold KS Box | 2 Packs  | \$1.00        |

## Example 2: Adult Smoker #2

- Adult Smoker #2 purchases three packs of revenue Marlboro Mainline cigarettes.
- The Loyalty Funds of \$1.00 is applied to the purchase because it includes at least two packs.

| Purchase | Item                 | Purchase | Loyalty Funds |
|----------|----------------------|----------|---------------|
| 1        | Marlboro Gold KS Box | 3 Packs  | \$1.00        |

## Example 3: Adult Smoker #3

- Adult Smoker #3 purchases one pack of revenue Marlboro Mainline cigarettes and one pack of a Marlboro Mainline Product Promotion.
- The Loyalty Funds of \$1.00 is not earned because the Marlboro Product Promotions do not count toward the Qualifying Purchase that must include at least two revenue Marlboro Mainline packs.

| Purchase | Item                             | Purchase | Loyalty Funds             |
|----------|----------------------------------|----------|---------------------------|
| 1        | Marlboro Red KS Box              | 1 Pack   | Purchase does not qualify |
| 1        | Marlboro Blend No. 27 \$0.50 OFF | 1 Pack   |                           |

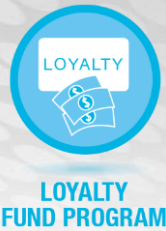
## Example 4: Adult Smoker #4

- Adult Smoker #4 purchases one carton of revenue Marlboro Mainline cigarettes.
- The Loyalty Funds of \$1.00 is applied to the purchase because it includes at least three packs.
- \$1.00 is the maximum discount per transaction regardless of the number of packs in a Qualifying Purchase.

| Purchase | Item                   | Purchase | Loyalty Funds |
|----------|------------------------|----------|---------------|
| 1        | Marlboro Silver KS Box | 1 Carton | \$1.00        |

# LFP Marlboro Offer 2

## Reporting Details



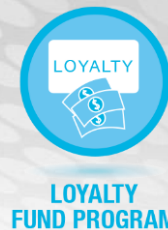
### First Option - Using MFG Deal THREE Field on the Same Transaction Line

- On the transaction line where the Loyalty Funds are applied:
  - Report the AGDC provided UPC in MFG Deal Name THREE (Field 29)
  - Report the discount amount as a positive value in MFG Deal Discount Amount THREE (Field 30)
  - Final Price (Field 31) should be the final sales price of the transaction line, including the Loyalty Funds discount

| 3. Transaction Date          | 5. Transaction ID Code | 14. SKU Code | 15. UPC Code | 16. SKU/UPC Description | 18. Quantity Sold | 29. MFG Deal Name THREE | 30. MFG Deal Discount Amount THREE | 31. Final Price | 37. Loyalty ID/Rewards Number |
|------------------------------|------------------------|--------------|--------------|-------------------------|-------------------|-------------------------|------------------------------------|-----------------|-------------------------------|
| Option 1: Use Same Line Item |                        |              |              |                         |                   |                         |                                    |                 |                               |
| 1/25/2017                    | 3333333333             | SKU1123      | UPC1123      | Marlboro Gold KS Box 20 | 2                 |                         |                                    | 8.00            | 123456AD                      |
| 1/30/2017                    | 4444444444             | SKU1123      | UPC1123      | Marlboro Gold KS Box 20 | 1                 | 0 28200 19721 4         | 1.00                               | 3.00            | 123456AD                      |

