

R. J. REYNOLDS TOBACCO COMPANY
2008 MODERN SMOKE FREE TOBACCO PRODUCTS AIRPORT RETAIL AGREEMENT

R. J. Reynolds Tobacco Company ("RJRT") and the signatory retail account ("Retailer") enter into the following 2008 Modern Smoke Free Tobacco ("MSFT") Products Retail Agreement (the "Agreement") effective June 2, 2008.

SECTION I - BASE REQUIREMENTS

- This Agreement covers all current and future product offerings that RJRT designates as "Modern Smoke Free Tobacco Products." Retailer shall carry sufficient amounts of all types, brands, styles, and sizes (including trial sizes) of Modern Smoke Free Tobacco Products as requested by RJRT representative.
- Retailer shall allow RJRT to place highly visible product display(s) and brand communication at requested location(s) as determined by RJRT representative.
- Retailer must maintain Modern Smoke Free Tobacco Products in a refrigerated condition on a continual basis as requested by RJRT.
- Retailer shall accept and participate in all Modern Smoke Free Tobacco Products promotional programs and ensure placement of RJRT advertising and promotional materials as requested by RJRT. Retailer agrees to execute all promotions per any and all instructions provided by RJRT. The types and frequency of promotions, and promotional quantities, will be determined by RJRT.
- If requested and permissible by law, RJRT or a designated agent of RJRT shall have access to the retail store to conduct product trial and name generation activity among Retailer's customers who are of legal age to purchase tobacco products. If requested by Retailer, Retailer and RJRT will coordinate in good faith to schedule the times when RJRT or its agents will conduct engagements.
- RJRT may choose from time to time to offer programs whereby Retailer can receive payments for obtaining and providing to RJRT the names of Qualified Adult Tobacco Consumers. If offered, such programs will be under terms and conditions that RJRT will set forth in writing, and Retailer's participation in any such programs shall be deemed acceptance of the terms and conditions. The decision of whether to offer such programs will be made by RJRT in its sole discretion.
- Retailer shall train employees with any and all materials provided by RJRT concerning Modern Smoke Free Tobacco Products.
- RJRT may from time to time offer education for retail store personnel about Modern Smoke Free Tobacco Products. RJRT may choose, from time to time and its sole discretion, to offer to some store personnel a reward (e.g., a gift certificate, debit card, or other medium) valued at less than \$20 as a token of our appreciation for learning about, and helping to sell in Retailer's store(s), RJRT's Modern Smoke Free Tobacco Products. Retailer agrees to allow its employees to receive such rewards, if offered, from RJRT.
- Retailer shall allow RJRT to communicate Retailer's price of Modern Smoke Free Tobacco Products to the consumer if requested by RJRT representative.
- Retailer shall rotate Modern Smoke Free Tobacco Products on a first in first out basis and remove from sale any Modern Smoke Free Tobacco Products that are past the "Best Before" date for RJRT inspection and authorization for return to wholesale for credit.

SECTION II – TRANSFER OF OWNERSHIP OF MODERN SMOKE FREE TOBACCO PRODUCTS REFRIGERATOR

- RJRT will provide a Modern Smoke Free Tobacco Products refrigerator for Retailer's use in displaying RJRT Modern Smoke Free Tobacco Products.
- RJRT will pay all costs to purchase the refrigerator. Upon delivery of the refrigerator to Retailer's store, ownership of the refrigerator immediately transfers to Retailer.
- Retailer agrees to accept, upon receipt of the refrigerator at its store, ownership of the refrigerator. Retailer will have all rights of control associated with ownership, and Retailer will assume all duties (including payment of taxes) associated with use, possession, and/or ownership of the refrigerator.

SECTION III – RJRT NON SELF-SERVICE DISPLAY / GLORIFIER REQUIREMENTS

- MSFT Display/Glorifier will be located in a highly visible front counter Point of Sale position as determined by RJRT representative. Display to be effectively non-self service to all consumers if required by law.

OR

- MSFT Display/Glorifier will be located in a highly visible back counter Point of Sale location as determined by RJRT representative.

SECTION IV - PROGRAM RESOURCES

- Retailer shall earn an allowance of \$ 90.00 per month for compliance with all components of this Agreement to include the following option:
 - o MSFT Display/Glorifier in a highly visible front counter position at the primary Point of Sale.

OR

- Retailer shall earn an allowance of \$ 65.00 per month for compliance with all components of this Agreement to include the following option:
 - o MSFT Display/Glorifier in a highly visible back counter position.

