



1800 Swift Drive, Oak Brook, IL 60523-1574
(630) 571-2870 Fax (630) 573-7705

November, 2003

To Our Valued Customer:

Effective this date, Blistex Inc. will execute a new coupon redemption policy, a copy of which is attached. The following summarizes key elements of the policy:

- Blistex' new coupon policy will be treated as a contract between it and its customers who present coupons for reimbursement. By submitting coupons to Blistex or its clearinghouse (NCH Marketing Services, Inc.), you or your agent on your behalf have agreed to comply with the terms and conditions of this policy.
- There is no change in our stated reimbursement rates. Blistex will continue to reimburse properly submitted coupons at a rate of 8¢ each for handling (an industry standard rate), plus reasonable postage costs, also at an accepted industry rate.
- Blistex will no longer accept any additional fees, including but not limited to administrative, consolidation or miscellaneous fees, assessed by you or your agent during the coupon clearing and audit process. As part of this new arrangement, you agree to no longer take any unauthorized deductions from Blistex invoices for coupon-related charges.

Blistex Inc. is implementing this policy in the face of rising coupon-related costs, in order to maintain our successful coupon redemption program. With this in place, we can continue to offer valuable consumer programs which work to our mutual benefit.

Feel free to contact us with any questions you may have.

Sincerely,

Phillip Hoolehan
Vice-President, Finance



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COUPON REDEMPTION POLICY STATEMENT
Effective November, 2003

Following are the terms and conditions under which *Blistex Inc.* will reimburse you, the retailer, for coupon submissions. Your submission of our coupons for redemption signifies your acceptance and compliance with this redemption policy. Notwithstanding any course of dealings between us, no purchase order, invoice, retailer-policy or similar document shall be construed to modify any of the terms of this agreement.

Redemption at the Store

1. Coupons are redeemable only by a consumer purchasing the specific brand(s) and product(s) stated on the coupon on or before the stated expiration date, with the face value of the coupon deducted from your retail price. Only one coupon shall be honored for each item purchased.
2. Coupons may not be reproduced, photocopied, mutilated, trimmed or altered in any way by the retailer.
3. Coupons are non-assignable and are void if transferred from their original recipient to any other person, firm or group. *Blistex Inc.* does not permit the unauthorized distribution, collection, sale, or assignment of its coupons for any reason. Therefore, coupons are not to be used in swap boxes, taped to product or placed on hooks near *Blistex* products, gathered and distributed by any person or group for charitable fund-raising purposes, or otherwise used in any way except as described in Section 1 above.
4. Coupons are void if taxed, regulated, restricted, prohibited by law or counterfeit.
5. The consumer must pay any applicable sales tax as a result of the purchase of couponed items.
6. Coupons will be redeemed at retail locations located in the United States, its territories and at U.S. Military bases where *Blistex* products are sold.

Processing Coupons for Payment

7. *Blistex Inc.* will only accept properly redeemed and identified coupons: (a) directly from the retailer, or through authorized (b) retailer clearinghouse, (c) retailer-billing agent, or (c) wholesaler-billing agent.
8. All applicable IRS reporting requirements, including obtaining an appropriate taxpayer identification number must be complied with.
9. To redeem coupons for *Blistex Inc.*, send properly redeemed coupons to:

Blistex Inc.
P. O. Box 880296
El Paso, TX 88588-0296



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Policy for Payment and Denials

10. You will be reimbursed for the following three (3) items:

A) Face value of coupons or if the coupon calls for free merchandise, for your retail-selling price (up to the stated maximum value printed on the coupon); plus.

B) 8¢ for handling each coupon properly redeemed to cover, according to an industry study independently conducted by Arthur Andersen, the following costs:

- Front-End Handling by the retailer
- Store to Headquarters Accounting
- Store Occupancy
- Sundry Loss
- Cost of Funds
- Coupon Processing

This covers any special handling, invoice preparation, or other fees; plus

C) reasonable out-of-pocket costs incurred for the physical transportation of the coupons to us or to our authorized agent. **We will not pay for any administrative or consolidation fees and, except as described in (ii) below, we will not pay any other upcharges that you or your agent (if you use one) may assess on or in lieu of such pass-through/out-of-pocket expenses.** The transportation costs will be reimbursed as follows:

- i. Retailers who sort the coupons they are redeeming and submit them directly without the use of any third party agent, will be reimbursed for incurred reasonable postage (i.e. first class mail insured) or other shipping charges, as indicated on the package received.
- ii. For those retailers that are using a clearinghouse or billing agent, we will reimburse you at a rate equal to \$5 per thousand of coupons redeemed (\$5/M).

11. Coupon reimbursements and coupon adjustments cannot be deducted from product invoices or purchase orders. Invoice deductions and deduction fees are not in compliance with the *Blistex Inc.* redemption policy.
12. On request, retailer must provide *Blistex Inc.* with proof of purchase of sufficient stock to cover coupons submitted for payment. *Blistex Inc.* reserves the right to audit the coupon sorting and billing service of any retailer or any agent involved in the handling process.
13. Any lawsuit involving coupon processing or payment disputes shall be brought within 18 months of the original date of coupon payment or such claims shall be deemed extinguished. Any such lawsuit shall be filed and conducted in a state or federal court location in Cook or DuPage Counties, Illinois. Each party shall be responsible for its own attorneys' fees and costs.
14. In the event *Blistex Inc.* withholds your payment, you must appeal this decision within 90 days of the date of notification. *Blistex Inc.* will not consider appeals made after the specified time frame.



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15. If false or misleading verification information is provided to *Blistex Inc.*, or its agent or clearinghouse, redemption privileges with *Blistex Inc.* may, in the discretion of *Blistex Inc.*, be permanently terminated.
16. Each shipment of coupons will be considered as a whole and *Blistex Inc.* reserves the right to refuse payment for an entire shipment if any portion of the shipment is found to be improperly redeemed.

Other Information

17. The cash redemption value of each coupon is 1/20 of one cent, or as specified on coupon.
18. It is FRAUD to present coupons for redemption other than as provided by this Redemption Policy.
19. YOU AGREE THAT FAILURE TO OBSERVE THESE TERMS AND CONDITIONS FOR PROPER REDEMPTION MAY AT THE SOLE OPTION OF *BLISTEX INC.* VOID ALL COUPONS SUBMITTED FOR REIMBURSEMENT AND ALL COUPONS MAY BE RETAINED AS PROPERTY OF *BLISTEX INC.*, WITHOUT PAYMENT. THE EXERCISE OR WAIVER, IN WHOLE OR IN PART, OF ANY RIGHT, REMEDY OR DUTY PROVIDED FOR IN THIS AGREEMENT WILL NOT CONSTITUTE THE WAIVER OR ANY PRIOR, CONCURRENT OR SUBSEQUENT RIGHT, REMEDY OR DUTY UNDER THIS AGREEMENT.