# LFP Marlboro Offer 2

## Reporting Details

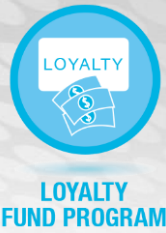


### Second Option - Using a Separate Transaction Line within the Same Transaction

- Qualifying purchase and the Loyalty Funds must be part of the same Transaction ID Code (Field 5)
- Final Price (Field 31) on the qualifying purchases should not include any sales tax or Loyalty Funds
- On a separate transaction line, within the same Transaction ID Code (Field 5):
  - Report the AGDC-provided SKU Code (Field 14), UPC Code (Field 15) and SKU/UPC Description (Field 16)
  - Report "0" in Quantity Sold (Field 18)
  - Report the discount amount as a negative value in Final Price (Field 31)

| 3. Transaction Date              | 5. Transaction ID Code | 14. SKU Code | 15. UPC Code    | 16. SKU/UPC Description    | 18. Quantity Sold | 29. MFG Deal Name THREE | 30. MFG Deal Discount Amount THREE | 31. Final Price | 37. Loyalty ID/Reward s Number |
|----------------------------------|------------------------|--------------|-----------------|----------------------------|-------------------|-------------------------|------------------------------------|-----------------|--------------------------------|
| Option 2: Use Separate Line Item |                        |              |                 |                            |                   |                         |                                    |                 |                                |
| 2/2/2017                         | 5555555555             | SKU1123      | UPC1123         | Marlboro Gold KS Box 20    | 2                 |                         |                                    | 8.00            | 123456AD                       |
| 2/25/2017                        | 6666666666             | SKU1123      | UPC1123         | Marlboro Gold KS Box 20    | 1                 |                         |                                    | 4.00            | 123456AD                       |
| 2/2/2016                         | 6666666666             | TBD          | 0 28200 19721 4 | Marlboro LFP 2017 Option 2 | 0 or -1           |                         |                                    | -1.00           | 123456AD                       |

# 2018 LFP Offer Details



## LFP Marlboro Offer 3

### Qualifying Purchase:

- Adult smokers must make a purchase under your Loyalty Program of at least three **revenue** packs of Marlboro Mainline cigarettes<sup>1</sup> in a **single** purchase transaction.
- The purchase may include any combination of Marlboro Mainline cigarette varieties, **excluding Product Promotions**.

### Offer Details and Duration:

- You must provide at least \$1.50 off any **single** purchase transaction that contains at least 3 **revenue** packs of Marlboro Mainline cigarettes to your Loyalty member.
- Only one \$1.50 off redemption per transaction will be paid by PM USA.

<sup>1</sup>Marlboro Mainline means all Marlboro packings, excluding Marlboro Special Blend, Marlboro 72s, and Marlboro Black. Only revenue Marlboro packings are eligible for LFP; Product Promotions are excluded.

# LFP Marlboro Offer 3 Examples

## Example 1: Adult Smoker #1

- Adult Smoker #1 purchases two packs of revenue Marlboro Mainline cigarettes.
- The Loyalty Funds are not applied to the purchase because it does not include at least three packs.

| Purchase | Item                 | Purchase | Loyalty Funds |
|----------|----------------------|----------|---------------|
| 1        | Marlboro Gold KS Box | 2 Packs  | N/A           |

## Example 2: Adult Smoker #2

- Adult Smoker #2 purchases three packs of revenue Marlboro Mainline cigarettes.
- The Loyalty Funds of \$1.50 is applied to the purchase because it includes at least three packs.

| Purchase | Item                 | Purchase | Loyalty Funds |
|----------|----------------------|----------|---------------|
| 1        | Marlboro Gold KS Box | 3 Packs  | \$1.50        |

## Example 3: Adult Smoker #3

- Adult Smoker #3 purchases one pack of revenue Marlboro Mainline cigarettes and two packs of a Marlboro Mainline Product Promotion.
- The Loyalty Funds of \$1.50 is not earned because the Marlboro Product Promotions do not count toward the Qualifying Purchase that must include at least three revenue Marlboro Mainline packs.

| Purchase | Item                             | Purchase | Loyalty Funds             |
|----------|----------------------------------|----------|---------------------------|
| 1        | Marlboro Red KS Box              | 1 Pack   | Purchase does not qualify |
| 2        | Marlboro Blend No. 27 \$0.50 OFF | 2 Packs  |                           |