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SECTION V - GENERAL MERCHANDISING/PRESENCE REQUIREMENTS

- Retailer may determine its own retail prices, but Retailer shall price Modern Smoke Free Tobacco Products competitively with other smoke free and smokeless tobacco products. RJRT may make available, from time to time, special promotions of Modern Smoke Free Tobacco Products designed to encourage consumer trial, and Retailer shall not price any such promotions at a price higher than any maximum price that RJRT requires in connection with such promotions.
- Retailer agrees to ensure that the pricing of RJRT Modern Smoke Free Tobacco Products reflects the full list price reduction value/amount and/or RJRT discount as compared to competitive products. Retailer is always free to lower the prices on RJRT products at any time.
- If Retailer funds any price reduction on competitive products, Retailer shall provide the same price reduction on RJRT Modern Smoke Free Tobacco Products as requested by RJRT.
- RJRT's ability to advertise price will be no less than parity with other tobacco companies.
- Retailer will not permit additional advertising of any kind, including advertising for Retailer's own products, to be affixed to or interfere with RJRT display for Modern Smoke Free Tobacco Products.
- RJRT Displays and Advertising may not be impaired or obstructed from view of adult consumers.
- RJRT Displays and other Signage will be lighted as designated by RJRT.
- RJRT reserves the right for final approval of RJRT's Display and Advertising types, sizes and locations. Retailer will maintain display and advertising according to RJRT authorized plan-o-gram. Changes in authorized location of displays and advertising, or effectiveness of location, will not be made without RJRT approval.
- Retailer will (1) maintain adequate inventory of required Modern Smoke Free Tobacco Products, to include new items, as requested by RJRT, (2) permit RJRT to inspect and rotate RJRT products.
- If RJRT merchandisers, displays, signage or POS are moved from the agreed upon location or removed from Retailer's premises by any party other than Retailer or RJRT, Retailer will help RJRT investigate and fully cooperate with requests for relevant information (e.g., statements from employees, store surveillance tapes, etc.).

SECTION VI -- GENERAL FINANCIAL PROVISIONS

Retailer Rights and Responsibilities

- Retailer must purchase RJRT product only from wholesale supplier(s) that provide certain sales volume data, known as Account Information Management data ("AIM data"), to RJRT through the Management Science Associations, Inc. ("MSA") clearinghouse.
- Retailer will keep invoices for purchases and detailed sales data on hand for at least twelve (12) months after receipt of any payment from RJRT related to the purchases. Retailer must reimburse RJRT for any payments for which the Retailer does not have actual supporting invoices and data.
- RJRT has the right to audit all information of Retailer relating to payments received by Retailer from RJRT (including any payments from any wholesaler which passes along an off-invoice discount from RJRT) under this Agreement. Retailer will permit RJRT to make audits under this Agreement during Retailer's normal business hours upon reasonable prior notice. Retailer shall cooperate with any audit and make available for inspection and copying all supporting invoices, detailed sales data, and/or other information that RJRT deems relevant to an audit. Retailer will provide RJRT with accurate and truthful invoices, data, and other information. Retailer also agrees to provide RJRT with copies of any licenses related to the sale of tobacco if requested by RJRT.
- Retailer must prepare a Payment Reconciliation Request Form if Retailer disputes the amount of any received payment. Retailer must submit the Payment Reconciliation Request Form within ninety (90) days following receipt of the payment in question or any amounts that RJRT might otherwise have owed in connection with the disputed payment are automatically forfeited. RJRT will deem Retailer to have received a payment on the earlier of the seventh (7) day after RJRT mails payment to Retailer or the day Retailer deposits (or cashes) the payment. RJRT will investigate all Payment Reconciliation Request Forms that a Retailer timely submits. RJRT may request original invoices, detailed sales data, or other information to evaluate the Payment Reconciliation Request Form.
- Retailer grants RJRT the right to obtain tobacco related information (including but not limited to purchase data, return data, brand data, promotions data, etcetera) directly from Retailer's supplier(s). Retailer hereby expressly authorizes its supplier(s) to provide information, and Retailer shall obtain any specific authorizations required by its supplier(s) for RJRT to obtain any such information. For purposes of this provision, the term "Retailer" includes the primary retail location(s) for Retailer plus any and all persons or entities engaged in the sale or shipment of tobacco products that Retailer owns in whole or in part, operates in whole or in part, is affiliated with directly or indirectly (including an affiliation because of common owners, officers, directors, managers, or shareholders), or holds a financial interest in any way whatsoever.
- Retailer must fully disclose to RJRT any and all persons or entities engaged in the sale or shipment of tobacco products that Retailer owns in whole or in part, that Retailer operates in whole or in part, with which Retailer is affiliated directly or indirectly (including an affiliation because of common principals) in any way whatsoever, or in which Retailer or its owners holds a financial interest in any way whatsoever. If requested by RJRT, the required disclosure shall also include, without limitation, names and