## Example 4: Adult Smoker #4

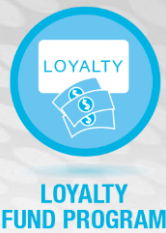
- Adult Smoker #4 purchases one carton of revenue Marlboro Mainline cigarettes.
- The Loyalty Funds of \$1.50 is applied to the purchase because it includes at least three packs.
- \$1.50 is the maximum discount per transaction regardless of the number of packs in a Qualifying Purchase.

| Purchase | Item                   | Purchase | Loyalty Funds |
|----------|------------------------|----------|---------------|
| 1        | Marlboro Silver KS Box | 1 Carton | \$1.50        |



# LFP Marlboro Offer 3

## Reporting Details



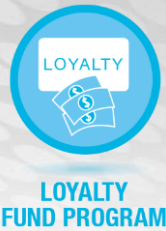
### First Option - Using MFG Deal THREE Field on the Same Transaction Line

- On the transaction line where the Loyalty Funds are applied:
  - Report the AGDC-provided UPC in MFG Deal Name THREE (Field 29)
  - Report the discount amount as a positive value in MFG Deal Discount Amount THREE (Field 30)
  - Final Price (Field 31) should be the final sales price of the transaction line, including the Loyalty Funds discount

| 3. Transaction Date          | 5. Transaction ID Code | 14. SKU Code | 15. UPC Code | 16. SKU/UPC Description | 18. Quantity Sold | 29. MFG Deal Name THREE | 30. MFG Deal Discount Amount THREE | 31. Final Price | 37. Loyalty ID/Rewards Number |
|------------------------------|------------------------|--------------|--------------|-------------------------|-------------------|-------------------------|------------------------------------|-----------------|-------------------------------|
| Option 1: Use Same Line Item |                        |              |              |                         |                   |                         |                                    |                 |                               |
| 1/25/2016                    | 3333333333             | SKU1123      | UPC1123      | Marlboro Gold KS Box 20 | 3                 | 0 28200 19721 4         | 1.50                               | 10.50           | 123456AD                      |

# LFP Marlboro Offer 3

## Reporting Details

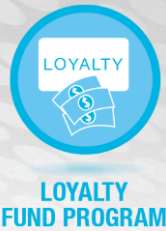


### Second Option - Using a Separate Transaction Line within the Same Transaction

- Qualifying purchase and the Loyalty Funds must be part of the same Transaction ID Code (Field 5)
- Final Price (Field 31) on the qualifying purchases should not include any sales tax or Loyalty Funds
- On a separate transaction line, within the same Transaction ID Code (Field 5):
  - Report the AGDC-provided SKU Code (Field 14), UPC Code (Field 15) and SKU/UPC Description (Field 16)
  - Report "0" in Quantity Sold (Field 18)
  - Report the discount amount as a negative value in Final Price (Field 31)

| 3. Transaction Date              | 5. Transaction ID Code | 14. SKU Code | 15. UPC Code    | 16. SKU/UPC Description    | 18. Quantity Sold | 29. MFG Deal Name THREE | 30. MFG Deal Discount Amount THREE | 31. Final Price | 37. Loyalty ID/Rewards Number |
|----------------------------------|------------------------|--------------|-----------------|----------------------------|-------------------|-------------------------|------------------------------------|-----------------|-------------------------------|
| Option 2: Use Separate Line Item |                        |              |                 |                            |                   |                         |                                    |                 |                               |
| 2/2/2016                         | 4444444444             | SKU1123      | UPC1123         | Marlboro Gold KS Box 20    | 1                 |                         |                                    | 4.00            | 123456AD                      |
| 2/2/2016                         | 4444444444             | SKU1124      | UPC1124         | Marlboro Red KS Box 20     | 2                 |                         |                                    | 8.00            | 123456AD                      |
| 2/2/2016                         | 4444444444             | LFP M4       | 0 28200 19721 4 | Marlboro LFP 2017 Option 3 | 0 or -1           |                         |                                    | -1.50           | 123456AD                      |

# 2018 LFP Offer Details



## LFP Marlboro Offer 4

### Qualifying Purchase:

- Adult smokers must make a purchase under your Loyalty Program of at least 3 **revenue** packs of Marlboro Mainline<sup>1</sup> cigarettes in a **single** purchase transaction.
- The purchase may include any combination of revenue Marlboro Mainline<sup>1</sup> cigarette varieties, **excluding Product Promotions**.