addresses of owners, officers, directors, managers and shareholders of identified persons or entities and a full description of the nature of that person's or entity's cigarette business and its relationship to Retailer. Any identified person or entity must participate in an RJRT Modern Smoke Free Tobacco Products Retail Agreement if requested by RJRT (and at the same market plan level if requested by RJRT).

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- Retailer must immediately notify RJRT in writing of any change in ownership (in whole or part) or control of Retailer's business. Unless otherwise agreed in writing by RJRT, this Agreement automatically terminates on any change of ownership or control. Retailer may not assign its rights under this Agreement to any third-party.
- Retailer will not deduct any amounts due under this Agreement from amounts owed to RJRT or to Retailer's supplier(s) of RJRT products, nor will Retailer deduct any amounts due under this Agreement from any buy-downs required to be passed on in full to adult consumers.

RJRT Rights and Responsibilities

- RJRT may from time to time offer discounts (through buy-downs, off-invoice discounts through wholesalers, or otherwise) on products. RJRT will determine in its sole discretion from time to time which products to promote through discounts. The rates and durations will be determined by RJRT in its sole discretion.
- Retailer must pass 100% of all RJRT discounts (whether provided by RJRT through buy-downs, off-invoice discounts through wholesalers, or otherwise), regardless of unit configurations (e.g. packs, tins, cartons, sleeves, multi-pack specials) or loyalty/frequent shopper cards, on to the consumers who purchase discounted RJRT products. Retailer must apply RJRT payments for discounts on a product by product, brand style-by-brand style, store-by-store, value-by-value basis if so directed by RJRT.
- RJRT will make payments, if any, based upon the purchase information (AIM data) supplied to RJRT through MSA by Retailer's supplier(s) of RJRT product.
- RJRT makes contracts available for the different business models retailers utilize, and retailers have the opportunity to select from the available contracts and contract levels for the business model they have chosen. Different contracts and/or contract levels may provide different discounting and/or promotions levels.
- RJRT shall make payments to Retailer's owner of record based upon the RJRT maintained Sales Information System database at the time the payment is made.
- RJRT reserves the right to suspend any payments that RJRT determines to be excessive. Payment shall be suspended to allow RJRT the opportunity to investigate the cause of the excessive payment.
- RJRT reserves the right to suspend any payment if the AIM information supplied by Retailer's supplier(s) is determined to be inaccurate.
- RJRT has the right to receive reimbursement from Retailer if an overpayment is made due to inaccurate AIM information being supplied to RJRT by Retailer's supplier(s) or if RJRT determines that the payment was otherwise inaccurate. RJRT may recoup or otherwise recover overpayments made to Retailer (i) by withholding discounting, buy-down, coupon, or other payments under this Agreement, (ii) by withholding discounting, buy-down, PAIP, coupon, or other payments under any Retail Partners Marketing Plan Contract for cigarettes between Retailer and RJRT, or (iii) through arbitration.
- Retailer agrees that all of its obligations under this Agreement are material, that full performance of all of its obligations under this Agreement is essential, and that RJRT has no obligation to make *any* monetary payments (for buy-downs, discounting, coupons, or otherwise) to Retailer if Retailer breaches or in any way fails to perform in whole or part any provision or requirement of this Agreement.
- If Retailer breaches or in any way fails to perform in whole or part any provision or requirement of this Agreement, Retailer specifically represents and agrees that RJRT is entitled (i) to repayment of all monetary payments (for buy-downs, discounting, coupons, or otherwise) made to Retailer under this Agreement and (ii) to effectuate repayment through deductions from future monetary payments (for buy-downs, discounting, coupons, or otherwise) to Retailer under this Agreement or under any Retail Partners Marketing Plan Contract for cigarettes between Retailer and RJRT. RJRT may also seek repayment through arbitration. Retailer specifically represents and agrees that the fact that Retailer may have passed along payments (such as buy-down payments or off-invoice discounts) to consumers is not a defense to RJRT's right to recoup payments.
- If Retailer breaches or in any way fails to perform in whole or part any provision or requirement of this Agreement, Retailer specifically represents and agrees that RJRT may (i) suspend indefinitely any or all payments under this Agreement, (ii) change discounting, buy-down, or other merchandising/discounting levels applicable to Retailer, and/or (iii) immediately terminate this Agreement.
- RJRT may elect in its discretion and at any time whether to seek repayment or take other actions under this Agreement, and RJRT's failure to take action at any particular time or to enforce any requirement of this Agreement at any particular time shall not act as a waiver of RJRT's rights hereunder.

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SECTION VII -- GENERAL REQUIREMENTS

- Retailer will not buy, sell or trade promoted or discounted product with other retailers or wholesalers. Promoted or discounted product must be sold only in a face to face transaction with an adult tobacco consumer who is buying product for personal consumption.
- Retailer agrees to limit purchases to a total of five (5) RJRT discounted cartons or carton equivalents (e.g., a sleeve of 5 tins of MSFT is a carton equivalent) per adult consumer per day. Selling to a single person more than five cartons or carton equivalents by processing multiple transactions violates this rule. If Retailer violates the 5 carton/carton equivalent limitation, Retailer specifically agrees to cooperate fully to help RJRT to identify the purchasers of such product, and Retailer shall make available for inspection and copying all information that RJRT deems relevant to identifying purchasers.
- By submitting a coupon for reimbursement, Retailer represents that the coupon was presented to Retailer for redemption during the course of an authorized sale of RJRT products in a face to face transaction with an adult tobacco consumer and that, to the best of Retailer's knowledge, the coupon was not sold, given or otherwise transferred prior to Retailer's acceptance for redemption.
- RJRT issues, from time to time, a Coupon Redemption Policy for retailers. Retailer agrees to abide by the terms of all applicable RJRT Coupon Redemption Policies.
- Retailer will not sell or distribute smokeless tobacco products not intended for domestic sale, nor will Retailer sell or distribute smokeless tobacco products intended for the duty-free market. Retailer will not traffic in counterfeit smokeless tobacco products.
- Retailer will maintain "We Card" materials at retail intended to aid in the elimination of sales to minors.
- Retailer will not sell tobacco products to underage persons. If Retailer is (or any of its store personnel are) convicted of selling tobacco products to an underage person, the Retailer must contact RJRT at 1-800-974-2227 or via e-mail at YouthAccessPrevention@rjrt.com and fully and accurately report information about the conviction within 14 days after the conviction.
- If Retailer is (or any of its store personnel are) convicted of selling tobacco products to an underage person, or RJRT otherwise becomes aware of a sale to an underage person, RJRT may suspend indefinitely any or all payments under this Agreement and/or terminate this Agreement.
- Retailer will not sell, distribute, merchandise, advertise, or promote RJRT tobacco products in a fashion that violates federal, state, or local law. RJRT may suspend indefinitely any or all payments under this Agreement and/or terminate this Agreement if Retailer sells a tobacco product in a fashion that violates law. RJRT may determine in its discretion whether a violation of law appears to have occurred.
- Retailer acknowledges that RJRT is required to comply with the terms of the Master Settlement Agreement. Retailer agrees not to sell, distribute, merchandise, advertise, or promote RJRT tobacco products in any way that RJRT may not (including but not limited to the posting of any billboard or any exterior cigarette advertisement in excess of 14 square feet) under the Master Settlement Agreement. RJRT may suspend indefinitely any or all payments under this Agreement and/or terminate this Agreement if Retailer violates this provision. RJRT may determine in its discretion whether a violation of this provision appears to have occurred.
- All media inquiries shall be directed to RJRT External Relations Department. Employees and agents of retailer will not discuss nor provide any written information on Modern Smoke Free Tobacco Products or programs to any person or agency that is affiliated with or an agent of any media outlet.
- RJRT's failure to enforce any requirement of this Agreement shall not act as a waiver of that requirement or as a general waiver.
- If any provision of this Agreement, or the application of any such provision to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby and shall remain binding.
- RJRT and Retailer agree that the terms of this Agreement shall be construed fairly and not in favor of or against either party. The rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement.