### Offer Details and Duration:

- For every purchase of at least 3 packs of revenue Marlboro Mainline<sup>1</sup> cigarettes in a single transaction by an adult smoker under your Loyalty Program, you must provide at least \$1.50 off the **next** purchase of **revenue** Marlboro Mainline<sup>1</sup> cigarettes to your Loyalty Program member.
- The LFP Offer period is a consecutive 8 weeks.
- In order for the redemption to be eligible for payment, your Loyalty Program member must redeem no later than 30 days from the end of the LFP offer period.

<sup>1</sup>Marlboro Mainline means all Marlboro packings, excluding Marlboro Special Blend, Marlboro 72s, and Marlboro Black. Only revenue Marlboro packings are eligible for LFP; Product Promotions are excluded.

# LFP Marlboro Offer 4 Examples

## Example 1: Adult Smoker #1

- Adult Smoker #1 purchases two packs of revenue Marlboro Mainline cigarettes.
- The Loyalty Funds are not applied to the purchase because it does not include at least three packs.

| Purchase | Item                 | Purchase | Loyalty Funds |
|----------|----------------------|----------|---------------|
| 1        | Marlboro Gold KS Box | 2 Packs  | N/A           |

## Example 2: Adult Smoker #2

- Adult Smoker #2 purchases three packs of revenue Marlboro Mainline cigarettes.
- The Loyalty Funds of \$1.50 is applied to the purchase because it includes at least three packs.

| Purchase | Item                 | Purchase | Loyalty Funds |
|----------|----------------------|----------|---------------|
| 1        | Marlboro Gold KS Box | 3 Packs  | \$1.50        |

## Example 3: Adult Smoker #3

- Adult Smoker #3 purchases one pack of revenue Marlboro Mainline cigarettes and two packs of a Marlboro Mainline Product Promotion.
- The Loyalty Funds of \$1.50 is not earned because the Marlboro Product Promotions do not count toward the Qualifying Purchase that must include at least three revenue Marlboro Mainline packs.

| Purchase | Item                             | Purchase | Loyalty Funds             |
|----------|----------------------------------|----------|---------------------------|
| 1        | Marlboro Red KS Box              | 1 Pack   | Purchase does not qualify |
| 2        | Marlboro Blend No. 27 \$0.50 OFF | 2 Packs  |                           |

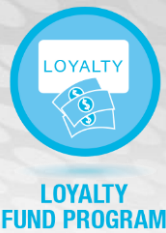
## Example 4: Adult Smoker #4

- Adult Smoker #4 purchases one carton of revenue Marlboro Mainline cigarettes.
- The Loyalty Funds of \$1.50 is applied to the purchase because it includes at least three packs.
- \$1.50 is the maximum discount per transaction regardless of the number of packs in a Qualifying Purchase.

| Purchase | Item                   | Purchase | Loyalty Funds |
|----------|------------------------|----------|---------------|
| 1        | Marlboro Silver KS Box | 1 Carton | \$1.50        |

# LFP Marlboro Offer 4

## Reporting Details



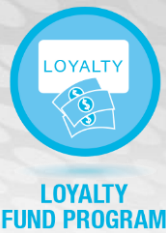
### First Option - Using MFG Deal THREE Field on the Same Transaction Line

- On the transaction line where the Loyalty Funds are applied:
  - Report the AGDC-provided UPC in MFG Deal Name THREE (Field 29)
  - Report the discount amount as a positive value in MFG Deal Discount Amount THREE (Field 30)
  - Final Price (Field 31) should be the final sales price of the transaction line, including the Loyalty Funds discount

| 3. Transaction Date          | 5. Transaction ID Code | 14. SKU Code | 15. UPC Code | 16. SKU/UPC Description | 18. Quantity Sold | 29. MFG Deal Name THREE | 30. MFG Deal Discount Amount THREE | 31. Final Price | 37. Loyalty ID/Rewards Number |
|------------------------------|------------------------|--------------|--------------|-------------------------|-------------------|-------------------------|------------------------------------|-----------------|-------------------------------|
| Option 1: Use Same Line Item |                        |              |              |                         |                   |                         |                                    |                 |                               |
| 1/25/2017                    | 3333333333             | SKU1123      | UPC1123      | Marlboro Gold KS Box 20 | 3                 |                         |                                    | 12.00           | 123456AD                      |
| 1/30/2017                    | 4444444444             | SKU1123      | UPC1123      | Marlboro Gold KS Box 20 | 1                 | 0 28200 19721 4         | 1.50                               | 2.50            | 123456AD                      |

# LFP Marlboro Offer 4

## Reporting Details



### Second Option - Using a Separate Transaction Line within the Same Transaction

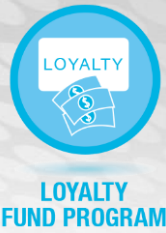
- Qualifying purchase and the Loyalty Funds must be part of the same Transaction ID Code (Field 5)
- Final Price (Field 31) on the qualifying purchases should not include any sales tax or Loyalty Funds
- On a separate transaction line, within the same Transaction ID Code (Field 5):
  - Report the AGDC-provided SKU Code (Field 14), UPC Code (Field 15) and SKU/UPC Description (Field 16)
  - Report "0" in Quantity Sold (Field 18)
  - Report the discount amount as a negative value in Final Price (Field 31)

| 3. Transaction Date              | 5. Transaction ID Code | 14. SKU Code | 15. UPC Code    | 16. SKU/UPC Description    | 18. Quantity Sold | 29. MFG Deal Name THREE | 30. MFG Deal Discount Amount THREE | 31. Final Price | 37. Loyalty ID/Rewards Number |
|----------------------------------|------------------------|--------------|-----------------|----------------------------|-------------------|-------------------------|------------------------------------|-----------------|-------------------------------|
| Option 2: Use Separate Line Item |                        |              |                 |                            |                   |                         |                                    |                 |                               |
| 2/2/2017                         | 5555555555             | SKU1123      | UPC1123         | Marlboro Gold KS Box 20    | 3                 |                         |                                    | 12.00           | 123456AD                      |
| 2/25/2017                        | 6666666666             | SKU1123      | UPC1123         | Marlboro Gold KS Box 20    | 1                 |                         |                                    | 4.00            | 123456AD                      |
| 2/2/2016                         | 6666666666             | TBD          | 0 28200 19721 4 | Marlboro LFP 2017 Option 4 | 0 or -1           |                         |                                    | -1.50           | 123456AD                      |



# Loyalty Fund Program

## Exception for New Chain Stores<sup>1</sup>



- Retailer may elect to participate in the LFP for a new Store that is part of a Chain with any effective date during the current Promotion Period if Retailer:
  - has submitted a successful PM USA Cigarette Scan Data file, and
  - completed the LFP registration process
- The new Store will not receive payment for Loyalty Funds unless:
  - Retailer successfully submits PM USA Cigarette Scan Data beginning with the STARS Week in which the new Store's LFP Offer begins; and
  - Retailer continues to submit PM USA Cigarette Scan Data through the remainder of the STARS Quarter

<sup>1</sup>This does not guarantee payment of the PM USA Cigarette Scan Data Incentive. To receive PM USA Cigarette Scan Data Incentive payments you must meet the election and test file submission deadlines for the incentive.