- Either party can terminate this Agreement without cause upon thirty (30) days notice to the other party. In the event Retailer fails to comply with any requirement of this Agreement, RJRT may terminate the Agreement immediately without prior notice to the Retailer.
- This Agreement sets forth the entire agreement between the parties with regard to the subject matter hereof. The parties have made no oral or implied agreements with respect to the subject matter of this Agreement. This Agreement supersedes any and all previous contracts or agreements regarding the same subject matters.
- RJRT may amend this Agreement upon 10 days written notice. Neither party shall be required to sign any such amendment. Retailer's continued participation in RJRT's programs at the end of such 10 days shall be deemed acceptance of the amendment.

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SECTION VIII – ARBITRATION

Retailer and RJRT agree that any claim or controversy arising out of or relating to this Agreement shall be settled by arbitration administered by the American Arbitration Association ("AAA"). Retailer and RJRT explicitly agree to the arbitration rules set forth in this section of the Agreement; these rules shall be supplemented by the Commercial Arbitration Rules of AAA. To the extent that a rule set forth in this section and one or more of the Commercial Arbitration Rules of AAA are inconsistent, the rule set forth in this section will govern. The award of the arbitrator shall be final, and judgment on the award rendered may be entered in any court having jurisdiction thereof. The following are the arbitration rules:

Arbitrator:

- Selection: Arbitration shall be conducted and awarded by one arbitrator. The party desiring arbitration shall initiate, at its own expense, a Demand for Arbitration with the AAA and serve the Demand on the opposing party. Within thirty (30) days following the service of the Demand, the Respondent shall propose three arbitrators. Within thirty (30) days thereafter, the Claimant shall either (a) select one arbitrator from the three proposed by the Respondent or (b) request that the AAA appoint an arbitrator from its National Roster of arbitrators approved for commercial disputes. Except for the expense of initiating the arbitration, RJRT and Retailer shall share equally in the fees and expenses of the arbitrator and any fees charged by the AAA.
- Qualifications: The arbitrator must be a licensed attorney with ten (10) years experience in commercial law practice or a retired judge. Prior to the commencement of hearings, the appointed arbitrator shall provide an oath or undertaking of impartiality.
- Judgment: Upon conclusion of the proceedings, the arbitrator shall render an award within thirty (30) days. The arbitrator shall not prepare a written opinion.

Discovery: Unless mutually agreed by the parties, discovery shall be limited to the following:

- Within sixty (60) days of the appointment of the arbitrator, Retailer and RJRT shall provide to the other:
 - the identity of each individual that the party intends to call as a witness and a summary of the witnesses' testimony;
 - a copy of all documents, data compilations, and tangible things that are in the possession, custody, or control of the party and that the disclosing party may use to support its claims or defenses, unless solely for impeachment; and
 - a computation of any category of damages claimed by the disclosing party, making available for inspection and copying as under Rule 34 of the Federal Rules of Civil Procedure the documents or other evidentiary material, not privileged or protected from disclosure, on which such computation is based, including materials bearing on the nature and extent of injuries suffered.
- There shall be no depositions. Discovery from third parties may be allowed at the discretion of the arbitrator and in accordance with applicable law and only upon a showing of special need or hardship. Commanding attendance of third party witnesses at the hearing shall be in accordance with Federal Arbitration Act.
- Discovery materials shall be treated confidentially by the parties and the arbitrator. The receiving party may use materials produced to it by the disclosing party solely for purposes of the arbitration and not for any other purpose whatsoever. Thirty (30)

days following completion of the arbitration, all discovery materials shall be returned to the disclosing party, and the receiving party shall keep no copies.

Location of Arbitration and Choice of Law: Arbitration shall be conducted in Washington, D.C. or Winston-Salem, N.C. Claimant may choose either place (Washington, D.C. or Winston-Salem, N.C.) in its initial Demand; if Claimant does not so choose in its demand, Respondent may choose either place in its response. The parties may agree, during the course of the arbitration, to a different location for the arbitration. Arbitration shall be conducted in person. The arbitrator shall apply the laws of the State of North Carolina (conflict of law rules excluded) to all arbitrated claims.

Remedies: The arbitrator will have no authority to award punitive damages, or any other damages not measured by the prevailing party's actual damages, except as may be required by statute.

Service of Process: The parties agree that service of process in any action shall be sufficient if served by certified mail, return receipt requested, at the receiving party's last address known to the serving party. The address for RJRT is:

R.J. Reynolds Tobacco Company
Attention: Law Department
Post Office Box 2959
Winston-Salem, NC 27102

After counsel appears for a party and the opposing party is aware of the appearance, service shall be on counsel.

Confidentiality: Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties.